



# 2025

## SUSTAINABILITY REPORT



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## About This Report

This is the 2025 Sustainability Report ("this report") released by Fujian South Highway Machinery Co., Ltd. ("NFLG", "the Company" or "We"). This report is intended to inform stakeholders of the impact of sustainability risks and transition opportunities on the Company, as well as the Company's environmental and social impacts in 2025. It also outlines the Company's initiatives and achievements towards advancing the United Nations Sustainable Development Goals.

### Reference Guidelines

This report is prepared in accordance with the Sustainability Disclosure Standards for Enterprise-General Requirements (Trial), jointly formulated by the Ministry of Finance of the People's Republic of China, the Ministry of Foreign Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission. It also follows the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE-Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the Sustainability Accounting Standards Board (SASB) Standards, the European Sustainability Reporting Standards (ESRS) released by the European Commission, and the two IFRS Sustainability Disclosure Standards(IFRS S1 and S2) issued by the International Sustainability Standards Board (ISSB). Additionally, this report incorporates disclosure requirements aligned with the United Nations Sustainable Development Goals (SDGs).

### Reporting Scope

The reporting period of this report is from January 1, 2025 to December 31, 2025. To provide a complete presentation of the Company's practices and achievements in the field of sustainable development, certain sections may include descriptions of relevant background or progress outside the reporting period, in order to more comprehensively demonstrate the Company's ongoing efforts and actual performance. Unless otherwise specified, the environmental, economic, and social data disclosed in this report covers all enterprises within the Company's scope of consolidation.

### External Assurance

RSM China CPA LLP independently guarantees the environmental, social and corporate governance performance key indicators in this report, and the external assurance, working scope, methodology of work and conclusion of assurance are set out in the Appendix.

### Report Availability and Feedback

We released this report in electronic format in both Simplified Chinese and English. In case of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic copies are available on our official website([www.nflg.com](http://www.nflg.com))and Shanghai Stock Exchange website([www.sse.com.cn](http://www.sse.com.cn)). If you have any comments or suggestions on the Company's sustainability work, please feel free to contact us via email.

Email address: [dong\\_office@nflg.com](mailto:dong_office@nflg.com)

# Message from the Chairman



The Chairman of  
NFLG



As the global imperative of sustainable development becomes deeply intertwined with the wave of industrial transformation, the construction machinery industry stands at a critical juncture of green transition. Having been deeply engaged in the field of engineering mixing for nearly three decades, NFLG has always adhered to its founding philosophy of "specialization, excellence, quality, and longevity", internalizing the concept of sustainable development into its corporate DNA. Aligning with its strategic priorities of digitalization, environmental responsibility, globalization, and integration, we continue to focus on technological innovation and lean manufacturing in its core business areas. We are committed to building a green circular building material ecosystem for industry clients, contributing to industrial transformation, upgrading, and global sustainable development through responsible actions and pragmatic efforts.

### Maintaining Strategic Focus to Consolidate the Value Foundation of Green Development

Facing the deepening advancement of global climate governance and the national carbon peaking and net zero goals, we have built a grand blueprint for carbon neutrality across the entire value chain from a strategic perspective, embedding green and low-carbon principles throughout the entire life cycle from product design and manufacturing to end-use application, and striving to forge a solid foundation for corporate development and the industrial ecosystem. From a full value chain perspective, we examine our own operations and industrial transformation, taking measures such as optimizing energy structure, upgrading equipment and processes, advancing low-carbon technology R&D, and promoting digital and intelligent transformation as key levers. We continuously deepen the construction of our green manufacturing system, improve operational energy efficiency and environmental performance, and, through collaboration across the industry chain, steadily reduce carbon emissions from our own operations and the entire value chain.

Focusing on customer needs, we deeply integrate green concepts with digital and intelligent transformation. By building an open and collaborative innovation ecosystem, we continuously drive technological breakthroughs, leveraging the power of technology

to propel the industry from traditional "manufacturing" to "intelligent manufacturing", and pushing for product iteration and upgrading toward greater efficiency, intelligence, and low-carbon performance. From primary aggregate processing to construction waste recycling, we continuously improve green circular solutions across the entire building materials chain, helping the industry build a resource-saving and environmentally friendly green production model and fostering a virtuous circular ecosystem. Leveraging our systematic practices in green manufacturing, clean production, and resource recycling, we have been recognized as a national-level green factory.

### Promoting Responsible Collaboration to Build a Sustainable and Win-Win Industrial Ecosystem

A sustainable industrial ecosystem cannot be achieved without the collaborative efforts of all parties across the value chain. We integrate ESG factors into the entire process of supply chain management, striving to build a secure, stable, and responsible supply chain management system, strengthen supply chain risk control and responsibility transmission, and promote the extension and implementation of sustainable development concepts throughout the value chain. Driven by shared responsibility and capacity building, we continue to deepen collaboration with our value chain partners, including suppliers and customers, to jointly address industry challenges, enhance the resilience and sustainability of the industrial chain, and build an industrial community of mutual benefit, shared growth, and coordinated development.

### Empowering Talent Development to Activate the Endogenous Driver of Organizational Sustainability

Employees are our most valuable asset, and the growth of each employee collectively fuels our relentless progress. We adhere to a people-oriented approach, placing the protection of employee rights and personal development in a position of paramount importance. We strive to build harmonious labor relations and foster a fair, inclusive, safe, and open workplace environment. By establishing a comprehensive talent development system and clear career advancement pathways, we actively empower employee growth, enabling every employee to fully utilize

their abilities and realize their value in their respective roles. We respect the contributions and value of every employee, endeavoring to create an environment where employees and the company grow together and share in the achievements, thereby coalescing a powerful endogenous force that drives our long-term development.

### Deepening Community Co-construction: Delivering on Our Responsibility for Shared Prosperity and Coexistence

The prosperity of the community and the development of the company are closely intertwined. Upholding the principle of shared responsibility and mutual value creation, we have established long-term mechanisms for coordinated development with the community, actively integrating into local development and giving back to society. We have set up community communication channels to attentively listen to the expectations and needs of the community, making information exchange and emotional connection the norm. In the areas of education and livelihood, we provide support and assistance to the community through diverse means, including education funds and scholarship programs, localized recruitment and skills training, and philanthropic activities. We are committed to ensuring that the benefits of our development reach surrounding communities more broadly and equitably, fostering the coexistence and shared prosperity of both the company and the community.

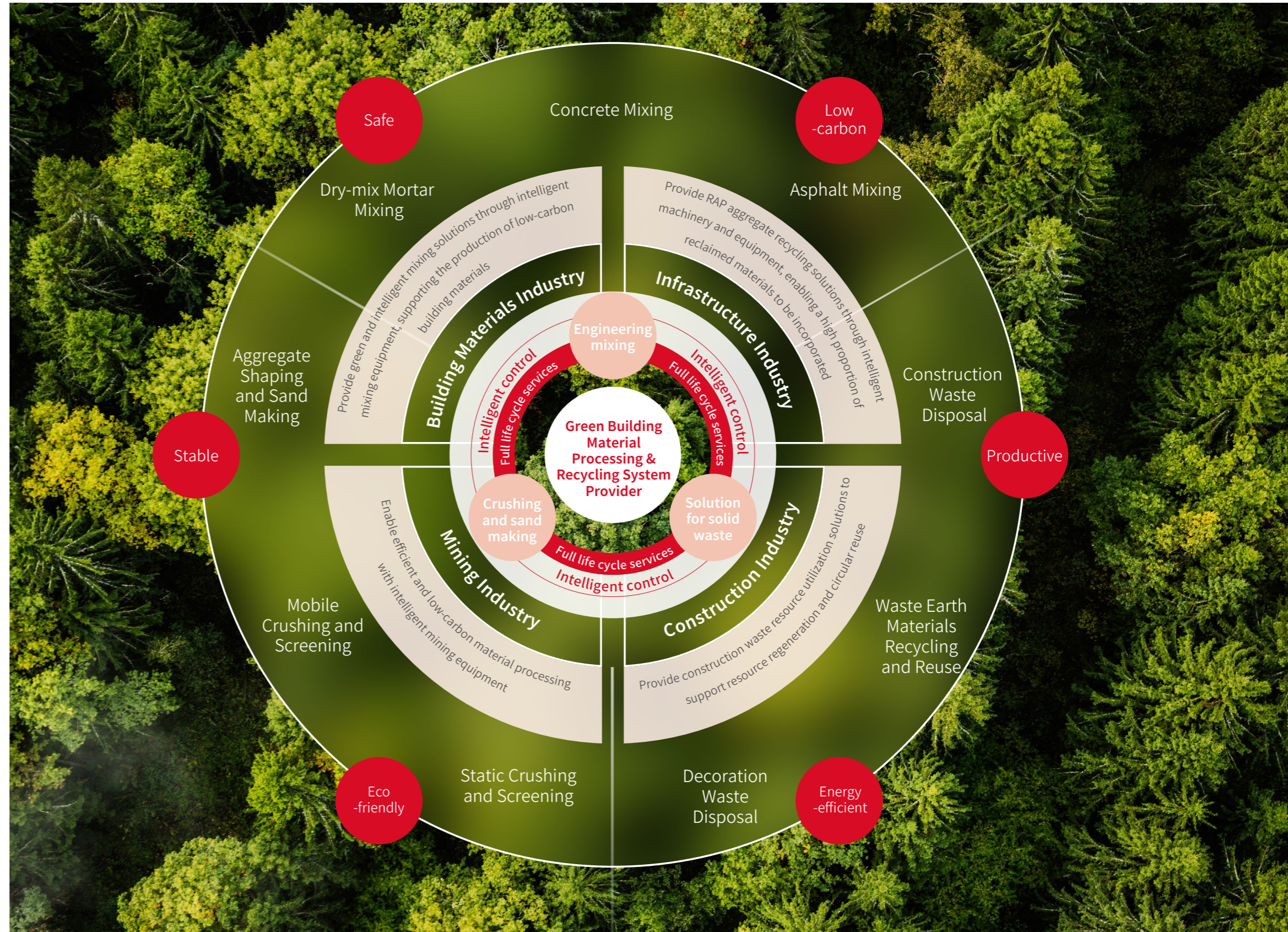
The road ahead may be long, but with perseverance, we will reach our destination. NFLG remains true to its original aspiration, maintains its strategic focus, and pursues sustainable development with higher standards and more concrete actions. We will continue to uphold the philosophy of "Smart · Specialized · Sophisticated · Safe · Sustainable", taking green and low-carbon development as our direction, innovation and R&D as our engine, and responsibility as our core value. We will deepen sustainable development practices across the full value chain and, together with our stakeholders, build a new green, intelligent, safe, and inclusive industrial ecosystem, contributing the wisdom and strength of NFLG to a better future where humanity and nature coexist in harmony.

# About NFLG

NFLG (Stock Code: 603280.SH), established in 1997, has been deeply engaged in the field of engineering mixing. With profound insight into industry development patterns and nearly three decades of dedicated research and specialization, we have progressively built a comprehensive, multi-tiered, and full-ecosystem product system covering the entire aggregate value chain from primary aggregate processing and treatment, engineering mixing, to aggregate resource recycling and processing. This system includes equipment for mining crushing and screening, aggregate processing, construction and road material mixing, and construction waste recycling. Integrating customized design, R&D, manufacturing, and sales, we creatively provide the market with integrated green building material solutions that combine design, manufacturing, and services. The company is dedicated to pioneering an innovative operational management model that integrates engineering digital intelligence IoT with property-style services. Empowered by synergistic innovation, we have formed a full value chain of "hardware, software, and services", providing our value chain partners with safer, greener, more efficient, and smarter green building material processing & recycling system and services.

## Green Building Material Processing & Recycling System

We offer a full range of products, including primary aggregate processing equipment, engineering mixing equipment, and recycled aggregate processing equipment, which are widely used across infrastructure projects such as buildings, roads, bridges, tunnels, water conservancy, as well as real estate development. Guided by the philosophy of "Smart, Specialized, Sophisticated, Safe, Sustainable", and leveraging our solid technological R&D foundation, integrated solution advantages, an extensive distribution network built through organic growth and strategic expansion, efficient digital and intelligent management, stable product and service quality, and a strong brand reputation, we continuously develop and upgrade green building material processing & recycling system centered on resource regeneration, energy efficiency, and environmental protection. We are committed to helping industry partners improve energy and resource utilization, reduce carbon emissions, and accelerate the green and low-carbon transformation of the entire sector. By promoting a virtuous cycle in building materials production and resource recycling, we strive to achieve a harmonious balance between economic and environmental benefits.

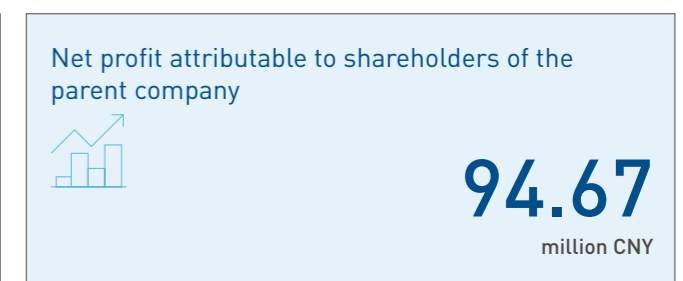
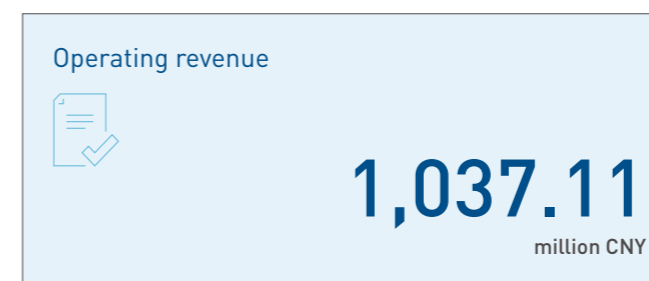
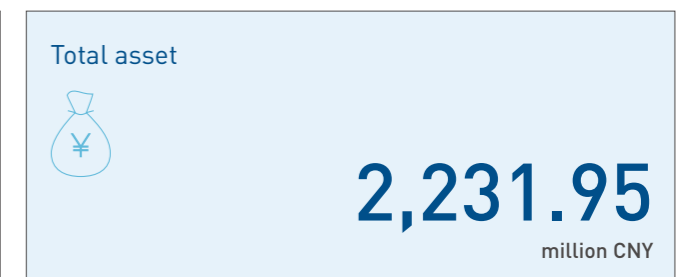
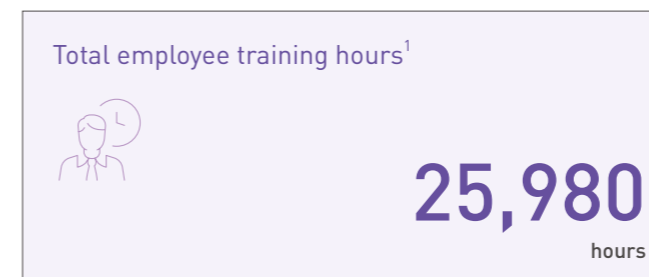
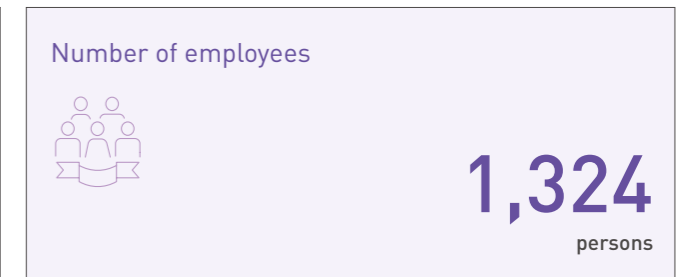
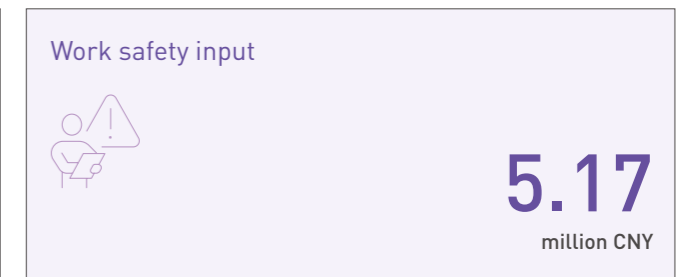
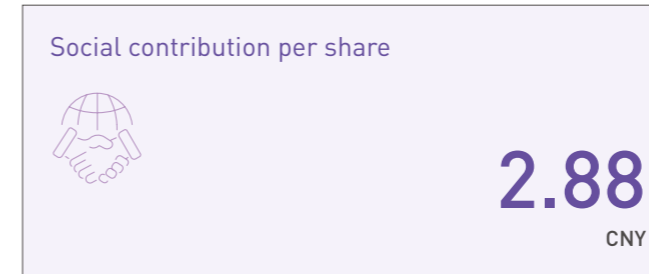
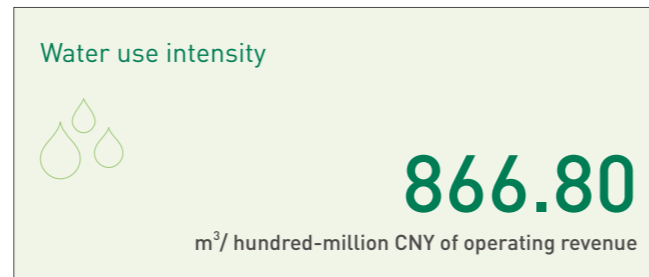
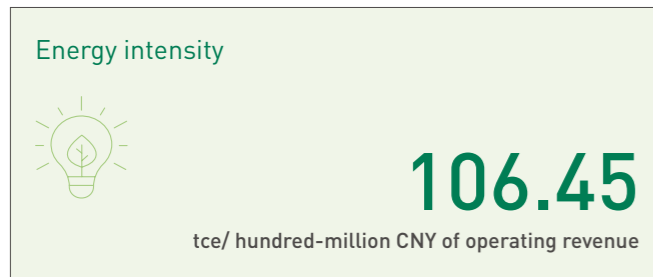
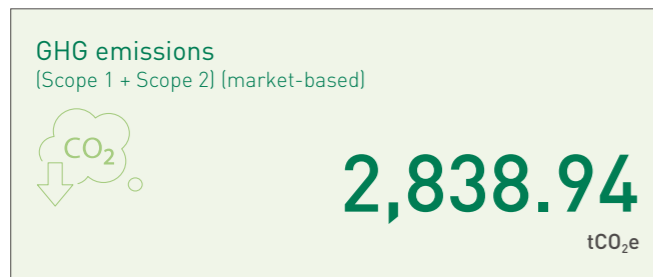




### Our International Business Presence

We have established manufacturing bases in Quanzhou, Fujian, and Xiantao, Hubei. Our products and services are aimed at the global market, serving clients including China Railway, CGN, China Communications Construction, Beijing Construction Engineering Group, Poly Changda, Nippon Paint, Davco, Oriental Yuhong, BBMG Corporation, MAPEI, Sievert, Sika, and other well-known enterprises at home and abroad.

# 2025 Economic, Environmental and Social Impact



■ Environmental 
 ■ Social 
 ■ Economic

<sup>1</sup> Total employee training hours include training organized by the Human Resources Department and the Safety and Environmental Protection Department.

# 2025 Honors and Awards



Machinery Industry Craftsman Academy

the China Machinery Industry Federation Machinery Industry Talent Evaluation Center

## 2025 China Top 50 Specialized Construction and Mining Machinery Manufacturer



the Organizing Committee of the T50 Summit of World Construction Machinery Industry, China Construction Machinery Magazine

## 2025 National Green Factory



the Ministry of Industry and Information Technology



## 2025 China Top 100 Mining Machinery Manufacturer

the Organizing Committee of the T50 Summit of World Construction Machinery Industry, Mining Machinery Magazine



## 2025 Fujian Provincial Green Factory

the Fujian Provincial Department of Industry and Information Technology

## "NFC1100RSE Crawler Mobile Cone Crusher Station" was selected as the "2025 Mining Machinery Product of the Year"



the Organizing Committee of the T50 Summit of World Construction Machinery Industry, Mining Machinery Magazine

## AEO Advanced Certified Enterprise



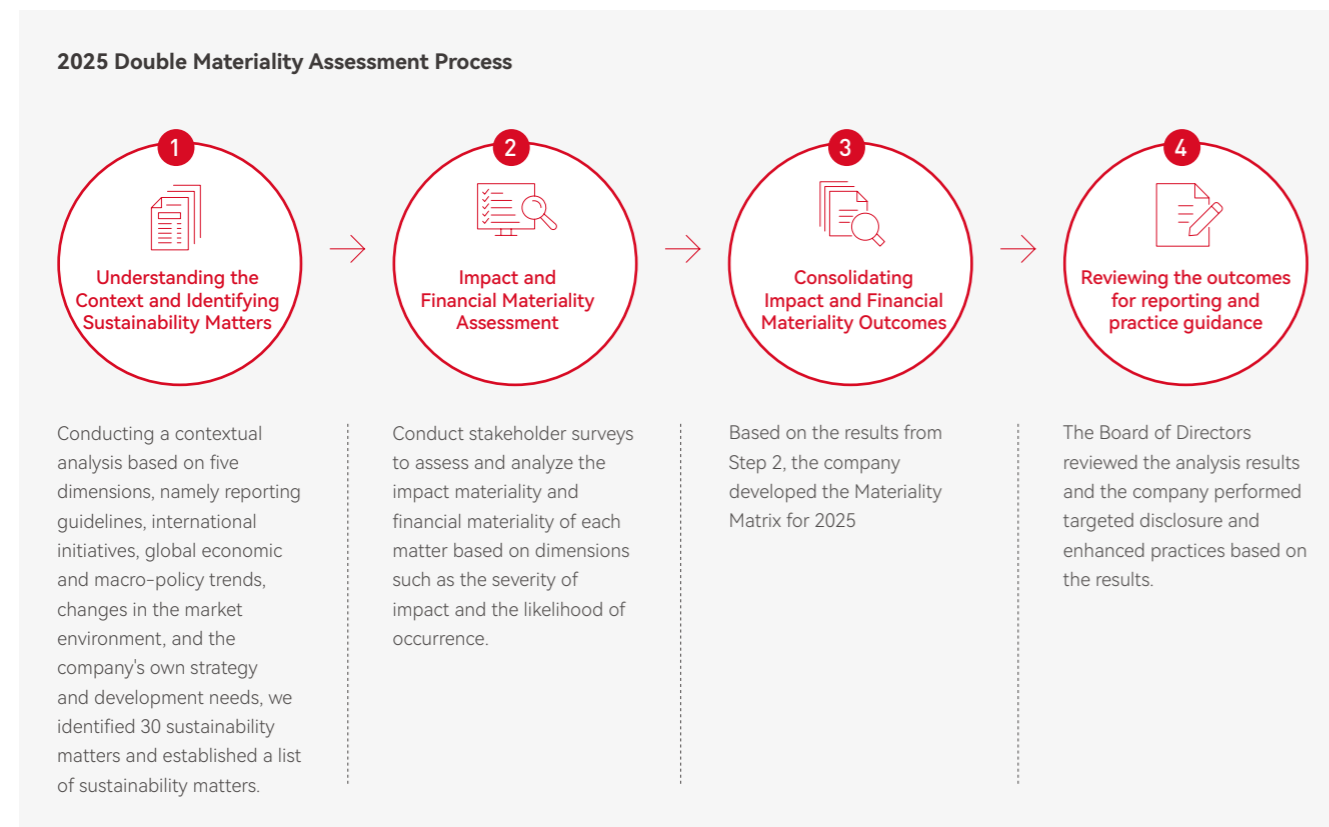
Xiamen Customs District

# Management of Material Matters

In accordance with the latest domestic and international sustainability disclosure rules, including the Sustainability Disclosure Standards for Enterprise-General Requirements (Trial) jointly issued by the Ministry of Finance of the People's Republic of China and other relevant ministries, the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE-Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the European Sustainability Reporting Standards (ESRS), and the two IFRS Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board (ISSB), the Company follows the double materiality principle (financial materiality and impact materiality) to systematically conduct materiality assessments, identifying sustainability matters that have a material impact on the Company's own value and its stakeholders.

In the materiality assessment process, from the perspective of financial materiality, we focus on the actual and potential impacts of various matters on our business operations, risk management, and financial performance. From the perspective of impact materiality, we assess the external effects of our management and performance in environmental, social, and governance (ESG) areas on the economy, society, and the natural environment. To systematically gather diverse opinions, we conducted stakeholder engagement through questionnaire surveys, collecting a total of 289 valid responses from directors, management, and other relevant parties. Based on the results of the questionnaire statistics and comprehensive assessment analysis, we ultimately identified 14 key matters with double materiality. In the relevant chapters of this report, we provide a detailed explanation of our management measures and practical performance regarding these matters.

## Double Materiality Assessment Process



## Step 1: Understanding the Context and Identifying Sustainability Matters

The Company conducted a contextual analysis of its internal and external environment and its own business activities based on the following five dimensions, and with reference to the list of sustainability matters from the previous year, identified 30 sustainability matters relevant to its operations and development in 2025:

### 01 Reporting Guidelines

The Sustainability Disclosure Standards for Enterprise-General Requirements (Trial), jointly formulated by the Ministry of Finance of the People's Republic of China, the Ministry of Foreign Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission, the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE-Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the European Sustainability Reporting Standards (ESRS) released by the European Commission, and the two IFRS Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board (ISSB).

### 02 International Initiatives

A number of international initiatives and standards, including the United Nations Sustainable Development Goals (SDGs), the 30th Conference of the Parties of the UNFCCC (COP 30), the Due Diligence Guidance for Responsible Business Conduct of Organization for Economic Co-operation and Development (OECD), among others.

### 03 Global Economic and Macro-Policy Outlook

Global and China's carbon peaking and net zero goals and Sustainable Development Goals (SDGs), international climate commitments such as the Paris Agreement, infrastructure needs of countries along the Belt and Road Initiative, the circular economy model as a new policy direction for the industry, and the global trends of digital transformation and intelligent upgrading collectively bring new development opportunities to the construction machinery industry.

### 04 Changes in the Market Environment

With diverse application scenarios for construction machinery and increasingly diverse customer needs, the ability to provide differentiated and holistic ecosystem-based solutions is becoming a core competitive advantage for enterprises. At the same time, during global business expansion, international markets continue to raise standards for product and service quality and safety, energy efficiency, and ESG compliance, further driving the industry competition to a deeper level.

### 05 The Company's Own Strategy and Development Needs

Positioned strategically around digitalization, environmental responsibility, globalization, and integration, we are deeply engaged in the R&D and manufacturing of equipment across the entire industry chain, providing industry clients with more competitive solutions. We are committed to improving our sustainable development risk control system, strengthening the company's resilience in risk management, and promoting high-quality development.

The Company's 2025 Sustainability Matters List

Dimension	Sustainability Matters
<p><b>Environmental</b></p>	<ul style="list-style-type: none"> <li>Climate Response</li> <li>Pollutant Discharge</li> <li>Waste Disposal</li> <li>Ecosystem and Biodiversity Protection</li> <li>Environmental Compliance Management</li> <li>Energy Usage</li> <li>Usage of Water Resources</li> <li>Circular Economy</li> </ul>
<p><b>Social</b></p>	<ul style="list-style-type: none"> <li>Rural Revitalization</li> <li>Social Contributions</li> <li>Innovation-Driven</li> <li>Ethics of Science and Technology</li> <li>Responsible Supply Chain</li> <li>Supply Chain Security</li> <li>Equal Treatment to Small and Medium-sized Enterprises</li> <li>Safety and Quality of Products and Services</li> <li>Data Security and Customer Privacy Protection</li> <li>Promoting Industry Development</li> <li>Equal Employment</li> <li>Human Rights Protection</li> <li>Employee Communication</li> <li>Employee Development and Training</li> <li>Employee Compensation and Benefits</li> <li>Occupational Health and Safety</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>Due Diligence</li> <li>Communications with Stakeholders</li> <li>Risk Control and Compliance</li> <li>Anti-Commercial Bribery and Anti-Corruption</li> <li>Anti-unfair Competition</li> <li>Tax Compliance</li> </ul>

Step 2-1: Impact Materiality Assessment

The Company distributed materiality assessment questionnaires to directors, management, and stakeholders, inviting them to comprehensively rate the impact materiality of each sustainability matter on the economic, environmental, and social aspects based on four dimensions: the likelihood of occurrence, the scale of impact, the scope of impact, and the irremediability of impact (applicable only to negative impacts).

Based on the questionnaire survey results, and taking into account the Company's actual business operations, the materiality assessment results of previous reports, and the opinions of internal and external experts, the Company set coefficients to calculate and determine the impact materiality level and priority of each sustainability matter. Using the 30th percentile of the scores as the materiality threshold, matters with scores at or above the 30th percentile were identified as having impact materiality, forming the final impact materiality assessment results.

Impact Material Topics of the Company in 2025	
Safety and Quality of Products and Services	Anti-unfair Competition
Innovation-driven	Promoting Industry Development
Climate Response	Employee Development and Training
Human Rights Protection	Anti-Commercial Bribery and Anti-Corruption
Risk Control and Compliance	Equal Employment
Supply Chain Security	Employee Communication
Responsible Supply Chain	Equal Treatment to Small and Medium-sized Enterprises
Circular Economy	Due Diligence
Energy Usage	Environmental Compliance Management
Data Security and Customer Privacy Protection	Communications with Stakeholders
Occupational Health and Safety	Employee Compensation and Benefits

Step 2-2: Financial Materiality Assessment

The Company distributed materiality assessment questionnaires to directors and management, inviting them to comprehensively rate the materiality of each sustainability matter to the Company's short, medium, and long-term financial performance based on two dimensions: the likelihood of financial impact and the magnitude of the impact. Based on the questionnaire survey

results, and taking into account the Company's actual business operations and the opinions of internal and external experts, the Company used the median score as the materiality threshold. Matters with scores at or above the median were identified as having financial materiality, forming the final financial materiality assessment results.

Reference Indicators for Financial Impact Assessment	
<b>Revenue</b>	Revenue growth from sales of green building material processing & recycling equipment, low-carbon technology services, and innovative products (e.g., recycled materials), as well as additional financial contributions such as policy subsidies.
<b>Costs</b>	Direct and indirect costs including green raw material procurement, equipment depreciation and maintenance, energy expenses, R&D investment in green technologies, human resources training, and marketing and promotion.
<b>Profits</b>	Assessment of the combined impact on gross profit and net profit, taking into account the premium pricing ability of sustainable products, cost control efficiency, and policy incentives.
<b>Assets</b>	Scale, utilization efficiency, and replacement cycles of fixed assets such as plants, production lines, and green-certified facilities, as well as their impact on production capacity and return on capital. Also, assessment of asset resilience and adaptability to physical climate risks, including investment in disaster prevention facilities, climate-related asset impairment risks, insurance coverage, and business continuity measures.
<b>Investment</b>	Payback period and benefits of capital investments such as new production line construction, green and low-carbon technology investments, and digital and intelligent system development.
<b>Cash Flow</b>	Operating cash flow, such as project collection cycles and speed.
<b>Long-term Value</b>	Green brand premium, customer loyalty, industry access barriers, policy compliance advantages, and their potential contribution to long-term revenue growth, market share enhancement, and valuation improvement.

Financial Material Topics of the Company in 2025	
Innovation-driven	Climate Response
Safety and Quality of Products and Services	Responsible Supply Chain
Supply Chain Security	Energy Usage
Tax Compliance	Equal Employment
Data Security and Customer Privacy Protection	Risk Control and Compliance
Anti-Commercial Bribery and Anti-Corruption	Environmental Compliance Management
Occupational Health and Safety	Human Rights Protection
Circular Economy	

### Step 3: Consolidating Impact and Financial Materiality Outcomes

#### Environmental

- 1 Climate Response
- 2 Pollutant Discharge
- 3 Waste Disposal
- 4 Ecosystem and Biodiversity Protection
- 5 Environmental Compliance Management
- 6 Energy Usage
- 7 Usage of Water Resources
- 8 Circular Economy

#### Social

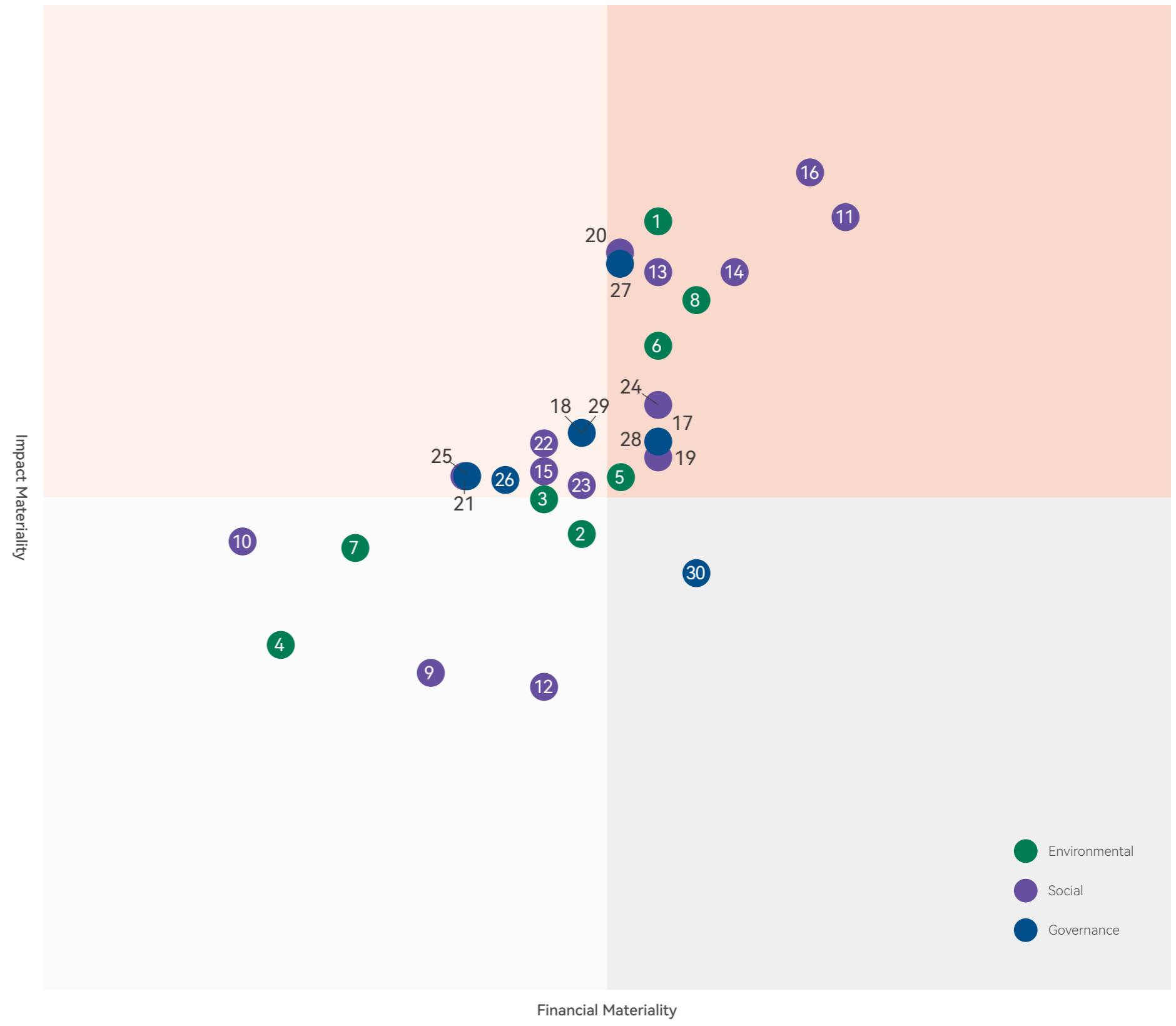
- 9 Rural Revitalization
- 10 Social Contributions
- 11 Innovation-Driven
- 12 Ethics of Science and Technology
- 13 Responsible Supply Chain
- 14 Supply Chain Security
- 15 Equal Treatment to Small and Medium-sized Enterprises
- 16 Safety and Quality of Products and Services
- 17 Data Security and Customer Privacy Protection
- 18 Promoting Industry Development
- 19 Equal Employment
- 20 Human Rights Protection
- 21 Employee Communication
- 22 Employee Development and Training
- 23 Employee Compensation and Benefits
- 24 Occupational Health and Safety

#### Governance

- 25 Due Diligence
- 26 Communications with Stakeholders
- 27 Risk Control and Compliance
- 28 Anti-Commercial Bribery and Anti-Corruption
- 29 Anti-unfair Competition
- 30 Tax Compliance



	With both financial materiality and impact materiality
	With financial materiality but without impact materiality
	With impact materiality but without financial materiality
	With neither financial materiality nor impact materiality

2025 Materiality Matrix



## Step 4: Reviewing the Outcomes for Reporting and Practice Guidance

The Board of Directors reviewed and approved the final assessment results of the material matters. Based on the materiality assessment results, the Company will provide detailed explanations in this report regarding the management measures and specific actions taken on these material matters.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration <sup>2</sup>	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operation	Value Chain Downstream	Communities						
Innovation-Driven	✓	✓	✓		<ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers</li> <li>• Suppliers</li> <li>• Investors</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market and Quality Risk:</b> If cutting-edge technologies cannot be effectively commercialized, expected returns will be affected. New processes and materials may experience low yield rates in the early stages of industrialization, impacting product delivery quality.</li> <li>• <b>Technology and Leakage Risk:</b> Missteps in technology route selection or deviation from policy directions may lead to misallocation of R&amp;D resources and reduce the efficiency of innovation investment. Failure to timely register and confirm of rights in technological achievements may lead to intellectual property disputes and weaken technological barriers. The loss of core technical talent may pose the risk of technology leakage, affecting the Company's long-term competitiveness.</li> <li>• <b>Operational and Financial Risk:</b> Excessively rapid technology iteration may lead to frequent retrofitting of production lines and equipment, increasing capital expenditures and operational burden, thereby exerting temporary financial pressure on the Company's cash flow and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Technology and Market Opportunity:</b> Breakthroughs in technological R&amp;D innovation could help seize the commanding heights of emerging green technology sectors, establish dominance in industry technology standards, and secure pricing power for high-value-added products, thereby enhancing market competitiveness and generating greater profit margins.</li> <li>• <b>Efficiency and Financial Opportunity:</b> Through technological innovation, we can improve production efficiency, enhance energy and resource utilization efficiency, reduce production costs, optimize cost structure, and increase long-term operational benefits.</li> <li>• <b>Policy and Funding Opportunity:</b> R&amp;D and innovation projects are eligible for government special technology subsidies and preferential policies such as additional R&amp;D expense deductions, providing financial support to the Company.</li> </ul>	Medium-term Long-term		Innovation-driven Development
Safety and Quality of Products and Services	✓	✓	✓		<ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers</li> <li>• Distributors</li> <li>• Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market and Competition Risk:</b> If products fail to obtain relevant certifications, or if products and services have safety or quality defects, the Company may lose market access qualifications in certain international markets and be unable to enter the high-end green consumer market, thereby weakening its competitiveness and brand premium capability in the international market.</li> <li>• <b>Compliance and Financial Risk:</b> If products and services fail to comply with current safety standards, they may face delisting or recall risks, potentially leading to substantial costs such as batch product recalls and rework for rectification. Customer claims, contract breach disputes, and legal proceedings may increase operating costs and contingent liabilities, adding to the Company's financial burden.</li> <li>• <b>Brand and Reputation Risk:</b> Once product safety hazards or quality-related incidents occur, they are likely to trigger public attention and negative publicity, undermining customer trust and partner confidence, and damaging the long-established brand reputation and industry credibility.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Policy and Market Opportunity:</b> Establishing safety and quality standards for products and services that exceed industry benchmarks can create competitive barriers and lead the high-end market. Proactively benchmarking against international advanced quality standards can enhance overseas market influence and competitiveness, accelerating the expansion into international markets.</li> <li>• <b>Brand and Value Opportunity:</b> High-standard products and services can enhance customer recognition and loyalty, strengthen brand credibility, and increase product premium.</li> </ul>	Short-term Medium-term Long-term		Safety and Quality of Products and Services

<sup>2</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration <sup>2</sup>	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operation	Value Chain Downstream	Communities						
Climate Response	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers</li> <li>• Distributors</li> <li>• Suppliers</li> <li>• Investors</li> <li>• Media Organization</li> <li>• Government and Regulatory Authorities</li> <li>• Non-Governmental Organizations</li> <li>• Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Policy and Market Risk:</b> Increasingly stringent ESG policies and environmental regulations both domestically and internationally may lead to higher production costs, restricted market access for traditional products, or financial pressures such as fines and carbon tariffs.</li> <li>• <b>Technology and Transition Risk:</b> Rapid iteration of low-carbon and circular technologies, coupled with insufficient R&amp;D investment or missteps in technology route selection, may lead to declining product competitiveness, premature asset stranding, and loss of market share.</li> <li>• <b>Physical Climate Risk:</b> The increasing frequency of extreme weather events such as typhoons may lead to damage to plants, equipment and facilities, or temporary interruptions in raw material supply, resulting in production stoppages, asset depreciation, and other impacts on the Company's operational stability.</li> <li>• <b>Supply Chain and Reputational Risk:</b> If upstream suppliers fail to meet ESG compliance requirements such as environmental protection, labor rights, and business ethics, the risk may be transmitted to the Company, potentially leading to supply chain disruption, customer order cancellations, and brand reputation damage.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Policy and Market Opportunity:</b> The continued push of policies such as green building, urban renewal, and "zero-waste cities" is creating vast market demand and product advantages for green building materials and construction waste recycling products.</li> <li>• <b>Technology and Product Opportunity:</b> Green innovative products such as low-carbon cement and high-performance recycled aggregates can create technological barriers and secure product premiums.</li> <li>• <b>Operational and Efficiency Opportunity:</b> By deploying digital and intelligent systems such as smart production and energy management, we can optimize energy consumption, material usage, and emissions, reduce operating costs, and enhance resource productivity.</li> <li>• <b>Capital and Financing Opportunity:</b> Diversified financing channels such as green credit, sustainability-linked bonds, and green industry funds provide low-cost capital support for the expansion of green production capacity and technology R&amp;D.</li> </ul>	Medium-term Long-term		Climate Response
Circular Economy	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Distributors</li> <li>• Suppliers</li> <li>• Investors</li> <li>• Non-Governmental Organizations</li> <li>• Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market and Transition Risk:</b> If products and services fail to precisely match changes in downstream market demand and upgrades in application scenarios, the market acceptance of the products may fall short of expectations, thereby affecting market expansion and causing the loss of opportunities to seize new markets.</li> <li>• <b>Policy and Compliance Risk:</b> Stricter policy requirements in the field of circular economy in the target market may increase corporate compliance costs.</li> <li>• <b>Operational and Financial Risk:</b> Key technology R&amp;D and equipment upgrades require substantial upfront investment with long payback periods, which may temporarily affect the Company's capital turnover and cash flow stability.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Innovation and Market Opportunity:</b> Developing green recycling products and building a differentiated product portfolio can meet the demands of high-end markets, enhance product competitiveness, and increase market share.</li> <li>• <b>Efficiency and Cost Opportunity:</b> Through resource recycling and reuse, we can improve resource utilization efficiency, reduce raw material procurement costs, lower waste disposal expenses, and optimize product cost structure.</li> <li>• <b>Policy and Financing Opportunity:</b> The construction of resource recycling projects can enable priority access to green credit and special funds for the circular economy, as well as government subsidies and tax incentives for the circular economy.</li> </ul>	Medium-term Long-term		Circular Economy
Supply Chain Security	✓	✓	✓		<ul style="list-style-type: none"> <li>• Customers</li> <li>• Distributors</li> <li>• Suppliers</li> <li>• Investors</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market and Brand Risk:</b> If suppliers engage in violations or misconduct in areas such as environmental compliance, work safety, labor rights, quality control, and business integrity, it may create a risk transmission effect, negatively impacting the Company's product quality reputation and brand image. This could in turn trigger a crisis of trust among the market and customers, weakening the Company's market competitiveness.</li> <li>• <b>Policy and Compliance Risk:</b> External factors such as geopolitics and trade policies may lead to supply chain disruption or obstruction, affecting the Company's production and product delivery.</li> <li>• <b>Procurement and Financial Risk:</b> Responsible raw materials may carry a certain premium, increasing raw material procurement costs and potentially exerting financial pressure on the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market and Policy Opportunity:</b> A sound and responsible supply chain management system that meets regulatory requirements such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD) can help the Company gain qualification as an approved supplier for high-end brands and obtain market access to overseas high-end markets, thereby increasing the premium potential for green products.</li> <li>• <b>Supply Chain and Cost Opportunity:</b> Establishing a diversified and responsible supply chain system can reduce reliance on single sources or high-risk regions, lower the risk of supply chain disruption, and minimize cost uncertainty caused by raw material price fluctuations.</li> <li>• <b>Industry Upgrade Opportunity:</b> By providing training to suppliers and distributors to enhance partners' ESG capacity building, the Company can strengthen its influence in the industrial ecosystem and gain opportunities for value chain upgrades.</li> </ul>	Short-term Medium-term Long-term		Supply Chain Security
Responsible Supply Chain										

<sup>2</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration <sup>2</sup>	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operation	Value Chain Downstream	Communities						
Human Rights Protection	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Distributors</li> <li>Suppliers</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Market and Compliance Risk:</b> Gaps in management regarding human rights protection or violations of relevant human rights regulations in the country or region where the Company operates may result in failure to meet the social responsibility audit requirements of overseas customers regarding the supply chain. This could lead to loss of market access qualifications in overseas markets, affecting international business expansion and cooperation with high-end market clients. It may also trigger compliance risks such as regulatory penalties, rectification accountability, and business restrictions.</li> <li><b>Financial and Reputational Risk:</b> Human rights violations may result in substantial fines or lawsuit settlements, causing financial losses to the Company. Human rights incidents may also lead to a public relations crisis, damaging the Company's brand image and social credibility.</li> </ul>	<ul style="list-style-type: none"> <li><b>Talent Strategy Opportunity:</b> Respecting and safeguarding employee rights can enhance employee satisfaction and sense of belonging, reduce the turnover rate of core talent, and help attract high-end industry talent, thereby improving overall organizational innovation effectiveness.</li> <li><b>Market and Brand Opportunity:</b> Implementing comprehensive human rights protection measures can help the Company meet regulatory requirements such as the EU's Corporate Sustainability Due Diligence Directive, providing more opportunities to expand into overseas high-end markets and participate in global industry chain cooperation, while enhancing the added value and premium potential of green compliant products. It can also improve the Company's market reputation and customer loyalty, creating opportunities for brand value appreciation.</li> </ul>	Short-term Medium-term Long-term	  	Suppliers and Clients Employees Rural Revitalization and Social Contributions
Risk Control and Compliance	✓	✓	✓		<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Distributors</li> <li>Suppliers</li> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Market Risk:</b> If the Company fails to establish a sound risk prevention and compliance management system, it may face operational risks such as supply chain disruption and loss of key customers, leading to a decline in the Company's market competitiveness.</li> <li><b>Financial and Financing Risk:</b> Risk incidents may lead to significant expenses such as fines, compensation, and litigation costs, or cause economic losses due to business interruption. Inadequate risk management may also affect external credit ratings, thereby impacting financing limits and costs.</li> </ul>	<ul style="list-style-type: none"> <li><b>Strategic and Market Opportunity:</b> A robust risk management and internal control system can enhance the Company's risk resilience and strategic adaptability in complex external environments, ensure business operational stability, guarantee the timely delivery of safe, high-quality products, strengthen customer trust and loyalty, secure long-term cooperation opportunities, and enhance market competitiveness.</li> <li><b>Operational and Efficiency Opportunity:</b> By standardizing compliance processes and implementing refined management of internal control points, we can effectively reduce internal losses and management redundancy, improve the efficiency of business decision-making and execution quality, and enhance business continuity.</li> </ul>	Short-term Medium-term Long-term		Risk Management, Internal Control, and Compliance
Tax Compliance		✓			<ul style="list-style-type: none"> <li>Investors</li> <li>Government and Regulatory Authorities</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance and Financial Risk:</b> If the tax management mechanism is not sound and fails to comply with the tax laws and regulations of the country or region where the Company operates, the Company will face compliance risks. Tax-related violations could result in financial expenses such as late payment fees and fines, thereby affecting the Company's operating performance and cash flow.</li> <li><b>Brand and Reputation Risk:</b> If tax violations become public, they may trigger negative assessments and damage the Company's brand image of integrity and compliance.</li> </ul>	<ul style="list-style-type: none"> <li><b>Brand and Market Opportunity:</b> Maintaining a good tax credit rating can enhance the Company's brand image and reputation for integrity and compliance, thereby increasing its market influence.</li> </ul>	Short-term Medium-term Long-term		Tax Compliance Management
Energy Usage		✓	✓	✓	<ul style="list-style-type: none"> <li>Customers</li> <li>Distributors</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Market and Transition Risk:</b> If the Company fails to gradually optimize its energy structure and utilize renewable energy, it may not meet the requirements of target markets and overseas customers, thereby losing market access qualifications and cooperation opportunities, which would impact the Company's business expansion.</li> <li><b>Operational and Financial Risk:</b> Risks such as unstable energy supply and price fluctuations may increase the Company's operating costs and energy management pressure. The procurement of renewable energy may impact the Company's cash flow in the short term.</li> </ul>	<ul style="list-style-type: none"> <li><b>Policy and Market Opportunity:</b> By optimizing the energy structure to reduce product carbon footprint and enhance product green competitiveness, the Company can meet overseas market demand for low-carbon products, gain greater recognition from international markets and overseas customers, increase business cooperation opportunities, and expand market share.</li> <li><b>Efficiency and Financial Opportunity:</b> Optimizing the energy structure and implementing refined energy management will improve energy utilization efficiency, reduce energy consumption costs per unit of product, and achieve cost reduction and efficiency enhancement.</li> </ul>	Short-term Medium-term Long-term		Energy Usage

<sup>2</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration <sup>2</sup>	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operation	Value Chain Downstream	Communities						
Occupational Health and Safety	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Distributors</li> <li>Suppliers</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Talent Attrition Risk:</b> Poor occupational health and safety management may lead to production interruptions and equipment damage, affecting business continuity. It may also result in low employee morale and an increased talent turnover rate.</li> <li><b>Compliance and Financial Risk:</b> Poor occupational health and safety management may expose the Company to direct economic losses such as government penalties, litigation compensation, criminal liability, and work stoppages.</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Cost Opportunity:</b> A robust occupational health and safety management system can reduce direct losses such as workplace injury compensation and equipment damage, lower insurance costs and legal risk expenses, improve production efficiency and operational stability, optimize costs and resources, and enhance the Company's competitiveness.</li> <li><b>Brand and Value Opportunity:</b> Building a safe workplace environment can boost employee satisfaction and loyalty, strengthen the Company's corporate social responsibility image, and enhance employer brand value.</li> </ul>	Short-term Medium-term Long-term		Occupational Health and Safety
Data Security and Customer Privacy Protection	✓	✓	✓		<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Distributors</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Delivery Risk:</b> Inadequate implementation of data management, such as core business systems being attacked or production data being lost, may impede operations in areas such as production scheduling, order management, and after-sales service, leading to business interruption and delivery delays.</li> <li><b>Compliance and Financial Risk:</b> Violation of information security-related laws and regulations may trigger compliance risks such as regulatory accountability, administrative penalties, and criminal proceedings, as well as incur significant costs.</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Efficiency Opportunity:</b> By improving the data security management system, we can effectively reduce and prevent risk incidents such as data breaches and system interruptions, ensuring production efficiency and business stability.</li> <li><b>Brand and Value Opportunity:</b> Improving information security management levels helps enhance customer trust, promote digital and intelligent transformation across the industry chain, and strengthen the Company's market competitiveness and brand influence.</li> </ul>	Short-term Medium-term Long-term		Information Security and Customer Privacy Protection
Anti-Commercial Bribery and Anti-Corruption	✓	✓	✓		<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Distributors</li> <li>Suppliers</li> <li>Financial Institutions</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance and Financial Risk:</b> If illegal or non-compliant activities such as corruption and bribery occur in business operations, the Company may face compliance risks including regulatory penalties, criminal prosecution, export control restrictions, or market access bans. The Company may also be subject to substantial compensation, fines, or litigation costs, which would increase its financial burden.</li> <li><b>Reputational and Credibility Risk:</b> Once an incident of corruption or bribery is exposed by the media or reported by regulatory authorities, it will seriously damage the Company's reputation and brand image, reducing public recognition and trust in the Company.</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Cost Opportunity:</b> Establishing a comprehensive integrity management system can eliminate management loopholes in key areas such as procurement and sales, optimize resource allocation, reduce compliance and control costs, avoid operational risks arising from misconduct, and ensure the robustness of the Company's operations.</li> <li><b>Reputation and Brand Opportunity:</b> Practicing responsible business conduct can shape a corporate image of integrity, compliance, and self-discipline, enhance stakeholder recognition, improve the Company's reputation in capital markets and its social credibility, and further increase brand value.</li> </ul>	Short-term Medium-term Long-term		Anti-Commercial Bribery and Anti-Corruption
Equal Employment		✓		✓	<ul style="list-style-type: none"> <li>Employees</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Policy and Compliance Risk:</b> If the Company engages in discriminatory practices in recruitment, performance evaluation, promotion, or other aspects, in violation of relevant laws and policies in the regions where it operates, it may face labor inspection penalties, administrative litigation, or collective labor disputes.</li> <li><b>Operational and Talent Attrition Risk:</b> If the Company fails to ensure equal protection of employee rights in recruitment, performance evaluation, promotion, and other aspects, it may lead to employee dissatisfaction, work slowdowns, or the loss of core talent, thereby affecting team stability and production efficiency.</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Efficiency Opportunity:</b> Establishing an equitable and inclusive employment management system can fully mobilize employee initiative and proactivity, enhance employee engagement and work efficiency, reduce talent turnover costs, and achieve cost reduction, efficiency enhancement, and improved team effectiveness.</li> <li><b>Brand and Talent Attraction Opportunity:</b> Equal employment practices can help the Company build an inclusive corporate culture, enhance its image as a responsible employer, and attract talent. At the same time, they can contribute to improved ratings and win the trust of stakeholders such as investors and customers.</li> </ul>	Short-term Medium-term Long-term		Human Rights Protection
Environmental Compliance Management		✓		✓	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance and Credit Risk:</b> If the Company violates environmental laws, regulations, or policy requirements, it may face compliance risks such as administrative penalties, and the Company's credit standing will be damaged.</li> <li><b>Operational and Financial Risk:</b> The Company's need to invest capital and manpower in environmental management, remediation measures, and environmental protection training will increase the Company's operating costs.</li> </ul>	<ul style="list-style-type: none"> <li><b>Operational and Management Opportunity:</b> Improving environmental compliance management mechanisms and embedding environmental compliance requirements into daily operations and internal controls will help enhance the standardization and normalization of the Company's environmental management.</li> <li><b>Brand and Reputation Opportunity:</b> Improving the environmental management system and fulfilling environmental protection responsibilities will help enhance the Company's external compliance credibility and brand's green value, gaining recognition from the market and customers.</li> </ul>	Short-term Medium-term Long-term		Environmental Compliance Management

<sup>2</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

# Communications with Stakeholders

The Company places great emphasis on communication and integration with its stakeholders. By establishing diversified and regular communication channels, we maintain close interaction with stakeholders, promptly understanding and responding to their concerns and feedback. Through continuously improving communication mechanisms and feedback pathways, and deeply integrating the expectations and suggestions of stakeholders into our sustainability governance system, we persistently enhance the management practices and information disclosure quality of various sustainability matters. This further solidifies the foundation of mutual trust and promotes symbiotic development and value co-creation between the Company and all parties through long-term collaboration.

Stakeholders	Matters of Concern	Communication Channels
<b>Employees</b> 	Tax Compliance Occupational Health and Safety Safety and Quality of Products and Services Data Security and Customer Privacy Protection	Employee Forums and One-on-One Interviews Employee Training and Activities Employee Care Initiatives Employee Grievance Channels
<b>Customers</b> 	Data Security and Customer Privacy Protection Safety and Quality of Products and Services Innovation-driven Environmental Compliance Management	Customer Service and Complaint Handling Customer Satisfaction Surveys Specialized Training Programs Online Communication
<b>Suppliers</b> 	Occupational Health and Safety Safety and Quality of Products and Services Anti-unfair Competition Anti-Commercial Bribery and Anti-Corruption	Online Communication and On-site Visits Quality Management Audits and Training Supplier Training Industry Exhibitions
<b>Distributors</b> 	Safety and Quality of Products and Services Data Security and Customer Privacy Protection Human Rights Protection Promoting Industry Development	Distributors Training Distributors Conference On-site Guidance Online Communication

Stakeholders	Matters of Concern	Communication Channels
<b>Investors</b> 	Risk Control and Compliance Anti-Commercial Bribery and Anti-Corruption Innovation-driven Communications with Stakeholders	Information Disclosure of Public Companies E-interactive Platform and Investor Hotline Earnings Conference Call and Webcast Investor Site Visits and Research
<b>Financial Institutions</b> 	Risk Control and Compliance Anti-Commercial Bribery and Anti-Corruption Anti-unfair Competition Tax Compliance	Information Disclosure of Public Companies On-site Visits
<b>Media Organizations</b> 	Circular Economy Tax Compliance Environmental Compliance Management Pollutant Discharge	Information Disclosure of Public Companies Social Media and Press Communication Public Opinion Monitoring
<b>Government and Regulatory Authorities</b> 	Tax Compliance Anti-Commercial Bribery and Anti-Corruption Circular Economy Environmental Compliance Management	On-site Visits Cooperation on Government Project Conferences and Training Sessions
<b>Non-Governmental Organizations</b> 	Social Contributions Rural Revitalization Anti-Commercial Bribery and Anti-Corruption Anti-unfair Competition	On-site Visits Public Welfare Services Public Opinion Monitoring
<b>Local Communities</b> 	Social Contributions Environmental Compliance Management Pollutant Discharge Human Rights Protection	Online Communication Co-creation Activities Community Support Programs Volunteer Services



# Sustainability- Related Governance

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# Sustainability-Related Governance

We regard sustainable development as a core pillar of our corporate strategy and have established a governance framework led by the board of directors, coordinated by management, and actively participated in by all employees. We have built a strategic, science-based, and efficient decision-making mechanism to ensure the deep integration and alignment of our sustainability objectives with our business strategy. Through the continuous advancement of sustainability governance practices, we fully integrate ESG factors into our daily operations and major decision-making processes, steadily enhancing our sustainability management capabilities and striving to create comprehensive value across economic, social, and environmental dimensions.

## Governance Mechanisms

Based on our development realities, we continuously improve our sustainability governance mechanisms and strengthen our sustainability governance capabilities, providing a solid foundation for the effective implementation of our sustainability strategy and the achievement of our goals.



## Governance Structure

We have established a top-down, standardized, and effective sustainability governance structure led by the Board of Directors:

### At the Board level

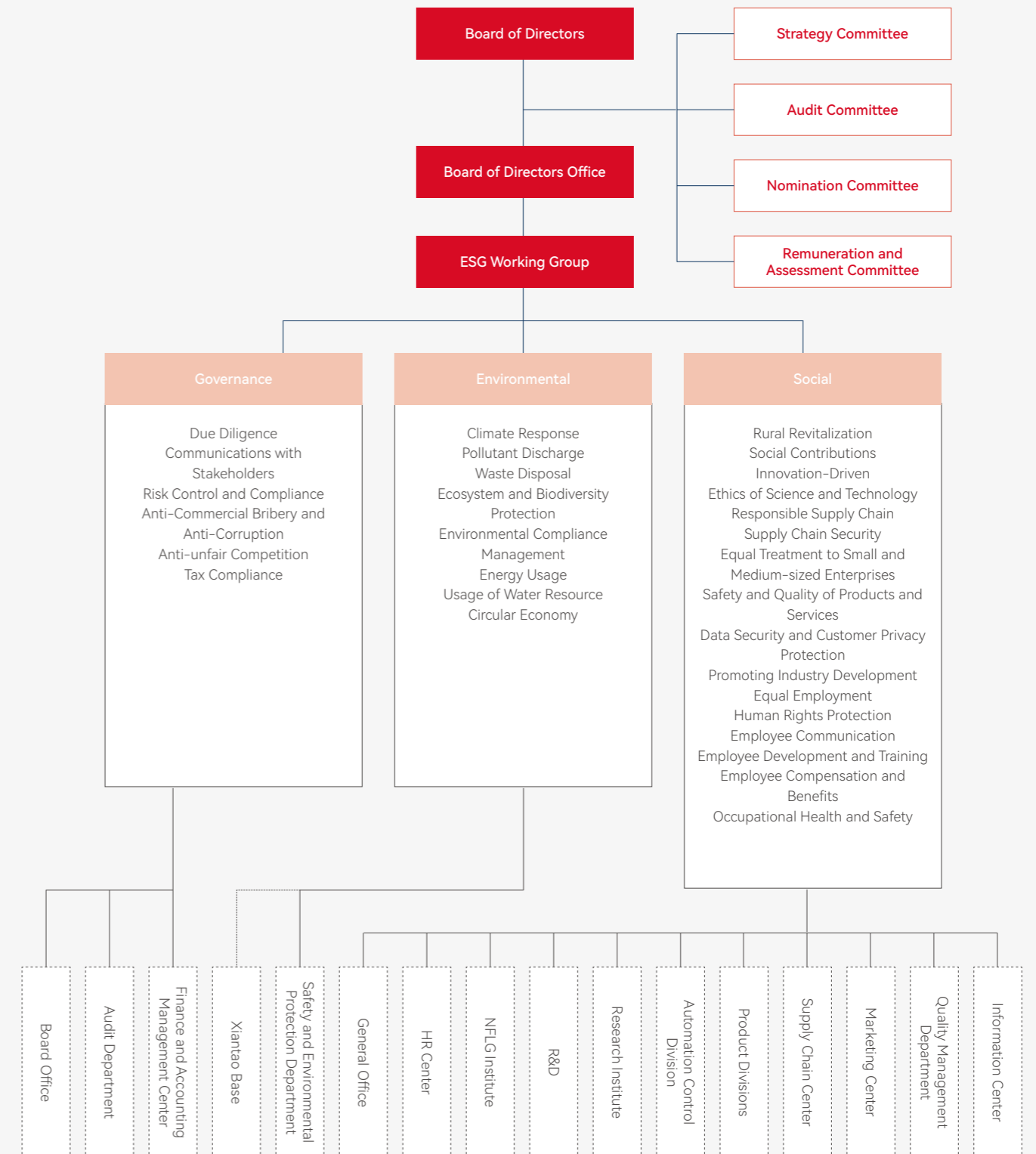
Our Board serves as the highest decision-making body for major sustainability matters. The Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee leverage their professional expertise to assist the Board in guiding and overseeing the company's sustainability efforts, providing specialized support for scientific decision-making on major sustainability issues.

### At the execution level

The Board Office acts as the coordinating department, responsible for overseeing and coordinating sustainability-related work across teams under the leadership of the Board. We have formed a Sustainability Working Group consisting of three sub-groups—Governance, Environmental, and Social—each made up of relevant functional departments responsible for managing specific sustainability matters.

We implement a weekly and quarterly reporting mechanism, where the management team reports to the Chairman through weekly senior management meetings and quarterly business management meetings, ensuring that all sustainability initiatives are effectively executed.

## Sustainability Governance Structure



## Policy Development

In terms of institutional development, we align with our strategic positioning and operational realities to systematically formulate and continuously refine sustainability policies covering environmental, social, and governance (ESG) areas. These policies clearly define the codes of conduct and responsibility boundaries that all employees are expected to follow across our global operations, providing principle-based guidance for managing various sustainability topics. This ensures that all management activities are well-structured and effectively implemented, supporting steady operations while enabling sustainable value creation.

Sustainable Development Policy
Business Code of Conduct
Supplier Code of Conduct
Anti-Corruption and Anti-Bribery Policy
Environmental Protection Policy
Human Rights Policy
Community Policy
Taxation Policy
Information Security Policy

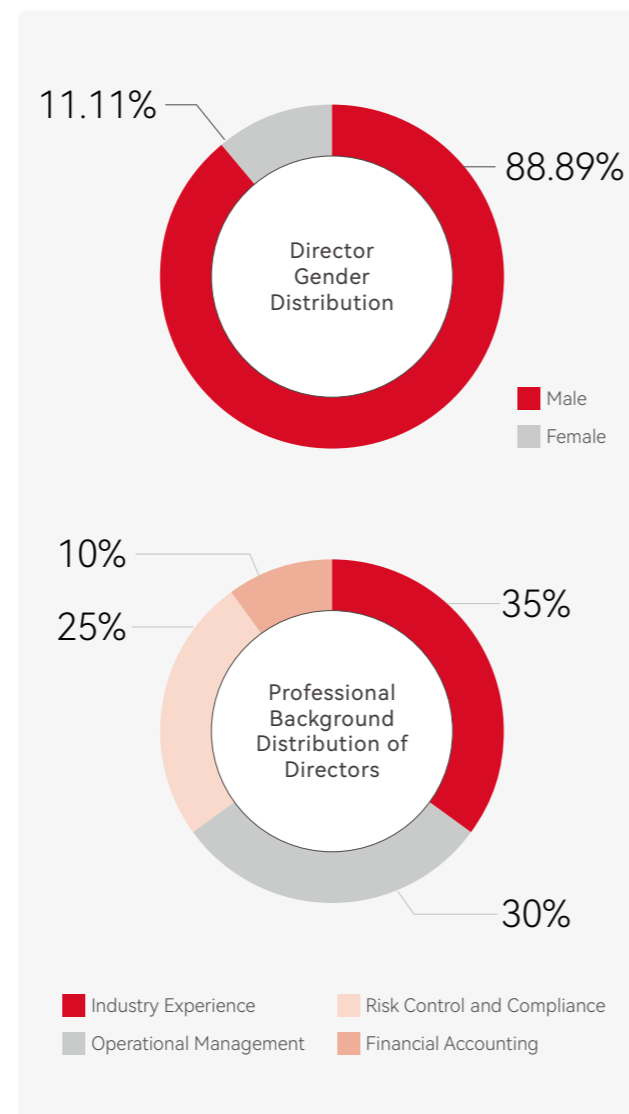
## Selection and Appointment of Directors and Senior Management

In response to a complex and evolving external environment, we are committed to building a board of directors and management team with diverse governance perspectives and professional expertise, enhancing our sustainability governance capabilities and supporting our steady and long-term development. We have established clear nomination and appointment procedures for directors and senior management in accordance with internal regulations such as the Articles of Association and the Rules of Procedure of the Nomination Committee. In line with these rules, the Nomination Committee of the Board considers the Company's operational needs and evaluates candidates across multiple dimensions—including gender, age, professional background, work experience, and external commitments—to identify and determine suitable nominees. After qualification reviews, the Committee submits recommendations to the Board. Director candidates, upon approval by the Board, are submitted to the shareholders' meeting for voting and are elected by shareholders. Senior management candidates are appointed by the Board following its review and approval.

## Board Diversity and Professionalism

Our Board of Directors consists of nine members with diverse gender, age, professional expertise, and background experience. Among them, one is female director, accounting for 11.11% of the total Board members. There are three independent directors, all holding a doctoral degree or higher, representing 33.33% of the Board. Our senior management team is composed of four members, with women making up 25% of the team.

Our directors and senior management team members possess extensive industry experience and strong professional backgrounds in areas such as technological innovation, operations management, risk control and compliance, and financial management, providing strong support for sound corporate decision-making.



Name	Position	Age	Professional Background				Board Committees				Attendance Rate (Board and Board Committee Meetings)
			Industry Experience	Operational Management	Risk Control and Compliance	Financial Accounting	Audit Committee	Nomination Committee	Remuneration and Assessment Committee	Strategy Committee	
<b>Fang Qingxi</b> (Male)	Chairman of the Board	78	✓	✓	✓		✓	✓		✓	100%
<b>Fang Kai</b> (Male)	Vice Chairman, General Manager	49	✓	✓	✓					✓	100%
<b>Wan Jingwen</b> (Female)	Director, Chief Financial Officer, Board Secretary	65	✓	✓	✓	✓					100%
<b>Peng Siming</b> (Male)	Director, Chief Engineer	58	✓	✓							100%
<b>Huang Wenjing</b> (Male)	Director, Chief Engineer	51	✓	✓							100%
<b>Yi Zhensheng</b> (Male)	Director	58	✓	✓	✓				✓	✓	100%
<b>Huang Xiaoming</b> (Male)	Independent Director	63	✓						✓	✓	/
<b>Chen Shoude</b> (Male)	Independent Director	50				✓	✓		✓		/
<b>Luo Xuxu</b> (Male)	Independent Director	49			✓		✓	✓			/
<b>Zhang Yongkui</b> (Male)	Independent Director During the Reporting Period	53				✓					100%
<b>Jiao Shengjie</b> (Male)	Independent Director During the Reporting Period	71	✓								100%
<b>Chen Yang</b> (Female)	Independent Director During the Reporting Period	47			✓						100%

## Dedicated Service and Competency Development

We ensure that our Board of Directors and Board Committees, including the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee, diligently perform their duties in strict accordance with applicable laws, regulations, and internal rules. During the reporting period, we convened a total of 3 board meetings, reviewing 30 proposals; and 7 board committee meetings, reviewing 23 proposals.

To continuously enhance our corporate governance, we place great importance on strengthening the competencies of our directors and senior management. We actively organize participation in training programs hosted by regulatory

authorities, industry associations, and other institutions, while also conducting internal ESG-related seminars and exchange sessions. These efforts broaden the perspectives of our board and management team, strengthen their professional expertise and skills, and reinforce the foundation of our governance capabilities. During the reporting period, we organized directors and senior management to participate in multiple training sessions hosted by organizations such as the Fujian Listed Companies Association and the Shanghai Stock Exchange, covering areas including duty performance training, ESG and sustainability leadership, and capital market value management.

## Compensation of Directors and Senior Management

To ensure the achievement of our operational and sustainability objectives, we are committed to building a compensation framework that balances incentives and constraints, as well as fairness and efficiency, closely aligning the interests of directors and senior management with the Company's strategic development plan and long-term value creation.

In accordance with internal regulations such as the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee, we clearly define the decision-making process for the remuneration policies and schemes of directors and senior management. The Board Remuneration and Appraisal Committee formulates remuneration policies and proposals based on the Company's operational conditions, job responsibilities, and peer and regional compensation benchmarks, and submits them to the Board for review. Directors' remuneration plans are submitted to the shareholders' meeting for approval after Board review, while senior management remuneration plans are approved and implemented by the Board.

In principle, directors who do not hold internal positions in the Company do not receive remuneration for their directorship. Directors who concurrently hold internal positions receive compensation based on their respective roles within the Company. Independent directors receive director allowances.

The Chairman of the Board and senior management are subject to an annual salary system, consisting of a base salary and a performance-based salary. The base salary is determined based on factors such as job responsibilities and tenure, while the performance-based salary is linked to corporate annual operating results (e.g., net profit), completion of annual work plans, organizational performance assessments, and individual annual evaluations. In addition, we are considering incorporating sustainability-related performance indicators—such as major environmental and safety incidents—into the evaluation of relevant management personnel, linking these indicators with performance-based compensation. This aims to ensure that management places equal emphasis on economic, environmental, and social performance, and continuously enhances sustainability governance.

Furthermore, we have implemented an employee stock ownership plan to establish a long-term incentive and constraint mechanism that shares risks and rewards. This fully motivates the initiative and creativity of directors and senior management while strengthening the stability and cohesion of the core team. As of the end of the reporting period, directors and senior management indirectly held 5,680,000 shares through the employee shareholding platform, accounting for 5.2395% of the Company's total share capital.

Name	Position	Shareholdings at the End of the Reporting Period
Fang Qingxi	Chairman of the Board	1,500,000
Fang Kai	Vice Chairman, General Manager	1,330,000
Wan Jingwen	Director, Chief Financial Officer, Board Secretary	350,000
Peng Siming	Director, Chief Engineer	1,050,000
Huang Wenjing	Director, Chief Engineer	1,050,000
Yi Zhensheng	Director	400,000
<b>Total</b>		<b>5,680,000</b>

## Related Party Transaction

We have developed and continuously improved our "Detailed Rules for the Implementation of Related Party Transactions" in accordance with relevant laws, regulations, and regulatory requirements to protect the legitimate rights and interests of all shareholders, especially minority shareholders. We standardize the management of related party transactions by clearly defining the scope of related party transactions and related parties, as well as setting out review and decision-making procedures, recusal mechanisms, and information disclosure requirements. We strictly follow the required approval and decision-making processes, implement recusal mechanisms for related shareholders and directors, and ensure that all related party transactions are conducted fairly, impartially, equitably, and in compliance with regulations.

## Prevention of Conflicts of Interest

We clearly stipulate in our "Articles of Association" that directors and senior management must fulfill their fiduciary duties and act in the best interests of the company and all shareholders. To prevent potential conflicts of interest from negatively impacting the company, our directors and senior management are required to proactively report their appointments as directors, senior executives, or other key positions in other organizations. We disclose this information to shareholders and the public in our annual report and implement appropriate measures to monitor and prevent conflicts of interest.

## Investor Relations Management

We strictly comply with relevant laws and regulations, listing rules, and our internal policies such as the "Articles of Association" and the "Rules of Procedure for the General Meeting of Shareholders." We duly perform procedures including convening, holding, and voting at shareholders' meetings, and provide online voting channels to fully safeguard shareholders' rights to know, participate, vote, and supervise. We also protect the rights and interests of minority shareholders through mechanisms such as separate vote counting for minority investors. During the reporting period, we held a total of two shareholders' meetings, where 15 proposals were reviewed and approved.

### Strengthen information disclosure and enhance operational transparency

We continue to improve our Information Disclosure Management Policy in strict accordance with applicable regulations, establishing a sound information disclosure mechanism and

fulfilling our disclosure obligations in a true, accurate, complete, timely, and fair manner. We also proactively report relevant matters to regulatory authorities to enhance transparency and the quality of our disclosures. Every year, we release a Sustainability Report to systematically disclose our sustainability practice and performance, enhancing transparency and standardization in our sustainability information disclosure.

### Strengthen investor relations and build a trust-based communication mechanism

We have formulated and continuously improved the Investor Relations Management System, clearly defining responsibilities, communication channels, and supervisory arrangements to ensure that related activities are conducted in an orderly manner in compliance with the principles of legality, equality, proactivity, and integrity. Through multiple channels such as the Shanghai Stock Exchange E-interaction platform, investor hotline, performance briefings, open days, and on-site investor visits, we actively maintain two-way communication with investors, convey our corporate value, and carefully listen to market feedback and expectations. During the reporting period, we responded to investors 47 times via the E-interaction platform, held 3 performance briefings, and conducted 1 on-site investor reception session.

During the reporting period:

The Company held a total of

**2** shareholders' meetings

A total of

**15** proposals were reviewed and approved

The Company responded to investors

**47** times via the E-interaction platform

The Company held

**3** performance briefings

The Company conducted

**1** on-site investor reception session



# Environmental

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## 2025 Management Goals for Environmental Matters

Completion of annual inventory of GHG emissions (Scope 1, Scope 2, and Scope 3)



Clean energy accounts for no less than 50% of our total electricity consumption, contributing to our low-carbon transition and the optimization of our energy structure



Innovative development of more green products and services to help industry clients effectively reduce carbon emissions



Awarded the title of "2025 National-Level Green Factory" by the Ministry of Industry and Information Technology of the People's Republic of China



Advocacy for water conservation to reduce water resource waste



No major environmental incidents occurred during the year, and no environmental-related penalties were imposed



All wastewater, waste gas, and noise emissions complied with regulatory discharge standards, and 100% of waste was handled through standardized disposal procedures



# Climate Response



Climate change is a major challenge facing humanity and a key issue for the long-term development of enterprises. As a provider of integrated solutions for green circular building materials, we proactively respond and take responsibility by deeply integrating climate action into our corporate strategy. Centered on a full-chain circular economy system covering "raw materials-production-application," we focus on advancing carbon neutrality through five key areas: promoting green manufacturing, developing low-carbon products, innovating carbon offset mechanisms, fostering a low-carbon culture, and collaborating with the industrial value chain to reduce emissions.

At the same time, we continuously improve our climate governance mechanisms by setting carbon peaking and carbon neutrality targets, strengthening carbon disclosure, and increasing investment in product R&D and innovation, thereby enhancing the effectiveness and systematic nature of our climate actions. In response to the urgent low-carbon transition needs of high-emission sectors such as mining, building materials, infrastructure, and construction, we are driven by technological innovation and leverage coordinated efforts across the industrial chain. Through green circular building materials solutions, we support industry-wide transformation and provide practical and scalable approaches to global climate governance.

## Climate Strategy

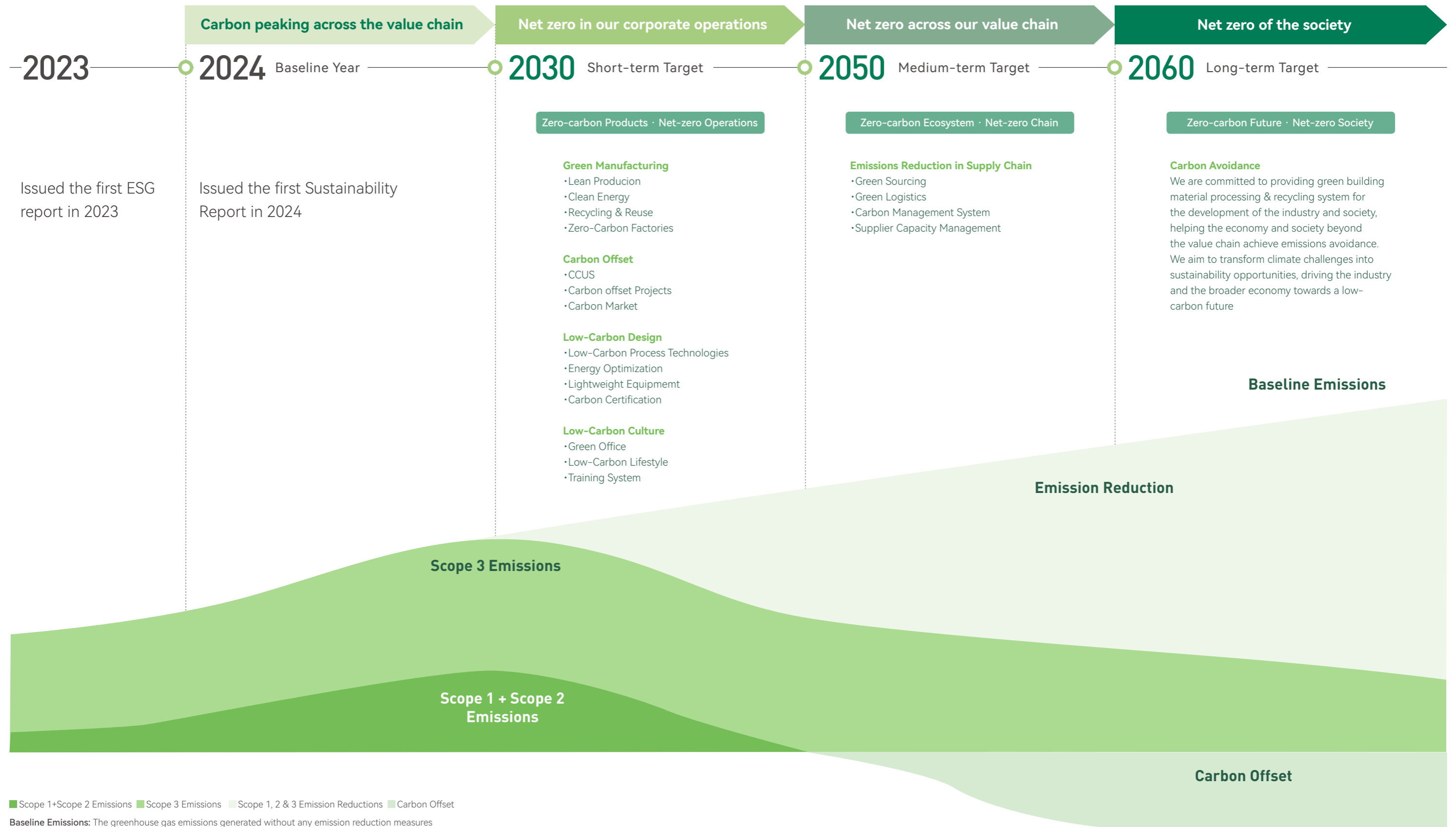
We adhere to the brand philosophy of "Smart · Specialized · Sophisticated · Safe · Sustainable", striving to become a globally renowned green building material processing & recycling system provider, and promoting the overall green and low-carbon development of society.

To achieve the above strategic goals, we have set phased carbon peaking and net zero targets.





## NFLG Net Zero Pathway



## Climate-Related Risks, Opportunities, and Financial Impacts

We proactively address the challenges and opportunities brought by climate change by integrating climate-related impacts, risks, and opportunities into our enterprise-wide risk management system. Based on our business realities, we systematically identify and assess potential short-, medium-, and long-term physical risks by leveraging scenario models published by the Intergovernmental Panel on Climate Change (IPCC). At the same time, we refer to relevant scenarios developed by the International Energy Agency (IEA) to analyze and evaluate transition risks and emerging opportunities over corresponding time horizons. Based on these assessments, we continuously optimize our risk response strategies and strategic development layout, comprehensively enhancing our resilience and adaptability to climate-related risks, thereby laying a solid foundation for long-term sustainable development.

## Physical Risks

We adopt the high-emissions, high-growth scenario (SSP5-8.5) under the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) framework to conduct physical risk analysis. This scenario assumes that global greenhouse gas emissions continue to rise throughout the 21st century, with global average surface temperature projected to increase by 3.3°C to 5.7°C by 2081-2100 compared with the 1850-1900 baseline. Under this high-emissions, high-growth scenario, climate policies and regulatory constraints are assumed to be relatively lenient. However, it is accompanied by increasingly severe climate impacts, including rising global temperatures, more frequent extreme weather events, changing precipitation patterns, and continuous sea level rise. As a result, the physical risks faced by enterprises are expected to reach their highest level. Based on this assessment, we select this scenario as the basis for identifying and evaluating physical risks.

Risk Category	Risk Description	Countermeasures	Impact Duration <sup>1</sup>	Impact Scope			Financial Impact <sup>2</sup>	
				Upstream	Operations	Downstream		
Acute Physical Risks	Typhoons	<ul style="list-style-type: none"> <li>Strong winds and heavy rainfall associated with typhoons may damage or disrupt regional transportation infrastructure, affecting the supply of raw materials and delivery of finished products, and potentially leading to production stoppages and contractual non-performance.</li> <li>Strong winds triggered by typhoons may cause physical damage to factories, critical production equipment, and storage facilities, while also disrupting essential utilities such as electricity and communications. This may force production activities to halt, resulting in reduced output and delayed product deliveries.</li> </ul>	<ul style="list-style-type: none"> <li>We closely monitor and promptly issue typhoon weather alerts, and scientifically adjust production plans and operational schedules to ensure stable production line operations.</li> <li>We have established and continuously improved our emergency management system, further enhancing emergency response plans and strengthening the stockpile and assurance of flood and typhoon prevention materials.</li> <li>We regularly organize emergency drills to enhance the ability of all employees to respond to typhoons and other extreme climate events.</li> </ul>	Short-term Medium-term Long-term	✓	✓	✓	Minor Impact
	Floods	<ul style="list-style-type: none"> <li>Flood intrusion may damage building foundations and cause failure of critical production equipment, electrical systems, and precision instruments due to water exposure, resulting in significant asset replacement costs.</li> <li>Flooding may destroy or inundate storage areas, potentially leading to the leakage and dispersion of hazardous substances such as chemicals and fuels, thereby triggering secondary environmental risks.</li> </ul>	<ul style="list-style-type: none"> <li>We strengthen flood prevention and anti-seepage systems within plant sites, reinforce waterproofing for buildings and equipment foundations, and rationally arrange critical production equipment, electrical systems, and precision instruments to reduce flood exposure risks.</li> <li>We standardize the storage and management of hazardous materials such as chemicals and fuels by adopting sealed, leak-proof, and erosion-resistant facilities, and establishing containment bunds to prevent pollutant dispersion caused by flooding.</li> </ul>	Short-term Medium-term Long-term		✓		Minor Impact
	Extreme Heat	<ul style="list-style-type: none"> <li>High-temperature working conditions may increase the risk of heatstroke and other heat-related illnesses among employees, affecting operational efficiency and work quality, and posing threats to occupational health and safety.</li> <li>To meet production requirements and ensure adequate heat mitigation for employees, increased electricity demand for cooling and temperature control may lead to higher energy consumption and overall operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>We improve safety management for high-temperature operations, strengthen heat protection and health safeguards for employees, mitigate occupational health and safety risks, and ensure operational efficiency.</li> <li>We optimize cooling, temperature control, and energy consumption management, promote energy-saving measures, and effectively control energy use and operating costs while meeting production and cooling requirements.</li> </ul>	Short-term Medium-term Long-term	✓	✓	✓	Minor Impact
	Droughts	<ul style="list-style-type: none"> <li>Upstream suppliers may experience water shortages, production restrictions, or shutdowns due to drought, resulting in insufficient raw material supply and delivery delays, which can disrupt normal production planning and order fulfillment cycles and adversely affect overall operational stability.</li> <li>Drought conditions may also lead to increased water prices, thereby raising production and operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>We improve industrial water reuse efficiency by upgrading production equipment and developing reclaimed water reuse and rainwater harvesting systems, thereby reducing water consumption per unit of output at the source.</li> <li>We establish emergency water storage tanks and backup water intake facilities within plant sites to secure essential production and basic domestic water supply during drought conditions, ensuring operational stability.</li> </ul>	Long-term		✓		Minor Impact
Chronic Physical Risks	Sea Level Rise	<ul style="list-style-type: none"> <li>Rising sea levels may exacerbate storm surges and flooding risks in coastal areas, potentially leading to operational disruptions, asset damage, and even relocation risks for the company's coastal facilities and upstream supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>We build a diversified supply chain system to reduce reliance on single suppliers and mitigate the impact of sea level rise on the supply chain.</li> <li>We prudently assess site selection for new projects, avoiding low-lying and high-risk areas affected by sea level rise, thereby reducing climate-related physical risks at the source.</li> </ul>	Long-term	✓	✓	✓	Minor Impact
	Rising Average Temperatures	<ul style="list-style-type: none"> <li>Rising average temperatures may lead to increased peak electricity demand and energy cost volatility, while also potentially reducing heat dissipation efficiency and operational performance of production equipment, posing risks to production continuity. At the same time, higher temperatures place greater demands on frontline employee health and safety, as well as the stability of supply chain logistics.</li> </ul>	<ul style="list-style-type: none"> <li>We enhance operational efficiency through energy benchmarking, ensuring a steady reduction in energy consumption per unit of product.</li> <li>We equip facilities with efficient cooling systems and implement staggered operations and flexible working hours to safeguard employees' health and safety under high-temperature conditions.</li> </ul>	Long-term	✓	✓	✓	Minor Impact
	Water Scarcity	<ul style="list-style-type: none"> <li>Water scarcity may trigger water restriction policies, leading to insufficient water supply for both production and daily operations, thereby affecting production processes and delivery schedules.</li> </ul>	<ul style="list-style-type: none"> <li>We establish a supply chain water risk management system, promote coordinated water-saving initiatives and risk prevention across upstream and downstream partners, and enhance overall supply chain resilience.</li> <li>We regularly conduct water management awareness programs and skills training, fostering a water conservation mindset among all employees and ensuring accountability for water-saving practices.</li> </ul>	Long-term		✓	✓	Minor Impact
	Biodiversity Loss	<ul style="list-style-type: none"> <li>Core business operations may disturb the surrounding ecological environment, leading to environmental compliance risks and potentially affecting production and operational stability.</li> </ul>	<ul style="list-style-type: none"> <li>We adhere to the principle of ecological priority and strictly prohibit business operations in nature reserves, ecologically sensitive or fragile areas, and other key ecological function zones.</li> <li>We proactively carry out biodiversity conservation initiatives, actively participate in regional environmental protection efforts, and strengthen ecological risk prevention and control.</li> </ul>	Long-term	✓	✓	✓	Minimal Impact

<sup>1</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term generally refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term generally refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term generally refers to more than five years after the end of the sustainability information reporting period.  
<sup>2</sup> The financial impact is classified as minimal, minor, moderate, major, or severe. Minimal impact refers to an effect of less than 1 million CNY on monetary value (e.g., revenue) or less than 1% on net profit. Minor impact refers to an effect between 1 million CNY and 5 million CNY on monetary value (e.g., revenue) or between 1% and 5% on net profit. Moderate impact refers to an effect between 5 million CNY and 10 million CNY on monetary value (e.g., revenue) or between 5% and 10% on net profit. Major impact refers to an effect between 10 million CNY and 50 million CNY on monetary value (e.g., revenue) or between 10% and 15% on net profit. Severe impact refers to an effect exceeding 50 million CNY on monetary value (e.g., revenue) or more than 15% on net profit.



## Transition Risks and Opportunities

We adopt the Net Zero Emissions (NZE) published by the International Energy Agency (IEA) to conduct transition risk analysis. This scenario assumes that the world will achieve net zero emissions by 2050 and limit the increase in global average temperature to within 1.5°C above pre-industrial levels. Under the NZE scenario, policy and regulatory frameworks become increasingly stringent, while global cooperation intensifies to drive down the cost of clean energy technologies. At the same time, efforts are made to diversify the supply of critical minerals

and technologies, building a more resilient global supply chain. Given the relatively high transition risks faced by enterprises under this scenario, we adopt it as the baseline for analysis, enabling a systematic identification and assessment of the challenges and opportunities that may arise during our low-carbon transition.

Risk Category	Risk Description	Countermeasures	Impact Duration <sup>3</sup>	Impact Scope			Financial Impact <sup>4</sup>
				Upstream	Operations	Downstream	
Policy and Law	<ul style="list-style-type: none"> <li>As global business expansion accelerates, increasingly stringent low-carbon regulations in overseas markets may raise compliance costs for carbon emissions and increase pressure on green R&amp;D investment.</li> <li>The growing prominence of green trade barriers, such as carbon tariffs, may constrain the company's access to overseas markets and its business expansion.</li> </ul>	<ul style="list-style-type: none"> <li>Building on an integrated strategy of product and service delivery, digitalization, intelligence, environmental sustainability, and internationalization, we expand overseas markets and further enhance our global footprint and product portfolio.</li> <li>We closely monitor changes in carbon emission policies, strengthen carbon management and green product R&amp;D, and advance carbon neutrality across our operations and value chain.</li> </ul>	Medium-term Long-term	✓	✓	✓	Major Impact
Market	<ul style="list-style-type: none"> <li>Connectivity, digitalization, energy efficiency, environmental sustainability, and circular economy practices have become the core development trends and market direction of the construction machinery industry. If the company fails to adapt to these trends in a timely manner and develop products and services that meet market demand, it may face risks of declining product competitiveness, shrinking market demand, and reduced market share.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging industry insights and practical experience, we closely follow market trends and optimize our products and services around customers' one-stop procurement needs, delivering safer, more environmentally friendly, more efficient, and smarter integrated solutions for green circular building materials.</li> <li>We proactively develop key areas such as integrated construction waste recycling systems, environmentally intelligent asphalt mixing plants, and smart dry-mix mortar production lines, enhancing service capabilities and core competitiveness.</li> <li>Building on existing technologies and R&amp;D resources, we improve our innovation mechanisms, increase investment, strengthen independent innovation and incentive systems, and enhance the efficiency of technology transformation and product development.</li> <li>We deepen collaboration with research institutes and upstream and downstream partners, focusing on forward-looking initiatives in areas such as resource utilization, to strengthen new product development capabilities and core technological competitiveness.</li> </ul>	Medium-term Long-term	✓	✓	✓	Major Impact
Technology	<ul style="list-style-type: none"> <li>As the industry accelerates its transition toward green and low-carbon development, the company needs to continuously increase R&amp;D investment and develop low-carbon technologies and new products to meet evolving market and policy requirements.</li> <li>If the company misjudges its low-carbon technology pathways, or if new products lack competitiveness in terms of performance, quality, or environmental indicators, it may face the risk of sunk costs in R&amp;D investments.</li> <li>If more advanced green and low-carbon alternative technologies emerge, the company's existing traditional technologies and related assets may face the risk of accelerated impairment.</li> </ul>	<ul style="list-style-type: none"> <li>Building on existing technologies and R&amp;D resources, we improve our innovation mechanisms, increase investment, strengthen independent innovation and incentive systems, and enhance the efficiency of technology transformation and product development.</li> <li>We deepen collaboration with research institutes and upstream and downstream partners, focusing on forward-looking initiatives in areas such as resource utilization, to strengthen new product development capabilities and core technological competitiveness.</li> </ul>	Medium-term Long-term		✓	✓	Major Impact
Reputation	<ul style="list-style-type: none"> <li>If business operations fail to comply with carbon emission policy requirements or if emission reduction targets are not achieved, it may trigger a trust crisis, affecting the company's market reputation and social influence.</li> <li>If the carbon reduction solutions provided to customers fail to meet expected outcomes or standards, it may lead to market skepticism and damage the company's reputation for technical services and brand image.</li> </ul>	<ul style="list-style-type: none"> <li>Aligned with carbon neutrality goals, we coordinate carbon reduction efforts across operations and the value chain, actively fulfilling our environmental responsibilities and building a responsible corporate image.</li> <li>We strengthen communication with stakeholders and timely disclose our carbon reduction and sustainability practices and performance.</li> </ul>	Medium-term Long-term		✓		Moderate Impact

<sup>1</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term generally refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term generally refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term generally refers to more than five years after the end of the sustainability information reporting period.

<sup>2</sup> The financial impact is classified as minimal, minor, moderate, major, or severe. Minimal impact refers to an effect of less than 1 million CNY on monetary value (e.g., revenue) or less than 1% on net profit. Minor impact refers to an effect between 1 million CNY and 5 million CNY on monetary value (e.g., revenue) or between 1% and 5% on net profit. Moderate impact refers to an effect between 5 million CNY and 10 million CNY on monetary value (e.g., revenue) or between 5% and 10% on net profit. Major impact refers to an effect between 10 million CNY and 50 million CNY on monetary value (e.g., revenue) or between 10% and 15% on net profit. Severe impact refers to an effect exceeding 50 million CNY on monetary value (e.g., revenue) or more than 15% on net profit.



Opportunity Category	Opportunity Description	Countermeasures	Impact Duration <sup>5</sup>	Impact Scope			Financial Impact <sup>6</sup>
				Upstream	Operations	Downstream	
Policy and Law	<ul style="list-style-type: none"> <li>The continued advancement of the national "dual carbon" strategy and climate-related policies is driving growing demand for green and low-carbon products and services in downstream markets, which may help the company expand its market opportunities and optimize its business structure.</li> </ul>	<ul style="list-style-type: none"> <li>Guided by an integrated strategy of product and service delivery, digitalization, intelligence, environmental sustainability, and internationalization, we actively expand overseas markets and build a full industrial chain product portfolio and global business structure.</li> <li>We closely monitor changes in carbon-related policies, strengthen operational carbon emission management, continuously innovate green and low-carbon products, support customers in energy saving and carbon reduction, and advance the realization of carbon neutrality across the entire value chain.</li> </ul>	Short-term Medium-term Long-term	✓	✓	✓	Major Impact
Market	<ul style="list-style-type: none"> <li>Global demand for green consumption continues to expand, and customer needs are becoming increasingly diversified, creating new incremental market opportunities for the company, broadening its business boundaries, and enhancing profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging industry insights and practical experience, we closely follow market trends and customer needs, continuously optimize our products and services, and deliver safe, environmentally friendly, efficient, and intelligent integrated solutions for green circular building materials.</li> </ul>	Short-term Medium-term Long-term	✓	✓	✓	Major Impact
Technology	<ul style="list-style-type: none"> <li>The continuous iteration and upgrading of green and low-carbon technologies and products can effectively attract downstream customers focused on emission reduction and carbon mitigation, further enhancing the company's market share.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging existing technologies and R&amp;D foundations, we continuously improve our R&amp;D and innovation system, strengthen investment in research and independent innovation, enhance innovation incentive mechanisms, and steadily improve the efficiency of technology commercialization and product development capabilities.</li> </ul>	Short-term Medium-term Long-term	✓	✓	✓	Major Impact
Reputation	<ul style="list-style-type: none"> <li>The company's proactive commitments and practical actions in carbon reduction contribute to continuously enhancing its ESG brand image and market reputation, strengthening trust and recognition among stakeholders, and further reinforcing its overall competitiveness and industry influence.</li> </ul>	<ul style="list-style-type: none"> <li>We implement systematic emission reduction measures aligned with our carbon neutrality commitment, coordinate carbon neutrality efforts across our operations and value chain, actively fulfill corporate responsibility, and build a responsible corporate image.</li> <li>We proactively communicate and engage with stakeholders, responding in a timely manner to concerns related to environmental and sustainability issues.</li> </ul>	Medium-term Long-term	✓	✓	✓	Moderate Impact

<sup>1</sup> The impact duration is categorized into short-term, medium-term, and long-term. Short-term generally refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term generally refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term generally refers to more than five years after the end of the sustainability information reporting period.  
<sup>2</sup> The financial impact is classified as minimal, minor, moderate, major, or severe. Minimal impact refers to an effect of less than 1 million CNY on monetary value (e.g., revenue) or less than 1% on net profit. Minor impact refers to an effect between 1 million CNY and 5 million CNY on monetary value (e.g., revenue) or between 1% and 5% on net profit. Moderate impact refers to an effect between 5 million CNY and 10 million CNY on monetary value (e.g., revenue) or between 5% and 10% on net profit. Major impact refers to an effect between 10 million CNY and 50 million CNY on monetary value (e.g., revenue) or between 10% and 15% on net profit. Severe impact refers to an effect exceeding 50 million CNY on monetary value (e.g., revenue) or more than 15% on net profit.



## GHG Emissions<sup>7</sup>

In accordance with the ISO 14064-1:2018, we adopted the operational control approach to conduct our GHG inventory for the year 2025.

### GHG Inventory Organizational Boundary

The organizational boundary for the inventory covers activities and facilities under our operational control, including the Quanzhou base and the Xiantao base.

### GHG Inventory Notes and Explanation

#### Exclusion Threshold

If the emissions from a single source account for less than 0.5% of the organization's total emissions and the data collection or quantification is deemed not technically feasible or not cost-effective, that emission source may be excluded. However, the total emissions from all excluded sources must not exceed 5.0% of the total emissions.

#### Materiality Threshold

Materiality refers to individual or cumulative errors, omissions, or misstatements that could affect the GHG verification statement and potentially influence the decisions of intended users. Considering that GHG emissions are a global concern, and in line with international practices, the materiality threshold is set at 5.0%.

#### Emissions Adjustment

If there are changes to the organizational boundary, transfers of ownership or control, or changes in quantification methodologies that result in a variation in total emissions greater than 5.0%, the base year inventory and data will be adjusted accordingly to reflect the new circumstances.

### Assessment Criteria for Significant Indirect GHG Sources

When defining the criteria for significant indirect GHG emissions, the following principles are primarily considered:

- Relevance** Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies appropriate to the needs of the intended user.
- Completeness** Include all relevant GHG emissions and removals.
- Consistency** Enable meaningful comparisons in GHG-related information.
- Accuracy** Reduce bias and uncertainties as far as is practical.
- Transparency** Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.

According to the ISO 14064-1:2018, during the GHG emissions quantification process, if certain GHG sources or sinks make an insignificant contribution to GHG emissions or removals, or if their quantification is technically infeasible or not cost-effective, organizations may exclude them from quantification. Based on these guidelines and considering our specific circumstances, we have set exclusion thresholds for certain GHG sources to ensure the scientific, accurate, and cost-effective nature of our emissions quantification process.

### List of Exempted GHG Sources

No.	GHG Source	GHG Category	Reasons for Exemption from Accounting
1	Transportation from Other Suppliers	C4: Upstream transportation and distribution	Other suppliers have a small share and contribute minimally to our GHG emissions. Additionally, due to the wide variety and large quantity of these suppliers, the time and labor costs for quantification are significant. Therefore, they are excluded from the inventory boundary for this assessment.
2	Procurement from Other Suppliers	C1: Purchased goods and services	Other suppliers have a small share and contribute minimally to our GHG emissions. Additionally, due to the wide variety and large quantity of these suppliers, the time and labor costs for quantification are significant. Therefore, they are excluded from the inventory boundary for this assessment.

### GHG Source Inventory

In accordance with the ISO 14064-1:2018 and considering our actual circumstances, we have identified and analyzed the GHG sources within the reporting boundary.

### Scope 1 & 2 GHG Source

Scope	Definition	Primary GHG Emission Activities
Scope 1	Direct GHG emissions refer to the emissions of greenhouse gases generated directly by an organization, including emissions from the combustion of fossil fuels and emissions generated during industrial processes. This includes stationary combustion emissions, mobile combustion emissions, process emissions, and fugitive emissions.	<ul style="list-style-type: none"> <li>Natural gas stoves</li> <li>Gasoline fleet vehicle</li> <li>Diesel forklifts</li> <li>CO<sub>2</sub> shielding gas</li> <li>Propane</li> <li>Air conditioner</li> <li>Fire extinguisher</li> </ul>
Scope 2	Indirect GHG emissions from imported energy refer to the emissions of greenhouse gases generated from the energy consumed by an organization, such as electricity and heat, which includes purchased electricity, purchased steam, etc.	<ul style="list-style-type: none"> <li>Purchased electricity</li> </ul>

<sup>7</sup> Scope 2: Energy indirect greenhouse gas emissions data is market-based. Location-based data is presented in the Data Overview.



Scope 3 GHG Source

Scope	GHG Category	Facility	GHG Source	GHG Type						Is it a significant indirect emission source?	Remarks (Explanatory marks for this inventory)	
				CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs&PFCs	NF <sub>3</sub>	SF <sub>6</sub>			
Scope 3	Category 3: Indirect GHG Emissions from Transportation	C4:Upstream transportation and distribution	Core Supplier Transportation	Diesel	Y	Y	Y				✓	Suppliers with a purchase amount exceeding 500,000 CNY and more than three purchases within the year 2025.
			Other Supplier Transportation	Diesel	Y	Y	Y				Excluded	Please refer to the reasons for the exemption of GHG quantification.
			Product transportation (company-paid)	Diesel	Y	Y	Y				✓	
		C9:Downstream transportation and distribution	Product transportation (client-paid)	Diesel	Y	Y	Y				✓	
			Field research	Gasoline	Y	Y	Y				✓	
			Proxy data	Reasoning	Y	Y	Y				✓	
		C6:Business travel	Plane	Aviation gasoline	Y	Y	Y				✓	
			High-speed rail	Electricity	Y	Y	Y				✓	
			Accommodation	Others	Y	Y	Y				✓	
	Category 4: Indirect GHG emissions from products used by organization	C1:Purchased goods and services	Core material procurement	/	Y	Y	Y				✓	Suppliers with a purchase amount exceeding 500,000 CNY and more than three purchases within the year 2025.
			Other material procurement	/	Y	Y	Y				Excluded	Please refer to the reasons for the exemption of GHG quantification.
		C2:Capital goods	Office assets	/	Y	Y	Y				✓	
			Production assets	/	Y	Y	Y				✓	
		C3:Fuel- and energy related activities (not included in scope 1 or scope 2)	Natural gas	/	Y	Y	Y				✓	
			Liquefied petroleum gas	/	Y	Y	Y				✓	
			Gasoline	/	Y	Y	Y				✓	
			Diesel	/	Y	Y	Y				✓	
			Grid electricity	/	Y	Y	Y				✓	
		C5:Waste generated in operations	Hazardous waste	/	Y	Y	Y				✓	
			General waste	/	Y	Y	Y				✓	
			Food waste disposal	/	Y	Y	Y				✓	
			Municipal solid waste	/	Y	Y	Y				✓	
		C8:Upstream leased assets			Not applicable							
		C10:Processing of sold products			Not applicable							
	Category 5: Indirect GHG emissions associated with the use of products from the organization	C11:Use of sold products	Use of construction machinery	Electricity/Diesel	Y	Y	Y				✓	
		C12:End-of-life treatment of sold products	Hypothetical scenario	/	Y	Y	Y				✓	
		C13:Downstream leased assets			Not applicable							
		C14:Franchises			Not applicable							
		C15:Investments			Not applicable							
	Category 6: Indirect GHG emissions from other sources	Not applicable			Not applicable							

## GHG Accounting Methodology

According to the ISO 14064-1:2018, the common methods for GHG quantification include calculation-based methods, measurement-based methods, and a combination of both. Given that we currently do not have instruments for direct measurement of GHG emissions, we primarily adopt the calculation-based method. Specifically, we use the emission factor method, with the following formula:

$$E_{GHG} = AD \times EF \times GWP$$

In this formula,  $E_{GHG}$  represents the greenhouse gas emissions. AD (Activity Data) refers to the data on activities or consumption related to facilities that generate greenhouse gases, such as energy consumption, transportation distance, etc. EF (Emission Factor) is the factor corresponding to the activity data, with each greenhouse gas requiring its own factor for calculation. GWPs is the Global Warming Potential, which measures the potential impact of a specific greenhouse gas on global warming compared to an equivalent mass of carbon dioxide. Below are the latest GWPs from the IPCC Sixth Assessment Report:

GWPs from the IPCC Sixth Assessment Report (AR6)

GHG Type	GWP
CO <sub>2</sub>	1
CH <sub>4</sub>	27.9
N <sub>2</sub> O	273
R410a	2,255.5
R22	1,960
R290	0.02
R600a	0.006
R32	771
R125	3,740
R404	4,728

## GHG Activity Data

The management of GHG activity data includes the following two categories:

- ➔ **Self-reported data:** Except for supplier data, all GHG activity data collected by us comes from primary sources such as ledgers, invoices, and bills, ensuring high reliability.
- ➔ **Background data:** The background database used by the organization primarily comes from authoritative domestic and international sources, such as the Ministry of Ecology and Environment, Ecoinvent, IEA, CPCD, EPA, etc. The factors used are technically representative of the actual production technologies. In terms of geographical representativeness, the priority ranking is "local data > national data > international data." In terms of temporal representativeness, the selected data are from the past 10 years within the reporting year, ensuring high accuracy.

## Emission Factors

For different emission sources under Scope 1, Scope 2, and Scope 3, we calculate greenhouse gas emissions by selecting appropriate emission factors based on the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", the "General Principles for Calculation of Comprehensive Energy Consumption" (GB/T 2589—2020), the China Product Carbon Emission Factor Database (CPCD), Ecoinvent3.11, and the emission factors for electricity published by the Ministry of Ecology and Environment.

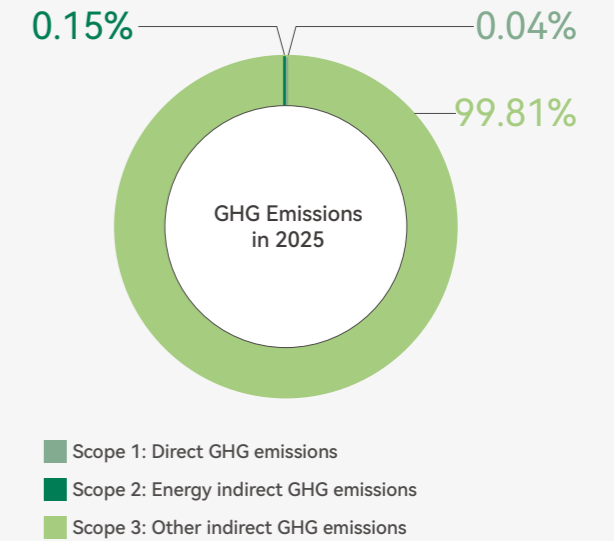
## GHG Emissions

In 2025, our total greenhouse gas (GHG) emissions amounted to

**1,537,387.83** tCO<sub>2</sub>e

Including:

- Scope 1: Direct GHG emissions of 608.22 tCO<sub>2</sub>e, accounting for 0.04% of total emissions.
- Scope 2: Energy indirect GHG emissions of 2,230.72 tCO<sub>2</sub>e, accounting for 0.15% of total emissions;
- Scope 3: Other indirect GHG emissions of 1,534,548.89 tCO<sub>2</sub>e, accounting for 99.81% of total emissions.



GHG Emissions in 2025 ( tCO<sub>2</sub>e)

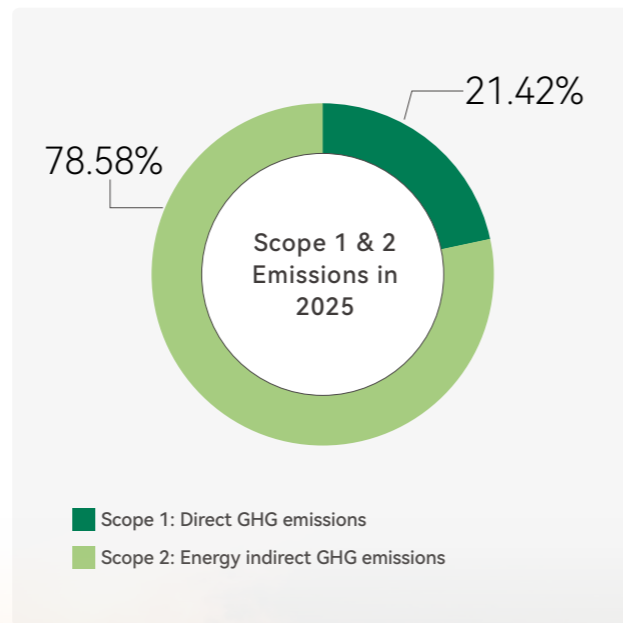
Scope	2024	2025	2025 Proportion (%)
Scope 1: Direct GHG emissions	556.88	608.22	0.04
Scope 2: Energy indirect GHG emissions	1,444.49	2,230.72	0.15
Scope 3: Other indirect GHG emissions	1,031,010.40	1,534,548.89	99.81
<b>Total GHG emissions</b>	<b>1,033,011.77</b>	<b>1,537,387.83</b>	<b>100.00</b>

## GHG Emissions in Our Corporate Operations

In 2025, greenhouse gas (GHG) emissions generated from our own operations totaled 2,838.94 tCO<sub>2</sub>e, with a GHG emissions intensity of 273.74 tCO<sub>2</sub>e per hundred-million CNY of operating revenue. Among them, indirect emissions from purchased electricity accounted for the highest proportion at 78.58%, while direct GHG emissions accounted for 21.42% of the total operational emissions.

### Scope 1 & 2 Emissions in 2025

Emission Category	2025	Proportion (%)
Scope 1: Direct GHG emissions (tCO <sub>2</sub> e)	608.22	21.42
Scope 2: Energy indirect GHG emissions (tCO <sub>2</sub> e)	2,230.72	78.58
Total GHG emissions (Scope 1 + Scope 2) (tCO <sub>2</sub> e)	2,838.94	100.00
GHG emissions intensity (Scope 1 + Scope 2) (tCO <sub>2</sub> e / hundred-million CNY of operating revenue)	273.74	/

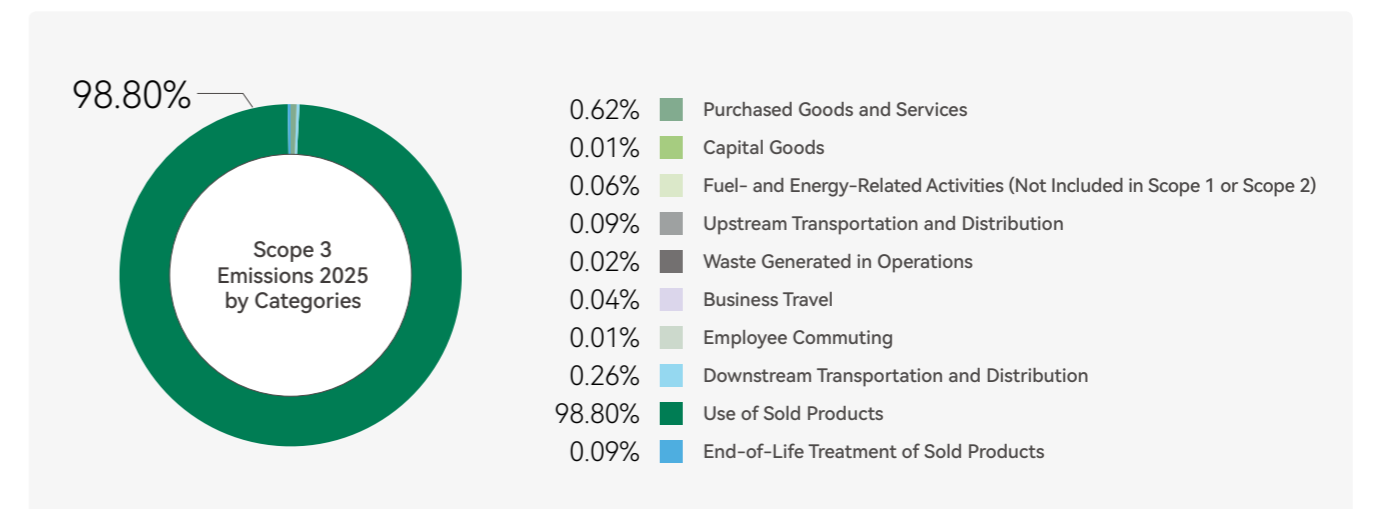


## GHG Emissions Across Our Value Chain

Our Scope 3 greenhouse gas (GHG) emissions include indirect emissions generated from activities such as purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel, employee commuting, and the use of sold products. Among these, the use of sold products contributed the largest share, accounting for 98.80% of total Scope 3 emissions. Due to an increase in product shipment volume, greenhouse gas emissions from the use of sold products increased by 62.26% compared with 2024.

### Scope 3 Emissions in 2025(tCO<sub>2</sub>e)

GHG Category	2025	Proportion(%)
Purchased Goods and Services	9,472.79	0.62
Capital Goods	165.09	0.01
Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	863.34	0.06
Upstream Transportation and Distribution	1,427.22	0.09
Waste Generated in Operations	321.34	0.02
Business Travel	570.65	0.04
Employee Commuting	116.88	0.01
Downstream Transportation and Distribution	3,998.86	0.26
Use of Sold Products	1,516,181.71	98.80
End-of-Life Treatment of Sold Products	1,431.01	0.09
<b>Total Emissions</b>	<b>1,534,548.89</b>	<b>100.00</b>



## GHG Emissions Management

Through regular GHG inventories, we have established a scientifically rigorous carbon emissions accounting system, fully integrating carbon emission management into all aspects of our production and operations. This enables us to effectively monitor and manage the carbon footprint of both our own operations and the value chain. At the same time, by pursuing continuous innovation in low-carbon technologies, we are steadily rolling out green products and solutions that help our customers reduce emissions. In doing so, we actively promote low-carbon transformation and high-quality development within the industry, contributing our corporate efforts to the realization of the national "dual carbon" goals.

### Governance Structure

Under the vision of carbon neutrality, we have integrated climate change considerations into our governance framework, continuously refining a scientific and efficient governance system to steadily elevate our climate-related governance capacity. By embedding climate factors throughout our business decision-making and operational development processes, we strive to enhance our resilience in addressing climate-related risks and opportunities, thereby ensuring the sustainable development of our operations. At the same time, we make every effort to minimize the adverse environmental impacts of our business activities, contributing through concrete actions to global climate response efforts and the attainment of sustainable development goals for human society.

To strengthen oversight and management of climate-related issues and advance our net zero strategy and targets, we have established a climate governance framework led by the Board of Directors. At the executive level, a cross-departmental Climate Task Force has been formed to jointly drive the implementation of our carbon peaking and net zero strategy and emission reduction initiatives. This structure ensures continuous improvement in our climate governance capabilities.

**Board of Directors**  
the highest supervisory and decision-making body for climate governance

- Review our carbon neutrality strategic plan and carbon reduction targets.
- Direct and oversee the implementation of carbon emission management and carbon reduction initiatives.
- Establish the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Evaluation Committee to assist the Board of Directors in fulfilling its supervisory and oversight responsibilities related to climate governance.

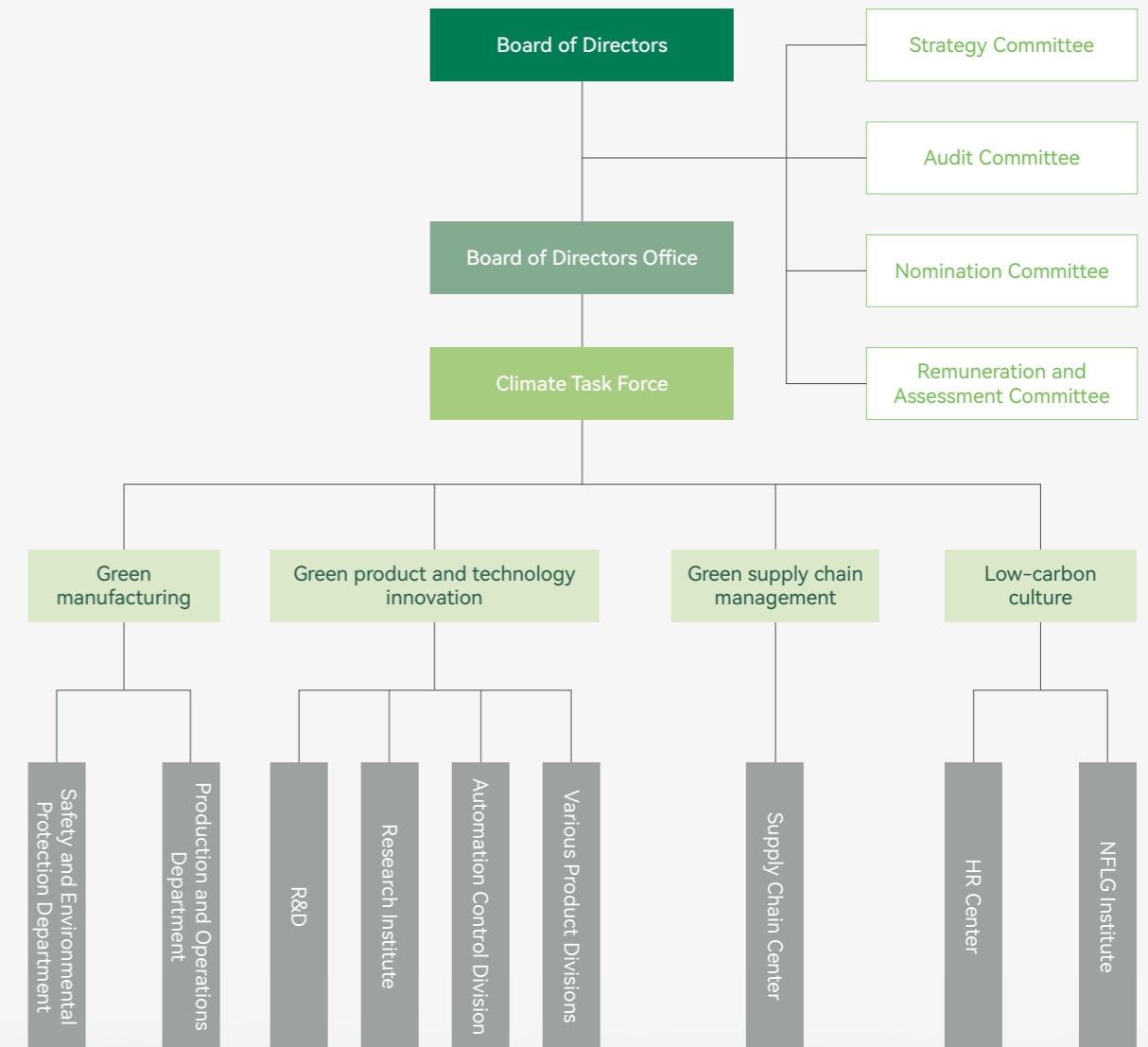
**Board of Directors Office**  
the coordinating department for climate governance

- Assist the Board of Directors and its special committees in carrying out the daily operations pertaining to climate governance.
- Coordinate, align, and track the implementation and progress of carbon emission management and carbon reduction initiatives across all functional departments, and report thereon to the Board of Directors and its subordinate committees.

**Climate Task Force**  
the executive body for climate governance

- Comprised of relevant functional departments, respectively responsible for the planning and implementation of specific initiatives in green manufacturing, low-carbon products and technological innovation, green supply chain management, and the development of a low-carbon corporate culture.
- Execute matters relating to carbon emission management and carbon reduction initiatives.

Climate Governance Structure



## GHG Emission Reduction Measures

As a committed advocate of sustainable development, we actively respond to global climate action initiatives by integrating net zero target into our long-term corporate development strategy. Guided by the Science Based Targets initiative (SBTi), we have formulated a three-stage net-zero emissions roadmap, which includes: achieving net zero in our own operations, reaching net-zero emissions across the entire value chain, and advancing the green and low-carbon transformation of society.

### Net Zero in Our Corporate Operations

To achieve net zero in our own operations, we have developed a comprehensive emissions reduction roadmap. Through a series of net zero actions—such as advancing green manufacturing, developing low-carbon products, innovating carbon offset mechanisms, and fostering a low-carbon culture—we are committed to establishing benchmark production bases that exemplify green and low-carbon practices, and strive to serve as a model and exemplary leader in the industry's green development.



#### Green Manufacturing

In the field of green manufacturing, we remain committed to embedding the principle of sustainable development throughout the entire lifecycle of production. Guided by a systematic, full-chain approach to green governance, we are advancing the low-carbon, circular, and intelligent transformation of our production models through key initiatives such as enhancing lean manufacturing, promoting clean energy, advocating recycling and reuse, and developing zero-carbon factories. Through these high-quality green manufacturing practices, we strive to contribute to the low-carbon transition and high-quality development of the industry.

#### Lean Production

We have established the enhancement of lean production as a key pathway to reducing costs and improving efficiency, fully integrating lean management principles into every stage, from raw material procurement to product delivery. By continuously advancing our transformation toward smart manufacturing, we strive to build a production and operation system that possesses core competitive advantages.

#### Clean Energy

We position the advancement of clean energy as the strategic centerpiece of our energy transition. Through sustained investment in and large-scale deployment of nuclear, photovoltaic, and other clean energy sources, we are progressively lowering the proportion of conventional fossil fuels in our energy structure and delivering effective greenhouse gas emission reductions.

#### Recycling & Reuse

We have integrated the promotion of recycling and reuse into the entire process of our production and operations. From raw material procurement to product manufacturing, we consistently adhere to the principles of "reduction, reuse, and resource recovery." Through long-term mechanisms, we drive resource conservation and circular utilization, steadily reducing the intensity of resource consumption.

#### Zero-Carbon Factories

We position the construction of zero-carbon factories as a key sustainable development solution, dedicated to establishing a robust carbon emission monitoring and management system that ensures all production processes meet low-carbon standards, thus setting a benchmark for green development within the industry. In 2025, we successfully achieved national-level Green Factory certification, distinguishing ourselves as a model enterprise in green development. This certification serves as compelling evidence of our industry-leading capabilities in low-carbon energy deployment, resource efficiency, and clean production. Moreover, it provides a replicable and scalable practical paradigm for the advancement of green factories across the industry.

## Low-Carbon Design

We have adopted the low-carbon product strategy as our core growth engine, continuously deepening our full-chain deployment. Centered on product lifecycle carbon management, we systematically integrate green and environmental principles into every stage of research and development, manufacturing, supply chain, and delivery. Through key initiatives such as upgrading low-carbon processes, optimizing energy mix, designing lightweight equipment, and pursuing low-carbon certification, we are building a product portfolio that delivers both environmental benefits and market competitiveness. We are committed to providing the industry with practical and replicable green solutions, taking concrete actions to fulfill our dual-carbon commitments.

#### Low-Carbon Process Technologies

We position energy efficiency enhancement and green production as the central pillars of our operational strategy, committed to developing a high-performance, low-carbon production system. By deploying advanced energy-saving equipment, optimizing production processes, and driving the adoption of intelligent and digital technologies, we systematically improve production efficiency and resource utilization. These efforts yield sustained reductions in both energy consumption and carbon emissions, demonstrating how technological innovation can empower high-quality green development.

#### Energy Optimization

We are committed to the dual objectives of high efficiency and low carbon as our guiding development direction. Through the proactive deployment of advanced energy-saving equipment and the ongoing optimization of production processes and operational procedures, we enhance production efficiency and resource utilization, achieving sustained reductions in energy consumption and carbon emissions. In doing so, we leverage technological innovation to drive green and high-quality development.

#### Lightweight Equipment

We have established equipment lightweighting as a key pathway to reducing the carbon footprint of our products throughout their entire lifecycle. Leveraging innovative material research and development alongside optimized structural design, we effectively reduce raw material consumption and production energy use while maintaining core product performance, thereby continuously strengthening the competitiveness of our low-carbon products.

#### Highlight

#### Lightweight Design of Asphalt Mixing Equipment and Modularization of Functional Units

In the lightweight design of our asphalt mixing equipment, we have moved away from reliance on traditional concrete foundations and innovatively adopted a modular steel structure integrated design. By optimizing the load distribution of the steel structure through finite element analysis and selecting high-strength weathering steel as the primary frame material, we have achieved a 40% reduction in the weight of the foundation structure while fully meeting the equipment's load-bearing requirements. This design not only enables rapid installation and commissioning within three days but also improves disassembly and transportation efficiency by 50% during site relocation, thereby reducing energy consumption and carbon emissions associated with equipment mobilization.

Moreover, we have embraced a "modularization of functional units" design approach, configuring core components—including the mixing mainframe, screening system, and heating system—as independent, self-contained modules. These modules are assembled via standardized connection elements such as flanges and bolts, with pre-engineered lifting points incorporated into each module. When maintenance or system upgrades become necessary, the relevant module can be removed individually, eliminating the need for complete equipment shutdown and disassembly. This design reduces maintenance downtime from seven days with conventional equipment to just two days. Furthermore, the equipment is pre-equipped with interface provisions for plant-mixed hot recycling, allowing for the straightforward integration of recycling modules at a later stage without extensive retrofitting of the existing system. This not only reduces upgrade costs but also enhances the equipment's lifecycle utilization.

#### Carbon Certifications

We pursue close and substantive partnerships with leading international certification authorities, steadily expanding our certification portfolio to transparently convey the environmental benefits of our products to customers. Concurrently, we channel insights gained from the certification process back into product design iteration and manufacturing process optimization, thereby strengthening our brand's green credibility and reinforcing our competitive edge in the marketplace.

**Highlight**

**Advancing Product Carbon Footprint Certification**

In 2025, we took the lead in our industry by launching pilot product carbon footprint certification, committed to providing global customers with more environmentally friendly green equipment. For this certification, we selected three representative products: integrated asphalt mixture mixing equipment LBGZ4000D22.0, frame heavy-duty screen equipment (dual-power) NFS551DP, and tracked mobile jaw crusher (dual-power) NFJ960DP.

By conducting a rigorous and systematic life-cycle assessment of product carbon footprint, we have not only quantified emissions generated at each stage of the product life cycle

but also empirically demonstrated the notable advantages of our dual-power system in delivering energy savings and carbon reductions. Drawing on the insights gained from this certification, we have further refined our product design and energy mix, consistently enhancing equipment energy efficiency and environmental performance. As a result, every piece of NFLG equipment while contributing to global infrastructure development, achieves a lower carbon footprint and delivers superior green benefits, offering the industry quantifiable, replicable technological solutions and practical benchmarks for low-carbon transition.

**Carbon Offset**

We actively fulfill our carbon neutrality commitment by establishing a full-process carbon management system grounded in a systematic approach. Through diversified carbon offset initiatives—including the development of carbon sequestration technologies, exploration of emission offset mechanisms, and strategic engagement in carbon trading markets—we have created an integrated closed-loop mechanism encompassing "emission reduction, offset, and neutralization." We continuously refine our carbon offset management system, enhancing both the quality and implementation effectiveness of emission reduction projects, thereby effectively reducing carbon emissions across our entire operational chain.

<p><b>CCUS</b></p>	<p><b>Carbon Offset Projects</b></p>	<p><b>Carbon Market</b></p>
<p>We have established carbon sequestration technology research and development as a key technical priority in achieving our low-carbon transition. Committed to permanently sequestering CO<sub>2</sub> in building materials through mineralization reactions, we aim to reduce carbon emissions from cement production while simultaneously enhancing material strength and durability, actively developing negative-carbon technology solutions.</p>	<p>To effectively achieve our net zero target, we actively explore diversified carbon offset ways by investing in and developing projects such as natural carbon sinks and emission reduction technologies, thereby enabling the effective neutralization of our corporate carbon emissions.</p>	<p>We proactively navigate the opportunities and challenges arising from global carbon pricing mechanisms. Through the continuous reinforcement of our carbon emission management system and the elevation of our carbon market engagement capabilities, we convert carbon constraints into endogenous drivers that propel our green competitiveness forward.</p>

**Low-Carbon Culture**

We are dedicated to embedding low-carbon development into our corporate culture, cultivating a green, low-carbon ethos that is actively embraced across our entire workforce. Through a systematic approach encompassing green office advocacy, low-carbon awareness campaigns, and comprehensive training programs, we ensure the consistent and deep-rooted dissemination of low-carbon values. Moreover, we extend this green culture throughout our supply chain and partner network, establishing an integrated low-carbon value chain that aligns shared vision, concrete action, individual commitment, and organizational synergy.

<p><b>Green Office</b></p>	<p>We integrate low-carbon development principles into our daily office practices. Through the promotion of paperless offices, the implementation of refined energy management in workplace premises, and the continuous optimization of office processes and models, we translate our low-carbon commitments into measurable emission reduction outcomes.</p> <p>We have adopted the following initiatives to practice green office operations:</p> <ul style="list-style-type: none"> <li>■ Encourage the prioritized procurement of office equipment with high energy efficiency ratings to control energy consumption at the source.</li> <li>■ Reduce the procurement of single-use office supplies and promote reuse.</li> <li>■ Implement stringent management of lighting, air conditioning, computers, printers, copiers, and other equipment in public areas. Designate responsible personnel for each zone to inspect electrical cabinet switches and all equipment controls before leaving work, ensuring that all power supplies are safely disconnected to minimize energy loss.</li> <li>■ Require employees to cultivate water-saving habits, ensuring that faucets are tightly closed after use in pantries and restrooms to prevent dripping and leakage.</li> <li>■ Promptly report any leaking faucets, pipes, or bathroom fixtures for repair, eliminating the occurrence of "continuous running water."</li> <li>■ Promote paperless offices by encouraging the use of digital documentation, remote meetings, and other electronic working methods to reduce office energy consumption.</li> <li>■ Advocate for double-sided printing and the reuse of paper to minimize resource waste.</li> </ul>
<p><b>Low-Carbon Lifestyle</b></p>	<p>Guided by our low-carbon values, we organize green-themed practice activities and leverage digital platforms to facilitate the sharing and exchange of low-carbon knowledge. Through these efforts, we deepen and elevate the low-carbon mindset among our employees, transforming it from cognitive understanding to genuine commitment, and from shared consensus to collective action.</p> <p>We promote green mobility through the following measures:</p> <ul style="list-style-type: none"> <li>■ Promote video conferencing and remote working to reduce greenhouse gas emissions associated with business travel.</li> <li>■ Encourage employees to commute by bicycle or on foot, practicing green and healthy travel.</li> </ul>
<p><b>Training System</b></p>	<p>We strive to create a center of excellence for the development of low-carbon talent. By developing a practical training system that covers all employees and the entire talent development process, we have built a long-term mechanism for low-carbon capacity building that reflects our unique corporate characteristics.</p>

## Net Zero Across Our Value Chain

Value chain carbon neutrality serves as a crucial engine for driving systematic emissions reduction and building green competitiveness across the entire chain. We work closely with our upstream and downstream partners to advance collaborative emission reduction. Through initiatives such as green procurement, logistics network optimization, scrap material recycling and reuse, the development of carbon management systems, and partner capacity building, we join forces with all stakeholders across the value chain to co-create an efficient, low-carbon, and sustainable industrial ecosystem.

### Green Sourcing

Guided by our corporate philosophy of "specialization, excellence, quality, and longevity," we have developed an ESG management system that spans the entire value chain, from procurement and production to sales and service, establishing a responsible and sustainable supply chain. At the supplier level, we enforce rigorous access and evaluation mechanisms that integrate environmental compliance, labor rights, business ethics, and other critical indicators into our assessment framework. By giving preference to raw materials that meet stringent environmental and low-carbon criteria, we solidify the foundation of our green supply chain. At the product level, we conduct comprehensive life-cycle environmental impact assessments, embedding green attributes—including recyclability and energy efficiency optimization—from the earliest design stages to ensure that our products are low-carbon, environmentally sound, and fully compliant with safety regulations. Through the delivery of green and circular building material solutions, we empower our customers to advance toward their sustainable development objectives.

### Green Logistics

The optimization of logistics networks for carbon emission reduction represents a key undertaking in advancing green supply chain development. By carrying out systematic network optimization across all logistics activities, ranging from raw material transport to product distribution, we not only reduce our carbon footprint and operating costs but also elevate the sustainability performance of our supply chain, positioning ourselves to gain a competitive edge in the marketplace.

### Carbon Management Systems

In advancing the development of our carbon management system, we have been actively promoting the deployment of the Industrial Internet, leveraging digital workshops, supply chain collaboration, and information technology integration as key drivers to accelerate our digital and intelligent transformation. At the level of digital and intelligent product innovation, we have focused on developing products such as an IoT-based intelligent operation and maintenance management cloud platform. By harnessing technological capabilities in the Internet, the Internet of Things, and data analytics, we help traditional industries reduce energy and resource consumption, thereby driving the green and low-carbon transformation of the industrial chain.

## Supplier Capacity Management

We embed responsible procurement principles throughout the entire supplier management process, giving priority to suppliers that align with our sustainability philosophy and committing to establish long-term, stable partnerships with them. In dealer management, we regard our dealers as key business partners and brand representatives. Through a systematic training framework covering product knowledge, business management, contract management, service standards, financial leasing, contracting, and safety management, we comprehensively empower dealer team development and professional capability enhancement, ensuring that they strictly adhere to our standards in product installation and customer service. Furthermore, leveraging the NFLG Academy, we continuously provide professional training support to dealers and customers, facilitating collaborative growth and mutually beneficial development across our industrial chain partners.

## Net Zero of the Society

We specialize in delivering integrated green and circular building material solutions to industry clients. Operating within the closed-loop framework of "resources-products-recycled resources," we convert construction and demolition debris and industrial solid waste into high-value raw materials for building products. This strategy not only eases the pressure on natural resource extraction at the source but also fundamentally mitigates the environmental contamination risks posed by waste. By driving avoided emissions beyond our value chain, we transform climate challenges into opportunities for sustainable development. We are committed to leading the green and low-carbon transition across the mining, building materials, infrastructure, and construction sectors, enhancing economic performance while steadfastly upholding environmental integrity, and working in partnership with all stakeholders to co-create enduring, shared value.

➔ **Supporting Green Development in the Mining Industry:** We focus on the entire mining operation process, providing intelligent solutions centered on electrically driven mobile crushing and screening equipment. By improving crushing efficiency and optimizing energy structures, we address critical challenges in ore extraction, crushing, screening, and transportation—including dust and noise pollution, excessive energy consumption, and high greenhouse gas emissions. Through these efforts, we provide technical support for the low-carbon transformation of the mining industry.

**Driving the Low-Carbon Transition of the Building Materials Industry:** We integrate key technologies such as premium aggregate preparation, high-efficiency energy-saving mixing, and intelligent energy efficiency management. Through comprehensive low-carbon concrete solutions, we effectively reduce cement consumption and unit energy intensity in concrete production. By precisely addressing industry pain points, including the high carbon emission intensity of the cement clinker calcination process and heavy reliance on fossil fuels, we help the building materials industry establish green and low-carbon production models.

➔ **Empowering the Upgrading of the Infrastructure Industry:** We develop integrated green and environmentally friendly asphalt mixing and aggregate recycling equipment. By deeply integrating high-efficiency burners with RAP (Reclaimed Asphalt Pavement) recycling technology, we enable the circular utilization of pavement materials. This addresses key industry pain points, including high energy consumption of machinery and equipment during pavement construction, paving, and maintenance, as well as significant greenhouse gas emissions from asphalt heating, mixture mixing, equipment operation, and material transportation. Through these efforts, we drive the transformation and upgrading of the infrastructure industry toward greener practices.

➔ **Reshaping the Resource Model of the Construction Industry:** Providing integrated solutions for the recycling of construction waste, we efficiently convert construction waste into recycled aggregates, and transform waste mud and residue into new building materials such as artificial lightweight aggregates and roadbed culvert pipe fillers. This continuously reduces the industry's reliance on high-carbon raw materials such as cement and steel, while simultaneously lowering the greenhouse gas emission intensity associated with machinery operation, material transportation, and waste disposal during construction. Through resource circularity, we support the sustainable development of the construction industry.

### Highlight

#### LBNZ Counter-flow Integrated Asphalt Mixing Plant

NFLG LBNZ counter-flow integrated asphalt mixing plant represents an innovative, green, and energy-efficient product that seamlessly integrates environmental protection with recycling technologies, delivering a core solution for the low-carbon circular development of road engineering. Through the coordinated application of a vertical stainless steel hot air furnace design and counter-flow recycling drum technology, the equipment heats reclaimed asphalt pavement materials to temperatures exceeding 165°C while lowering exhaust gas temperatures to the range of 80–100°C. This design concurrently reduces the degree of asphalt aging, minimizes asphalt fume emissions, and improves energy utilization efficiency.

#### Simultaneous reduction in energy consumption and emissions:

Through optimized thermal design, achieve a 17% simultaneous reduction in overall equipment energy consumption and pollutant emissions. Additionally, the simplified structural design effectively lowers maintenance costs and enhances long-term operational economy.

#### Efficient utilization of space and resources:

Achieve a compact layout that reduces equipment footprint by 18%. Simultaneously, support an RAP addition ratio of up to 100%, maximizing the recycling of reclaimed asphalt pavement materials and reducing primary resource consumption and solid waste generation at the source.

#### Intelligent control and operational stability in tandem:

We have equipped the system with an intelligent digitally controlled burner that automatically adapts combustion modes to varying operating conditions and fuel types. Together with our patented aggregate temperature measurement technology, this enables precise temperature regulation and stable combustion, effectively ensuring production continuity while optimizing emission performance.

**Green upgrading of supporting components:** Adopt a vibrating screen with an insulated housing featuring rock wool to deliver both noise reduction and thermal insulation; employ direct-drive vibration motors that directly drive the screen body to achieve high transmission efficiency and maintenance-free operation, attaining a screening efficiency of over 95% and providing reliable support for the efficient and stable performance of the equipment.



LBNZ counter-flow integrated asphalt mixing plant

Leverage the energy-saving characteristics of the counter-flow drum and waste heat recovery design to enable the production of high-quality hot recycled asphalt mixture at high proportions, effectively extending the material lifecycle and achieving both environmental friendliness and resource circularity, while providing reliable technical support for the green transformation of transportation infrastructure.

**Highlight**

**Intelligent Drive, Green Integration—Low-Carbon Upgrading of Dry-Mix Mixing System**

With deep expertise in the dry-mix mixing sector, we have established a new production model that seamlessly integrates precision, intelligence, and low-carbon performance powered by advanced intelligent technologies, systematic full-line design, and comprehensive energy efficiency optimization across the entire value chain. This approach not only guarantees exceptional product quality but also significantly reduces system energy consumption, thereby driving the green transformation of the industry.

At the core of our mixing process lies the innovatively designed plowshare-type mixing mainframe. Through structural optimization, this system achieves an exceptional mixing ratio of 1:10,000, delivering unparalleled precision in material proportioning while reducing equipment energy consumption by 25%. The integration of variable frequency drive technology further enables the system to flexibly accommodate diverse formulation requirements, enhancing both energy regulation precision and production adaptability. For the drying and environmental protection systems, we have adopted high-efficiency dual-return drum technology, which

reduces energy consumption by 20% without compromising drying performance, increases volumetric evaporation intensity by 70%, and delivers a marked improvement in overall thermal efficiency. The system is also equipped with a high-performance automatic dust collection unit, ensuring dust-free operation across the entire production process. This not only improves the on-site working environment and protects the surrounding ecosystem but also provides robust protection for the occupational health and safety of our employees.

Through the systematic integration of advanced processes, full-process monitoring, and IoT interconnection technologies, we embed technological innovation throughout the entire lifecycle of design, manufacturing, and operations. We provide our customers with dry-mix mixing system solutions that integrate high-efficiency production, energy conservation and consumption reduction, and environmental protection, continuously empowering the sustainable and high-quality development of the industry.



Dry-Mix Mortar Mixing Equipment

# Energy Usage



We prioritize energy management as a critical driver of our low-carbon operations, having established a management system founded on institutional safeguards and process-based controls. We have developed and implemented internal policies, including the Energy Conservation Management Regulations and the Energy Measurement Management System, which define and standardize energy management accountabilities, metering protocols, and energy conservation requirements. By pursuing management optimization and technological advancements in tandem, we consistently improve energy utilization efficiency while managing operational costs. Furthermore, we embed energy-saving principles into our training and awareness programs, cultivating a behavioral framework and cultural environment characterized by voluntary employee participation in energy conservation, thereby underpinning the long-term sustainability of our enterprise.

## Management Structure

We have established an Energy Management Team to coordinate and oversee energy management activities, and have allocated and implemented energy management responsibilities as follows:

- The System Team of the Quality Management Department shall assume the responsibility for supervising the operation of energy management, conducting inspections, monitoring, and evaluations of the implementation of energy-saving measures across all departments, and reporting inspection results as required. Any identified non-compliant behaviors or instances of inadequate supervision shall be subject to corrective actions based on relevant regulations.
- We have designated each production workshop to be responsible for the daily management of rational energy use within its own area. In conjunction with our 6S inspection mechanism, each workshop conducts supervision and inspection of the implementation of rational energy use by production teams.
- Each production and support team shall implement rational energy use requirements within its designated area of responsibility. Any anomalies identified shall be promptly reported to the respective workshop or relevant department, and corrective measures shall be coordinated and taken to ensure timely resolution of issues.

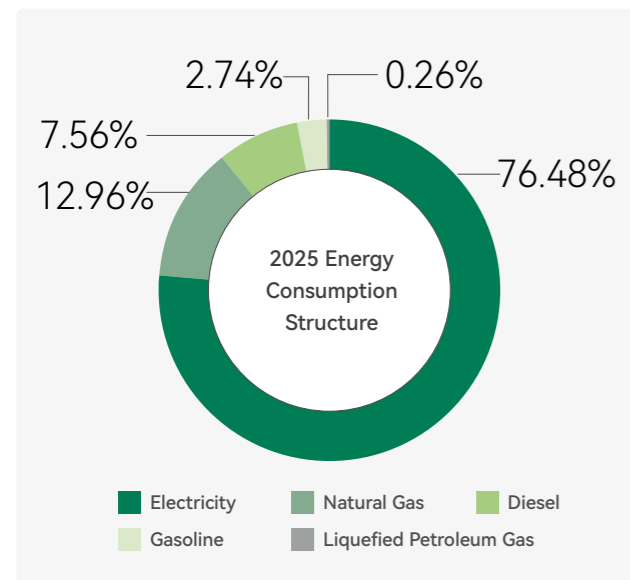
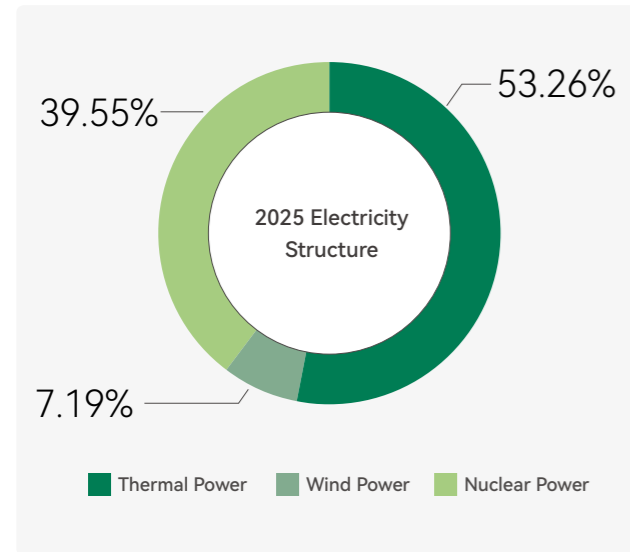
## Energy Structure

During the reporting period, our total comprehensive energy consumption was 1,103.99 tons of standard coal equivalent. In terms of energy consumption structure, electricity accounted for the highest proportion, representing about 76.48% of the total.

To continuously optimize our energy structure, we actively promote the use of clean energy. During the reporting period, our wind and nuclear power consumption reached 3,210,998.70 kWh, accounting for 46.74% of our total electricity consumption.

### Energy Consumption in 2025

Energy Type	2025	2024	2023	Energy consumption proportion in 2025 (%)
Electricity (kWh)	6,870,318.00	6,479,622.30	6,623,950.61	76.48
Natural Gas(m <sup>3</sup> )	107,603.94	76,755.00	70,931.00	12.96
Diesel(L)	66,602.86	63,336.00	95,917.62	7.56
Gasoline(L)	28,063.21	26,155.00	26,473.61	2.74
Liquefied Petroleum Gas(kg)	1,700.00	0.00	0.00	0.26
<b>Comprehensive energy consumption</b> (tons of standrad coal equivalent)	<b>1,103.99</b>	<b>1,005.89</b>	<b>1,057.05</b>	<b>100.00</b>



### Management Measures

We promote the synergistic application of lean management and intelligent manufacturing, focusing on enhancements in process organization, production line layout, and equipment operation management to improve the efficiency of resource allocation. This has led to a management orientation that balances flexible production, low-energy operation, and high value addition. Through process optimization and on-site management improvements, we enhance production process stability and overall equipment effectiveness, while continuously reducing unit energy consumption. These efforts provide strong support for our high-quality development goals of green operations, quality improvement, and efficiency gains.

During the reporting period, our energy management practices included:

- Electricity Consumption Management:** Each production workshop sets electricity-saving targets and implements time-of-use electricity scheduling. By adopting a peak-to-valley avoidance strategy, we optimize the timing of high-energy-consuming processes, minimizing the operating intensity of power-intensive equipment during peak demand periods. Assembly and other low- or non-electricity-consuming operations are scheduled in alignment with processes such as welding, heat treatment, sandblasting, and shot blasting according to peak, flat, and valley electricity pricing periods.
- Process Consumption Reduction:** By adjusting the configuration of process steps in production, we reduce operations such as gas cutting and grinding, thereby lowering propane and natural gas consumption at the source.
- Equipment Energy Efficiency Improvement:** We establish management requirements for equipment maintenance and servicing, and conduct regular inspections and repairs to maintain equipment in good operating condition while reducing energy losses caused by breakdowns. At the same time, we promote equipment upgrades, phase out high-energy-consumption equipment, and enhance equipment energy efficiency levels.



We promote water conservation and rational water use through process optimization, water use control, and facility maintenance:

**Process and Reuse Enhancement**

Optimize production processes to improve the level of water resource recycling and reuse.

**Non-Production Water Use Management**

Implement strict controls over non-production water use, including floor and equipment washing, landscape irrigation, construction activities, and summer cooling, with a view to rationally allocating water demand and reducing unnecessary consumption.

**Pipeline and Equipment Maintenance**

Establish a regular inspection and maintenance mechanism to promptly identify and address leaks in water pipes, valves, and related facilities, preventing wasteful practices such as continuous water flow.

**Water Use Behavior Standardization**

Standardize water use in both production and domestic activities to reduce non-essential water use and minimize water resource losses.

Water resources serve as a fundamental resource for both corporate production and operations as well as the sustainable development of society. We have integrated water conservation and water environment protection into our daily management requirements, establishing an internal management system that encompasses water use planning, process control, and facility maintenance. Accordingly, we have formulated and implemented policies including the Water Conservation Management System, the Water Conservation Quota Management, Rewards and Penalties for Exceeding Quotas, the Regular Maintenance System for Water Equipment and Pipelines, and the Energy Conservation Management Regulations. Through the coordinated advancement of institutional constraints and management measures, we reduce the potential impact of our business activities on the water environment and continuously drive improvements in water resource utilization efficiency and environmental performance.



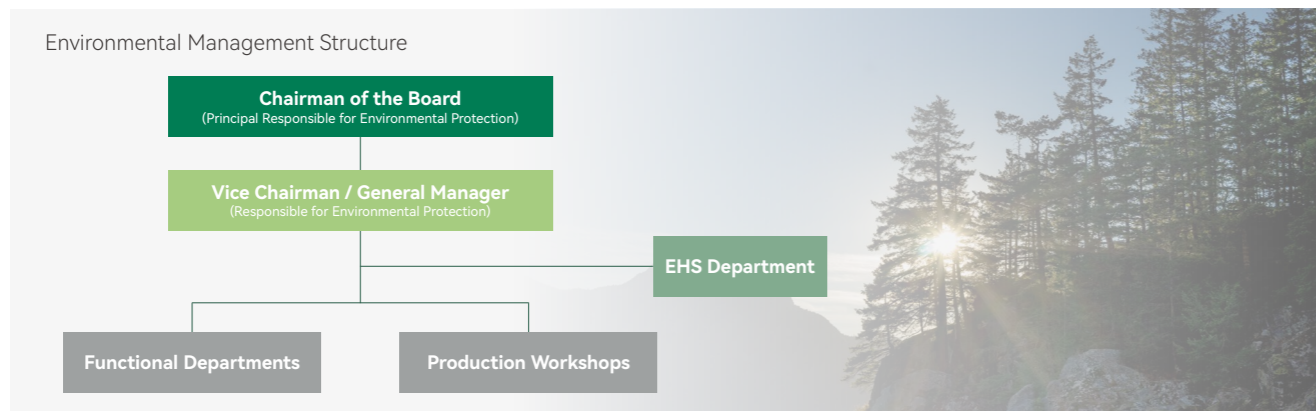
# Environmental Compliance Management



Environmental compliance management serves as a critical foundation for advancing green and low-carbon development. We have established an environmental compliance management system covering all business activities, strictly adhering to national and local environmental protection laws and regulations to ensure that all operations comply with relevant environmental management requirements. Furthermore, we continuously improve our internal environmental management systems and control measures, benchmarking against industry and international best practices to enhance our environmental compliance management performance. Our Quanzhou headquarters and Xiantao base have both obtained ISO 14001 environmental management system certification. During the reporting period, no major environmental emergencies occurred, and we received no administrative or criminal penalties related to the environment.

## Management Structure

We have established an environmental management framework under the overall leadership of the Chairman, which defines the roles, responsibilities, and authorities at each level:



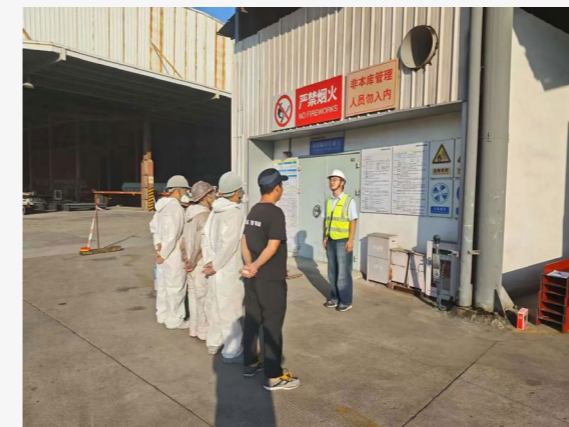
## Environmental Emergency Management

The development of an emergency management system serves as an important safeguard for the safe and stable operation of our production and business activities. We have formulated and implemented environmental emergency response plans, including the Emergency Drill Plan for Sudden Environmental Incidents Caused by Hazardous Waste Leaks, and continuously improved our environmental risk early warning and emergency management mechanisms. Through regular environmental hazard identification and emergency drills, we continuously enhance our comprehensive capabilities in the prevention, response, and coordinated handling of environmental emergencies, thereby reinforcing our environmental safety defenses and ensuring the sustained and stable operation of our production and business activities.

**Highlight**

### Emergency Drill for Hazardous Waste Spill

In 2025, we organized and conducted an emergency drill for hazardous chemical-related environmental incidents. Guided by the principles of "practical testing, process control, and capability enhancement," the drill focused on verifying the emergency response speed and on-site handling capabilities of management personnel and frontline employees in the event of an incident, while also assessing the effectiveness of our safety and environmental compliance systems. Through the drill, we further strengthened the safety and environmental management of hazardous chemicals during critical stages including centralized storage, transfer, and disposal, thereby providing practical support for the continuous improvement of our environmental risk prevention and control system.



Emergency Drill for Hazardous Waste Spill

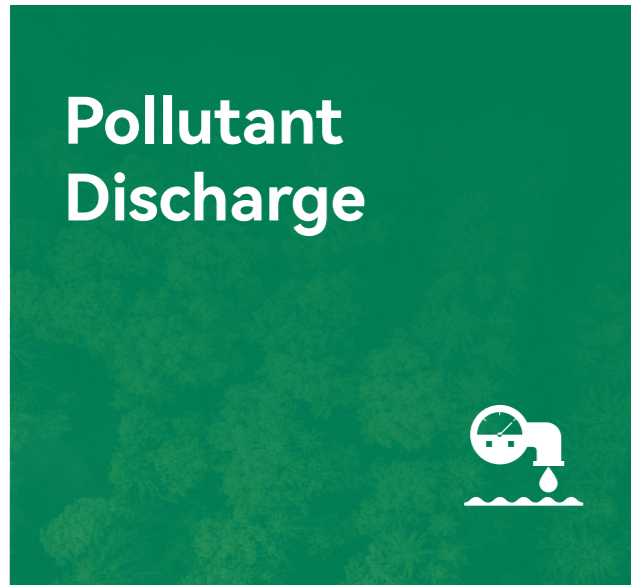
**Highlight**

### Emergency Drill for Paint Leakage and Fire Accident

In 2025, Xiantao base organized and conducted an emergency drill for paint leakage and fire accident. With the objective of "simulating real scenarios, validating procedures, and enhancing capabilities," the drill focused on assessing the effectiveness of our emergency response plans, the speed of emergency response, and on-site coordination capabilities in the context of compound accident scenarios involving leakage and fire. At the same time, the drill evaluated the performance of key processes such as emergency organization, information reporting, and rescue coordination. Through the practical drill, we further strengthened employees' emergency awareness and operational capabilities, driving the continuous optimization of safety and environmental management across the entire process from policy formulation to execution.



Emergency Drill for Paint Leakage and Fire Accidents



# Pollutant Discharge



Pollutant management represents a core component of our fulfillment of environmental responsibilities. We strictly adhere to national and local pollutant discharge standards, have established a pollutant control system covering the entire production process, and adopt comprehensive measures combining source control, process management, and end-of-pipe treatment to ensure stable and compliant pollutant discharges. At the same time, we have developed an environmental self-monitoring program covering wastewater, exhaust gas, and facility boundary noise. Through continuous monitoring, data analysis, and closed-loop management, we dynamically optimize our pollution control measures and are committed to minimizing the potential environmental impact of our production and business activities.

## Air Emissions Management

We comply with the requirements of the Air Pollution Prevention and Control Law of the People's Republic of China as well as applicable laws and regulations at the locations where our facilities operate. We regularly inspect the operating status and treatment effectiveness of our exhaust gas treatment facilities to ensure that exhaust gas emissions meet the required standards.

During our production process, exhaust gas emissions primarily originate from painting, shot blasting, and sandblasting operations. The main pollutants include toluene, xylene, benzene series, sulfur oxides, non-methane hydrocarbons, and particulate matter. In response to these exhaust gas pollutants, we have established a systematic, whole-process management and control system and have implemented the following targeted measures:

**Standardized Paint Application Management**

Strictly regulate paint application operations and prohibit open-air painting.

**Enhanced Workshop Sealing Management**

Strengthen the sealing management of production workshops, paint booths, and baking booths to reduce fugitive emissions of exhaust gas and minimize the impact on the surrounding environment.

**Volatile Organic Compounds (VOCs) Treatment**

For exhaust gas pollutants generated during paint mixing, painting, sanding, and drying processes including toluene, xylene, benzene series, sulfur oxides, and non-methane hydrocarbons, employ the "water vortex + activated carbon adsorption" process, the "fiberglass fiber filtration + activated carbon adsorption + catalytic combustion desorption" process, and the "fiberglass fiber filtration + spray scrubbing + activated carbon adsorption" process to achieve efficient treatment, ensuring stable compliance of emissions.

**Particulate Matter Emission Control**

For particulate pollution generated during machining, shot blasting, and welding processes, we equip baghouse dust collectors and mobile welding fume purifiers for collection and treatment, effectively reducing particulate matter emissions and improving both the quality of the working environment and regional air cleanliness.

## Wastewater Management

We comply with the Law of the People's Republic of China on the Prevention and Control of Water Pollution as well as local laws and regulations at our plant sites, and we have formulated corresponding wastewater management systems to strengthen wastewater discharge control. During the reporting period, all our key indicators complied with the relevant requirements of the Integrated Wastewater Discharge Standard (GB8978-1996) and the Wastewater quality standards for discharge to municipal sewers (GB/T31962-2015), achieving compliant wastewater discharge.

Our wastewater mainly comes from two sources: domestic sewage and industrial wastewater, with major pollutants including ammonia nitrogen, COD, total nitrogen, and suspended solids. In response to wastewater pollutants, we have established corresponding management and treatment measures:

**Standardization of Relevant Facilities**

In accordance with relevant laws and regulations on urban drainage and wastewater treatment, standardize the configuration of discharge outlets and construct corresponding wastewater treatment facilities to ensure that wastewater discharge meets all applicable standards.

**Domestic Wastewater Monitoring**

Conduct self-inspection of key indicators in domestic wastewater, including ammonia nitrogen, COD, and suspended solids, while also engaging professional third-party organizations for testing, in order to continuously monitor wastewater discharge conditions.

## Noise Management

We comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution and carry out noise management according to the requirements of the Emission standard for industrial enterprises noise at boundary (GB 12348-2008) and the Environmental quality standards for noise (GB3096-2008).

Our primary sources of noise arise from production equipment as well as auxiliary equipment such as fans and pumps. To mitigate the impact of noise on the surrounding environment, we have adopted the following management measures:

**Facility Boundary Noise Monitoring**

We have developed a noise monitoring plan for the factory boundary and carry out self-monitoring of noise levels. Additionally, we have commissioned third-party professional institutions to monitor traffic and industrial noise within the factory area to ensure that daytime noise levels comply with the II class standard of the "Emission standard for industrial enterprises noise at boundary"(GB12348-2008), which requires a noise level below 60 dB(A);

**Equipment Noise Control**

During the equipment selection phase, we prioritize low-noise equipment. For high-noise equipment, we install acoustic enclosures and soundproof rooms, while also fitting fans and other equipment with silencers to reduce noise generated during operation.

**Enhanced Routine Equipment Maintenance**

We strengthen the daily maintenance and servicing of equipment to maintain good operating and lubrication conditions, thereby reducing noise generated during equipment operation.

**Reasonable Scheduling of Operating Hours**

We reasonably schedule operating hours and prohibit the arrangement of noise-generating activities during the rest period of nearby residents (from 22:00 to 6:00 the following morning).

**Enhanced Greening of the Facility Premises**

We enhance the greening of our facility premises by planting trees with noise-reducing and dust-suppressing properties, thereby further mitigating the impact of noise on the surrounding environment.

# Waste Disposal



We adhere to the principles of "reduction, recycling, and harmless treatment," and have established a comprehensive management system for hazardous waste, including the Hazardous Waste Disposal Management System, the Hazardous Waste Storage Warehouse Management Measures, the Hazardous Waste Plan Storage and Transfer Process Instructions, the Hazardous Waste Packaging and Labeling Standards, the Environmental Pollution Prevention and Control Responsibility System for Hazardous Waste, and the Precautionary Measures and Emergency Plans for Hazardous Waste Accidents. By optimizing production processes and strengthening whole-process control, we implement standardized management of various types of waste, effectively reducing waste generation. At the same time, we actively explore pathways for resource recycling, promoting the conversion of waste into renewable resources, thereby contributing to green and low-carbon development.

During the reporting period, we systematically advanced our efforts across four dimensions—institutional safeguards, technological innovation, industrial chain coordination, and management upgrades—achieving 100% recycling and utilization of industrial waste and full-process control of environmental risks associated with hazardous waste. By establishing a low-carbon coordination mechanism along the upstream and downstream of the industrial chain to drive overall emission reductions across the industry chain, we have successfully built a "zero-waste enterprise" benchmark in the engineering equipment manufacturing sector, distinguished by technological innovation

and industrial leadership in the fields of circular economy and green development. This relevant practice has been included in the Compendium of Typical Cases for the Construction of a "Zero-Waste City" in Quanzhou.

## General Waste

The general waste generated from our production and operations mainly consists of industrial waste such as scrap iron, iron filings, and waste wood. To fully implement the requirements of reduction, resource utilization, and harmless treatment, we have established a full-chain management mechanism covering sorting, collection, storage, disposal, and recycling. The specific measures are as follows:

<b>Domestic Waste Management</b>
We require domestic waste disposal contractors to take measures such as preventing spillage and leakage during transportation to avoid secondary environmental pollution. At the same time, we regularly inspect and clean septic tanks to ensure the safe disposal of domestic waste and prevent overflow.
<b>General Solid Waste Management</b>
For general waste such as scrap iron, iron filings, and waste wood, we have established dedicated storage warehouses for centralized management, and sell such materials through unified channels to achieve resource utilization and recycling.

During the reporting period

**The Company generated a total of**

**2,022.42** tons of industrial waste, including scrap iron, iron filings, and waste wood.

Through standardized disposal via external sales, we achieved 100% recycling and utilization of industrial waste.

## Hazardous Waste

The hazardous waste generated during our production and operation mainly includes waste paint residue, waste engine oil, waste paint buckets, waste activated carbon, waste emulsion, waste filter cotton, and waste cutting fluid. In response to hazardous waste, we have adopted the following management measures:

### Management Structure

We have established a Hazardous Waste Pollution Prevention and Control Leading Group, with the General Manager serving as the group leader and heads of departments including Industrial Services, Supply Chain, Production Operations, Warehousing and Logistics, and Procurement as members. This forms a collaborative management mechanism characterized by "centralized leadership by the Leading Group — implementation by individual workshops — oversight by the EHS Department," and is responsible for decision-making, supervision, and coordination of hazardous waste pollution prevention and control efforts.

### Management Process

We strictly implement management procedures for hazardous waste, including warehousing, sorting, ledger recording, and platform reporting, while strengthening communication and coordination with departments that are major generators of hazardous waste, thereby promoting standardized and normalized hazardous waste management.

### Storage Management

We require all departments to temporarily store hazardous waste in designated temporary storage areas, and take measures such as windproofing, sun protection, rain protection, leak prevention, anti-seepage, and anti-corrosion to ensure safe and controllable storage conditions. Open trenches are installed along the walls in temporary storage areas as a risk control measure to prevent the overflow of hazardous waste and any seepage. In addition, we affix hazardous waste labels in prominent positions on all types of waste packaging in accordance with relevant specifications, and install hazardous waste storage facility signs at entrances to ensure clear classification and standardized management.

### Disposal Management

All hazardous waste is processed in a standardized manner by qualified third-party institutions with hazardous waste treatment permits.

### Reduction Measures

- Reusing emulsified fluid to reduce the amount of waste emulsified fluid generated.
- Adopting the "activated carbon adsorption—desorption—catalytic combustion" exhaust gas treatment process to increase the utilization rate of activated carbon and reduce the amount of waste activated carbon generated.
- Selecting low-VOC coatings to extend the service life of activated carbon and reduce the amount of paint slag generated.

During the reporting period

We generated a total of

**139.68** tons of hazardous waste

All of which was disposed of by qualified third-party institutions

### Highlight

#### Waste Paint Bucket Resource Recycling Project

In April 2025, we partnered with Quanzhou Tianmaxing Environmental Protection Technology Co., Ltd., a qualified professional environmental protection company, to optimize and upgrade the disposal method for waste paint buckets. By introducing an advanced treatment model of "cleaning and crushing—recycling," replacing the traditional methods of "incineration and landfill," we have significantly improved the level of waste resource utilization. The recycled materials after treatment are sold to compliant steel recycling units, achieving a fully traceable resource circulation. During the year, we entrusted the disposal of a total of 15.43 tons of waste paint buckets, contributing to a 23.77% increase in the comprehensive utilization rate of hazardous waste. This project represents a concrete embodiment of our commitment to the principles of "reduction, harmless treatment and resource utilization" of solid waste, enhancing solid waste management capabilities while delivering both environmental and economic benefits.

# Circular Economy



Developing a circular economy and improving resource utilization efficiency are important pathways for addressing environmental challenges and achieving sustainable development. We have consistently regarded resource circularity as a core practice of our green development, fully implementing the principles of "reduce, reuse, and recycle" throughout the entire process of raw material procurement, manufacturing, and product application, thereby systematically advancing resource conservation and efficient utilization.

At the same time, in response to the needs of industrial green transformation, we continuously innovate and promote integrated solutions for green circular building materials. By converting construction waste and industrial solid waste into high-quality recycled building material feedstocks, we significantly reduce reliance on and extraction pressure from virgin resources, effectively control the environmental pollution risks posed by waste, and are committed to providing replicable and scalable green transformation support for energy-intensive industries such as mining, building materials, infrastructure construction, and construction. In doing so, we strive to help build a sustainable industrial ecosystem centered on the "production-application-recycling" cycle.

## Resource Recycling in Operations

**In raw material utilization**, we have established a "resources-products-recycled resources" circular model, converting construction waste and industrial solid waste into recycled building material feedstocks. This approach reduces the extraction of natural resources while mitigating the environmental pollution risks posed by waste.

**In waste recycling**, we implement classified collection and centralized storage of industrial waste generated during production, including scrap iron, iron filings, and waste wood. Dedicated warehouses are established for standardized management, and resource utilization is achieved through unified external sales channels. In 2025, the total amount of industrial waste generated was 2,022.42 tons, with a recycling and sales rate of 100%, meaning that all industrial waste was fully utilized as a resource, thereby effectively achieving the management objectives of "reduction, resource utilization, and harmless treatment."

**In the treatment of organic exhaust gas and heat recovery**, we adopt the "activated carbon adsorption + catalytic combustion desorption" process, which converts organic pollutants in the exhaust gas into non-toxic and harmless carbon dioxide (CO<sub>2</sub>) and water (H<sub>2</sub>O), achieving harmless exhaust gas emissions. At the same time, the system recovers heat generated during the combustion process and uses it for the desorption and regeneration of the activated carbon adsorption beds, significantly reducing external energy consumption and realizing the goal of cascading energy utilization through "treating waste with waste and heat energy recycling."

## Provision of Green Solutions

### Our Green Solutions for Mining Industry Partners Include:

- Providing solutions for intelligent static crusher and screen by upgrading crusher and optimizing production line configurations to effectively reduce energy consumption and dust pollution.
- Optimizing shaping and sand-making plant for better particle size distribution, with adjustable and stable fineness modulus, high screening efficiency, effective dust removal, and improved energy efficiency and environmental performance.
- Offering washing solutions to improve aggregate cleanliness and reduce clay content, while achieving efficient fine sand recycling and delivering greater economic value to customers.
- Developing and upgrading mobile crusher and screen powered by electric drive and hybrid (diesel-electric) systems, enhancing production efficiency and reducing CO<sub>2</sub> emissions.
- Implementing intelligent control systems that enable remote monitoring of equipment conditions, precise load adjustment, and improved operational efficiency—supporting the mining industry's shift toward low-carbon operations.

### Our Green Solutions for Infrastructure Industry Partners Include:

- Offering integrated solutions for expressway reconstruction, expansion, and maintenance, featuring asphalt recycling equipment and RAP fine aggregate recycling equipment as core components. By applying high-efficiency burners and high-proportion RAP recycling technology, achieving the substitution of a portion of new aggregates with reclaimed asphalt pavement materials, thereby reducing resource consumption and carbon emissions while ensuring construction quality.
- Delivering mobile crushing and screening equipment to convert tunnel spoil and demolition waste generated from road construction into high-quality reusable aggregates, thereby achieving resource utilization of construction waste, reducing natural ore mining, and lowering carbon emissions generated during transportation.
- Providing muck and residue treatment equipment to process and valorize the muck and residue generated during road and construction projects, and then reapply them in road construction, thereby achieving the reduction and high-value utilization of such materials.

### Our Green Solutions for Building Materials Industry Partners Include:

- Integrating AI and IoT technologies into the production process to achieve online monitoring of aggregate gradation, remote monitoring of equipment status, and precise load adjustment, creating a "lights-out factory" paradigm. Relying on the digital-intelligent IoT platform, it enables full-chain synergy across production, operation, and service.
- Establishing fully eco-friendly concrete mixing plants that integrate technologies such as precision material dosing and intelligent energy efficiency management to effectively minimize energy consumption during the mixing process.
- Developing intelligent systems that enable end-to-end control of the entire production process, from mix design and online monitoring of moisture content and slump to intelligent discharge, thereby improving the quality and efficiency of concrete production while reducing production costs.
- Providing integrated solutions for recycled concrete, processing waste concrete and bricks into recycled aggregates, thereby reducing the extraction of natural limestone and lowering carbon emissions.

### Our Green Solutions for Construction Industry Partners Include:

- Offering construction waste automatic sorting robots that utilize "spectral recognition + robotic arm sorting" technology to achieve efficient identification and separation of light materials such as plastics and wood from construction waste, thereby significantly improving sorting efficiency and accuracy, reducing labor costs, and enhancing the purity of recycled materials as well as the level of resource utilization.
- Conducting research and development upgrades on concrete dry-mixed mortar mixing equipment to improve mixing efficiency, and through optimized proportioning and production process monitoring, enhancing product quality while reducing production losses and energy consumption.
- Optimizing equipment operation through intelligent control systems to improve production efficiency while reducing carbon emissions, thereby achieving efficient energy utilization.
- Offering integrated solutions for the resource utilization of construction solid waste, converting construction waste into green building materials such as recycled aggregates, thereby promoting resource recycling and the development of the green building materials industry.

**Highlight**

**Liaoning Provincial Transportation Investment Group Maintenance Base: Demonstration Project for High-Proportion Hot Asphalt Recycling Technology Integration and Carbon Reduction**

In the asphalt pavement maintenance project at the Liaoning Provincial Transportation Investment Group Maintenance Base, we introduced Southern Road Machinery's counter-flow integrated asphalt mixing equipment and RAP fine aggregate recycling equipment, establishing an environmentally friendly production process featuring "fine separation of reclaimed pavement materials + high-proportion hot central plant recycling," thereby achieving efficient recycling of reclaimed asphalt pavement (RAP) materials.

In this project, the incorporation rate of reclaimed asphalt pavement (RAP) material in the SMA-13 asphalt mixture reached 25%, with a cumulative recycling of 23,000 tons of RAP material, achieving the following comprehensive benefits:

- Resource Conservation: Reduced natural sand and gravel extraction by 22,000 tons and saved 884 tons of new asphalt.
- Carbon Emission Reduction: Achieved a carbon emission reduction of approximately 2,100 tons.
- Economic Benefits: Saved CNY 5.73 million in project costs, representing 5.7% of the total project cost.



The Asphalt Pavement Maintenance Project at the Liaoning Provincial Transportation Investment Group Maintenance Base



RAP Fine Stripping and Screening Aggregate Recycling Plant



LBNZ Counter-flow Integrated Asphalt Mixing Plant

Through technology integration and process optimization, the project successfully demonstrated the feasibility of applying high-proportion hot central plant recycling technology in large-scale engineering, providing a replicable and scalable systematic solution for green and low-carbon maintenance of expressways.

**Highlight**

**Green Process and Intelligent Equipment Integration—Enabling GZCCI Group to Establish a Low-Carbon New Materials Production Base**

In the construction project of the GZCCI Group New Materials R&D Pilot-Scale Environmental Protection Production Base, we introduced Southern Road Machinery's HZS270 overhead powder tank concrete batching plant and LBNZ3000 counter-flow integrated asphalt mixing equipment, complemented by a digital intelligent management system. This established a green production system featuring "enclosed material supply + resource recycling + intelligent control," achieving low-emission and high-efficiency operation throughout the entire production process of building materials.

Through systematic environmental protection processes including "enclosed silo material supply + sand and stone separation + wastewater recycling," the project has achieved effective control of dust emissions and zero discharge of production wastewater, forming a green closed loop of efficient internal resource circulation. At the same time, leveraging the counter-flow integrated asphalt mixing equipment, the base has the capacity to process 500,000 tons of reclaimed asphalt pavement and produce 300,000 tons of new environmentally friendly asphalt annually, providing a stable and green supply of building materials for regional road construction.

Through the deep integration of environmental protection processes and intelligent equipment, the project has systematically established a green production model for a new materials pilot-scale base, providing a replicable and scalable low-carbon and environmentally friendly solution for the field of urban infrastructure construction, with significant demonstration effects and social value.



Commercial Concrete Workshop



Fully Automatic Control System



**Highlight**

**High-Value Conversion of Multi-Source Solid Waste—Empowering Wudi to Build a Demonstration Project for Construction Waste Recycling**



In the construction waste recycling and utilization project of Feng Da Group in Wudi County, we adopted Southern Road Machinery's integrated solution for the resource utilization of construction solid waste. Through customized equipment configuration and optimized process design, we established a resource recycling system featuring "multi-source solid waste treatment + recycled aggregate production," achieving efficient disposal and high-value utilization of construction waste.

During the implementation of the project, the production line processes concrete road reclaimed materials and various types of construction waste through core processes including crushing, screening, and sorting, producing standard-

compliant recycled aggregates. At the same time, engineering waste rock and virgin stone are processed into high-quality primary aggregates. Within a limited plant area, we have achieved an intensive layout and efficient operation of the production line, significantly improving space utilization and resource output efficiency.

Through the organic integration of solid waste resource utilization technology and an intelligent control system, this project has systematically advanced the reduction, resource utilization, and harmless treatment of construction waste, providing a replicable and scalable demonstration model for establishing a green circular utilization system for construction solid waste in the region.

# Ecosystem and Biodiversity Protection



Ecosystem stability and biodiversity protection are closely linked to human well-being as well as to the sustainable development of enterprises. We have integrated ecosystem and biodiversity protection into our operational management requirements, and comply with relevant laws, regulations, and supervisory requirements related to biodiversity protection, including 《the Environmental Protection Law of the People's Republic of China, the Regulations on Nature Reserves of the People's Republic of China, the Law on the Protection of Wildlife of the People's Republic of China, the Regulations on the Protection of Wild Plants of the People's Republic of China.

During the planning process for production bases and projects, we prioritize the identification of and avoidance of ecologically sensitive areas, making ecological and environmental protection a core constraint in our siting decisions. At the same time, through internal environmental awareness training and organized community engagement activities, we promote the development of a multi-stakeholder and participatory ecological protection mechanism, supporting the achievement of regional biodiversity conservation goals and fostering harmonious coexistence between humanity and nature.

We have adopted the following management measures to mitigate the potential impact of our operational activities on the ecological environment:

**Site Selection Management**

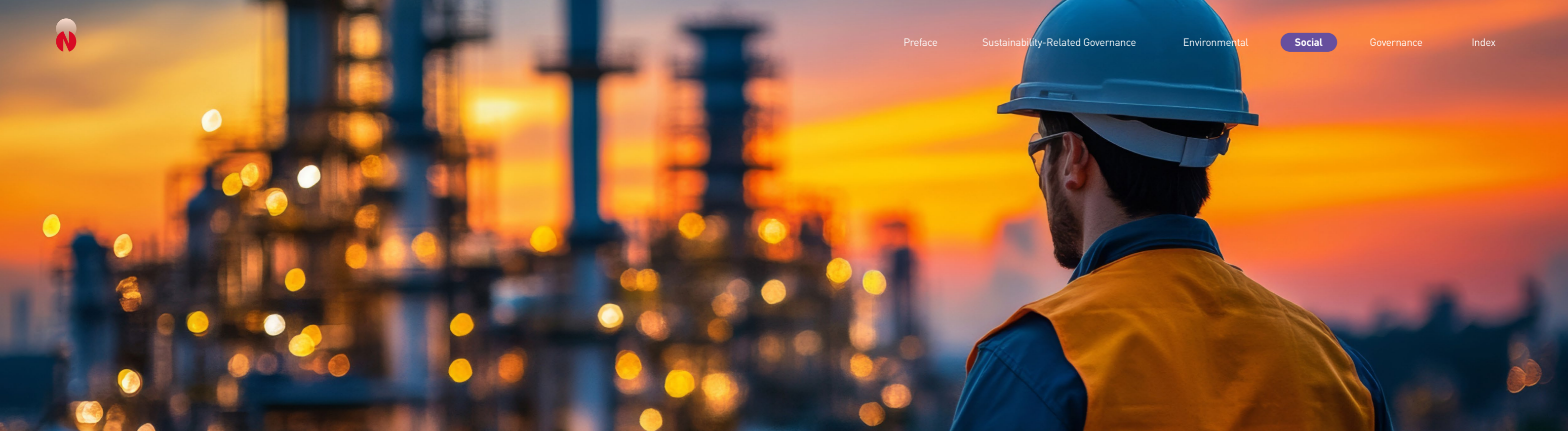
We establish ecological red lines and sensitive areas such as nature reserves as constraints in site selection, strengthen site selection evaluation and review, and avoid conducting business activities within nature reserves, other important ecological function zones, and ecologically sensitive or vulnerable areas. At present, none of our development and construction projects are located within important ecological function zones or ecologically sensitive or vulnerable areas.

**Pre-Construction Assessment and Protective Measures**

Prior to the construction of new projects or the expansion of production lines, we include ecological factors such as the distribution of rare and endangered flora and fauna around the project site and the presence of ancient forest communities within the assessment scope, and conduct soil quality monitoring. A comprehensive assessment is made of the potential impact of the project on the ecological environment and biological habitats, on the basis of which we formulate and implement corresponding ecological protection measures.

**Awareness Raising and Capacity Building**

We organize internal thematic awareness-raising sessions and training programs, and leverage platforms such as our self-operated WeChat public account to disseminate knowledge on biodiversity protection, thereby enhancing employees' understanding of and participation in ecosystem and biodiversity conservation.



# Social

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Employees	106



## 2025 Management Goals for Social Matters

Drive regional employment development, maintaining the proportion of local province employees at no less than 60%.



Focus on youth growth and educational development by continuously carrying out educational public welfare activities.



Increase investment in research and development, with annual R&D expenditure accounting for no less than 8% of operating revenue.



Strengthen intellectual property management, with no litigation arising from intellectual property infringement occurring throughout the year.



Promote responsible procurement by gradually incorporating sustainability requirements into supplier admission and performance evaluation systems.



Continuously improve the supply chain risk management mechanism to enhance risk identification and response capabilities.



Strengthen product and service quality management, with no administrative penalties due to quality issues occurring throughout the year.



Strengthen information security and customer privacy protection, with no administrative penalties due to violations of information security management regulations and no incidents of customer privacy infringement occurring throughout the year.



Strictly comply with labor laws and regulations, with no related administrative penalties occurring throughout the year.



Continue employee training, with total annual training hours of no less than 10,000 hours and average training hours per employee of no less than 10 hours.



Strengthen workplace safety management, with no serious or above work-related injury accidents occurring throughout the year.



Continue to identify and rectify safety hazards, with both the rectification timeliness rate and qualification rate reaching 100%.



# Rural Revitalization and Social Contributions



While pursuing sustainable business growth, we consistently integrate social responsibility into our corporate strategy and operations. We actively support the national rural revitalization strategy, participate in community co-development and governance, and are committed to carrying out multi-level public welfare initiatives. In rural revitalization efforts, we focus on industrial development and skills training to promote rural economic growth and improve livelihoods. In community engagement, we establish regular communication platforms, proactively respond to community needs, and participate in local cultural initiatives to foster harmonious neighborhood relationships. Meanwhile, we continue to invest in areas such as educational support, assistance for people in need, emergency relief, and environmental advocacy, delivering care and demonstrating corporate responsibility. By striving to align business value with social value, we promote coordinated development between the Company and society and aim to become a trusted and responsible enterprise.

## Rural Revitalization

Against the backdrop of the national rural revitalization strategy, the Company closely aligns its development with national priorities, actively fulfills its social responsibilities, and integrates support for rural development into its business operations, striving to achieve coordinated progress between the enterprise and local communities. The Company recognizes that corporate growth depends on the support of society, while rural prosperity and development are also important foundations for sustainable business growth.

Leveraging its production bases in Quanzhou and Xiantao, the Company is committed to combining green circular development principles with rural revitalization practices. In addition to providing environmentally friendly and durable building materials for rural development, the Company also pays close attention to the practical needs of local communities. Through initiatives such as industrial support and employment assistance, the Company strives to inject momentum into rural development, improve rural living environments, and contribute to local economic growth.

## Social Contributions

We committed to creating shared value through harmonious coexistence with local communities. By creating employment opportunities, participating in public welfare initiatives, and supporting community development, the Company promotes the effective alignment of corporate resources with community needs, continuously contributing to community prosperity and sustainable development.

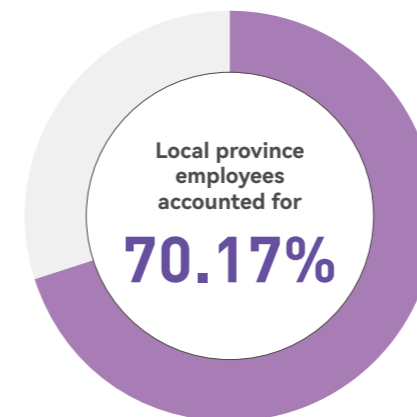
## Community Communication

We regard building long-term and trustworthy partnerships with local communities as a strategic objective. It has formulated and implemented the Community Policy, clearly defining its commitment to respecting local culture and actively integrating into community development. Through multiple communication channels, including the official WeChat account, service hotlines, regular forums, and joint Party-building activities, we maintain regular and transparent communication with residents, grassroots organizations, and government authorities, responding promptly to community concerns and facilitating effective resolution of community needs. During the reporting period, the Company received no community-related complaints and maintained a positive relationship of co-development, integration, and shared benefits with surrounding communities.

## Community Co-development

We promote sustainable local support mechanisms with employment generation as a key driver. By establishing targeted recruitment channels and providing vocational skills training, we create employment opportunities and development platforms for local residents, helping to stimulate endogenous community growth and improve livelihoods.

We adhere to a policy of prioritizing local hiring, promoting localized talent development and stable employment. As of the end of the reporting period, local province employees accounted for 70.17% of the Company's total workforce.



### Highlight

#### Precision Empowerment through Order-based Training to Bridge the "Last Mile" of Employment Services

In 2025, the Xiantao Base actively responded to local policies aimed at stabilizing employment and promoting development by partnering with the municipal human resources and social security authorities to launch an "order-based" welder skills training program. The training curriculum was designed around the actual production needs of the Company and adopted a dual-track approach combining theoretical instruction with on-the-job practical training. Participants who passed the assessment were able to directly secure employment and sign labor contracts, achieving seamless integration of "training upon enrollment and employment upon completion."

By accurately matching the Company's demand for skilled labor with the workforce's need for skills enhancement, the Company not only effectively alleviated the shortage of welding technicians at the base, but also significantly improved the vocational skills and employability of local workers. This initiative provided replicable practical experience for promoting high-quality regional employment and advancing the coordinated development of industry and talent.



## Social Welfare

We embed the spirit of public welfare into the core of its corporate culture and regularly carries out diversified volunteer services and social welfare activities. In supporting educational development, we actively promote educational assistance initiatives, continuously improving local educational conditions and supporting youth development through measures such as establishing scholarships and donating equipment, thereby advancing educational equity and talent development. At the same time, we regularly organize employees to participate in public welfare activities such as voluntary blood donation, elderly care, and community assistance. By integrating social responsibility into organizational practices and employee awareness, we encourage all employees to give back to society through concrete actions, delivering care, building shared values, and contributing jointly to the development of a better society.

**Highlight**

### Establishing the "NFLG Education Fund" to Support High-quality Local Education Development



Donation of an LED display screen to Quanzhou Fengze District Haibin Experimental Primary School

We actively respond to the United Nations Sustainable Development Goal 4 (Quality Education) by incorporating support for youth growth and educational development into the core of its corporate social responsibility. Since 2019, the Company has established the "NFLG Education Fund", donating 100,000 CNY annually to Quanzhou Chengdong Middle School. The fund is dedicated to recognizing outstanding educators for their achievements in high school and college entrance examination results, teaching skills competitions, academic competition guidance, and educational research.

By incentivizing outstanding teachers, the NFLG Teaching Excellence Fund supports the development of the teaching workforce, enhances overall teaching quality and educational outcomes, and fosters a positive educational environment that values respect for teachers and academic excellence. It creates a virtuous cycle of "enterprise support-teacher development-student benefit", demonstrating the Company's long-term commitment and tangible contributions to the advancement of education.

**Highlight**

### Caring for the Community and Warm Neighbourhood Relations-Conducting Visits and Support Activities for Impoverished Families and Elderly Living Alone

In 2025, the Xiantao Base organized employee representatives to visit surrounding communities and carry out outreach activities for impoverished families and elderly residents living alone. During the initiative, we provided essential supplies such as grain, cooking oil, and daily necessities to households in need, while engaging in warm and attentive communication with residents to better understand their living conditions and practical needs, thereby conveying the Company's care and compassion.

This activity not only provided tangible support to vulnerable community groups, but also helped strengthen the relationship between the Company and local residents, enhancing mutual emotional connection. It further reflects the Base's commitment to community responsibility and harmonious development while pursuing its own growth.



Community Outreach and Care Visit

# Innovation-driven Development



As an innovation leader in the field of green circular building materials, we regard technological innovation as an inexhaustible driving force for its sustainable development. We place great emphasis on R&D and innovation, and has established a well-structured R&D organization and a professional R&D team. By continuously increasing R&D investment and improving innovation incentive mechanisms, we steadily enhance its independent innovation capability. It also actively engages in collaborative innovation with research institutes and upstream and downstream enterprises along the industrial chain to jointly build an industrial technological innovation ecosystem. Meanwhile, we attached great importance to intellectual property protection, and continuously improves its intellectual property management systems and protection mechanisms to effectively safeguard innovation outcomes. By deepening technological innovation and strengthening the creation, protection, and application of intellectual property rights, we provide strong support for its high-quality development.

## R&D and Innovation

Focusing on product upgrading, technological breakthroughs, green transformation, and digital empowerment, we continuously improve its innovation system and steadily enhances its independent R&D capabilities and the commercialization of research outcomes. We place great emphasis on R&D and innovation, continuously strengthens its R&D organizational structure and management mechanisms, increases R&D investment, and optimizes innovation incentive arrangements. It also actively engages in collaborative innovation with universities,

research institutes, and upstream and downstream partners in the industrial chain, striving to build an open, efficient, and sustainable industrial technology innovation ecosystem. At the same time, we continuously strengthen the creation, utilization, protection, and management of intellectual property rights, promoting the coordinated advancement of technological innovation and IP protection. These efforts provide strong support for continuously enhancing the Company's core competitiveness and achieving stable and sustainable development.

## R&D System

We ensure the standardized and efficient execution of research and development activities through a structured, institutionalized management system and organizational framework. It has formulated internal policies such as the Research and Development Project Management System and the Product Design and Development Management Procedures, and fully implements the Integrated Product Development (IPD) project management model. We apply standardized management across the entire research and development lifecycle, including planning, project initiation, development execution, and acceptance evaluation, while implementing continuous monitoring at key stages such as product development and testing and validation. In doing so, it gradually establishes a closed-loop research and development quality assurance system characterized by process controllability and strong cross-functional integration. By continuously strengthening its research and development management foundation, we effectively enhance the standardization of research and development activities, cross-departmental collaboration efficiency, and project execution capability, providing a solid system foundation for technological innovation and product upgrading.

In terms of research and development organizational development, we have established a scientific and efficient R&D organizational system, forming a matrix structure consisting of the Technology R&D Center, Research Institute, Automation Control Business Division, and various Product Business Divisions. This structure enables an integrated approach that combines strategic coordination with specialized division of labor, promoting deep collaboration across R&D, production, and marketing functions. Specifically:

- The Technology R&D Center focuses on developing new products and technologies based on the needs of each Product Business Division;
- The Research Institute concentrates on frontier technology research, key technical breakthroughs, academic exchange and cooperation, and postgraduate training and management;
- The Automation Control Business Division develops intelligent

control platforms and provides technical support based on product planning requirements;

- Each Product Business Division conducts application-driven innovation based on market and customer feedback, communicates new technology development requirements with other R&D units, and participates in technical module and fundamental research projects.

Through continuous optimization of its R&D organizational system, we have further enhanced the efficiency of innovation resource allocation and its capability in tackling key technological challenges, providing strong support for maintaining continuous innovation vitality in the green circular building materials sector. During the reporting period, the Company's total R&D investment amounted to 84.15 million CNY, accounting for 8.21% of operating revenue. As of the end of the reporting period, the Company had 343 R&D personnel, accounting for 25.91% of total employees.

## Open and Collaborative Innovation

We adhere to an open innovation philosophy and systematically integrates innovation resources by improving both internal incentive mechanisms and external collaboration mechanisms, thereby continuously enhancing research and development efficiency. In terms of internal innovation incentives, we have formulated and implemented a series of policies, including the Intellectual Property Rewards and Punishments System, Patent Reward Measures, and R&D Project Achievement Reward Management System. Through incentives such as rewards for patent applications and grants, selection of "Invention and Creation Awards" and "Outstanding Patent Contributors", as well as comprehensive evaluation and corresponding recognition for projects involving new product development, new technology research, and product and process optimization, we continuously stimulate employees' innovation motivation and fosters an organizational culture that encourages exploration and respects creativity.

In terms of external collaborative innovation, we actively promote deep integration of industry, academia, and research. It has established technological cooperation with institutions such as the CAS Haixi Institute, the Research Institute of Highway, Ministry of Transport, and Huaqiao University. Together, they conduct joint research in cutting-edge and key areas such as construction waste recycling, promoting effective integration of basic research, technology development, and industrial application. Meanwhile, we actively build internal and external technical exchange platforms by organizing R&D personnel for external training and inviting industry experts to conduct technical seminars, thereby facilitating the sharing of frontier information and innovation

experience, and continuously broadening the professional perspective and collaborative innovation capabilities of its R&D team.

By systematically building a dual-driven innovation system combining "internal incentives + external collaboration", the Company continuously enhances the openness, synergy, and vitality of its innovation system, promotes efficient integration of innovation resources and accelerated transformation of technological achievements, and provides strong support for continuously strengthening its technological competitiveness and market leadership.

**Highlight**

**Promoting the Spirit of Craftsmanship and Strengthening the Foundation for Corporate Development**

We uphold the philosophy of "specialization, excellence, quality, and longevity", with the cultivation of a craftsmanship culture at its core to continuously support sustainable development. By establishing the "Craftsman Hall", we systematically and regularly communicate the essence of craftsmanship—dedication, precision, meticulousness, and the pursuit of excellence—to all employees, inspiring continuous improvement in professional skills and overall competence. Employees are encouraged to focus on their respective roles, pursue excellence in quality, and create reliable, high-performance products with craftsmanship spirit, thereby continuously strengthening our technical expertise and product quality foundation.

We are committed to supporting high-quality development through a highly skilled talent workforce and closely integrates "talent" with "quality". Through mechanisms such as the "Craftsman Pool", key employees who have been recognized as "Outstanding Management Elite" or "Outstanding Team Leader" for two consecutive years are included in a dedicated talent database for continuous development and systematic cultivation. We also recognize and reward employees who make outstanding contributions in areas such as technical breakthroughs, process innovation, and lean management. This establishes a positive cycle in which talent development and value recognition reinforce each other, continuously strengthening our talent foundation and providing sustained momentum for sustainable development.

## Promoting the Commercialization of Innovation Achievements

We remain committed to a market- and industry-upgrade-oriented approach, continuously advancing the transformation of R&D outcomes into product innovation, process optimization, and digital-intelligent applications. This ongoing effort enhances the industrialization level and value creation capability of technological innovation. After years of exploration and accumulation, we have developed a core technology system, including efficient composite shaft stirring technology, rotor self-balancing crushing technology for crushers, and key technology for flexible heating of asphalt reclaimed materials. We have been recognized as a National Enterprise Technology Center, National High-tech Enterprise, Fujian High-tech Enterprise, Fujian Provincial Technology Little Giant Leading Enterprise, and Quanzhou Municipal Key R&D Demonstration Enterprise, and operate a postdoctoral research workstation. Building on its continuously strengthened technological foundation and innovation platforms, we promote coordinated breakthroughs in key technologies and product development, providing strong support for the continuous upgrading of green circular building materials equipment.

In terms of digital and intelligent innovation, we continue to advance industrial internet development and digital transformation, focusing on the deep integration of information technology with equipment R&D, manufacturing, and operational

services. By building digital workshops, promoting supply chain collaboration, and strengthening system integration, the Company continuously enhances the digitalization, coordination, and refinement of production and operations. At the same time, we have established a smart operation and maintenance cloud platform based on the Internet of Things (IoT), enabling remote equipment monitoring and interconnectivity. This facilitates the transformation of equipment operation and maintenance from traditional offline models to an "Internet+" approach. Leveraging technologies such as the Internet, IoT, and data analytics, the Company improves the informatization and digital-intelligent level of equipment operation management, reduces energy and resource consumption, and drives the entire industrial chain toward green and low-carbon development.

During the reporting period, the Company completed 9 product and technology R&D projects and newly initiated 10 R&D projects. Through the continuous advancement of the productization, engineering, and digital application of technological innovation achievements, we effectively transform innovation advantages into product competitiveness, service advantages, and sustainable development capabilities, thereby enhancing its overall competitiveness in the green circular building materials equipment sector.

**Honors and Awards in R&D and Innovation in 2025**

Award	Project Title
Third Prize of 2024 Fujian Provincial Science and Technology Achievement Progress Awards	"Industrialization Development Project for Construction Solid Waste Multi-Modal Intelligent Identification, Fine Sorting and Premium Aggregate Recycling Equipment"
Special Prize of Science and Technology Progress Award of the China Highway Construction Association (CHCA)	"Research on Comprehensive Utilization Technologies for Large-Scale Solid Waste Recycling and Its Application in Highway Construction and Maintenance"
First Prize of Science and Technology Progress Award of the China Highway and Transportation Society (CHTS)	"R&D and Engineering Application of Complete Technologies for Fine Processing of Asphalt Pavement Solid Waste and Its Diversified High-Quality Recycling"

Highlight

**AI + Digital Twin Empowering Fixed Crushing Lines for Full-process Intelligent Monitoring and Closed-loop Optimization**

To enhance the intelligent management and control level of fixed crushing and screening production lines, we integrate AI technology and digital twin technology into production scenarios, successfully developing an "AI Intelligent Monitoring System for Fixed Crushing Lines." Based on a three-layer distributed architecture of "cloud-edge-terminal," the system deploys 14 intelligent monitoring nodes at key stages of the production line, enabling full-process closed-loop management from data collection, real-time processing, and intelligent analysis to centralized control. The system provides real-time monitoring and dynamic feedback on key parameters such as equipment operating conditions, particle size, and material distribution at each stage, offering accurate and reliable data support for production decision-making and process optimization.

In specific application scenarios, the system focuses on two core processes—crushing and screening—enabling full-process intelligent monitoring and closed-loop control:

- **Intelligent monitoring of the crushing process:** The system monitors two medium crushers and four fine crushers throughout the entire operating cycle. AI-based visual recognition is used to analyze ore morphology and particle

size distribution before feeding and after discharge in real time, establishing a closed-loop management system of "feed evaluation-crushing process tracking-discharge quality feedback." This provides data support for optimizing crushing parameters, predicting equipment wear, and formulating maintenance strategies.

- **Particle size control in the screening process:** For four pre-screening machines and four inspection screening machines, the system focuses on online particle size analysis of the material passing through the 10mm undersize screening stage. It monitors screening efficiency and particle size distribution in real time, and provides intelligent early warnings for abnormal conditions such as screen damage or blockage, effectively preventing non-conforming materials from entering the finished product stockpile and ensuring stable product quality from the source.

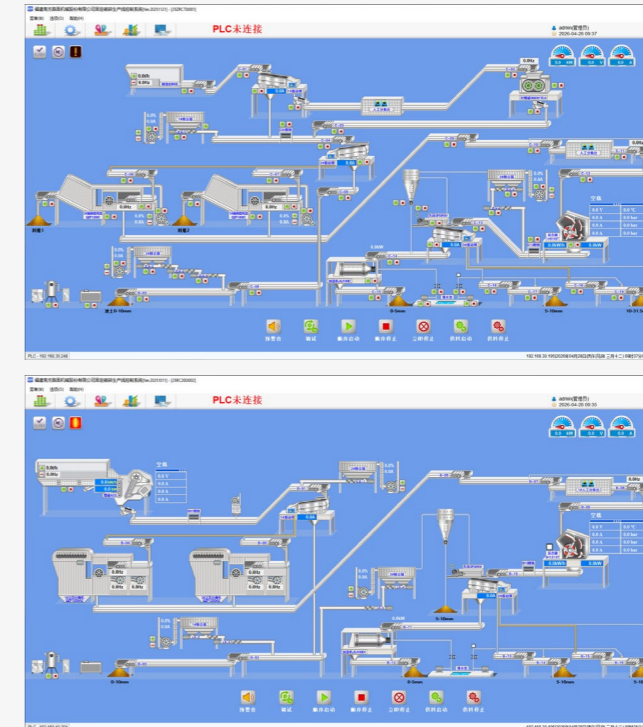
Through technological integration and scenario-based implementation, the system enables the transformation of the crushing and screening production line from experience-driven to data-driven operations, significantly improving intelligent management level and operational efficiency.



AI Intelligent Monitoring System

Highlight

**Empowering Construction Waste Recycling through Smart IoT Control-Intelligent Production Line Upgrade of Sanya Construction Waste Comprehensive Utilization Plant**



Based on automation control and Internet of Things (IoT) technologies, we provided a smart IoT solution for the expansion project of the Sanya Construction Waste Comprehensive Utilization Plant, promoting the upgrade of construction waste treatment production lines toward automation and intelligence. The intelligent control system of the project consists of a central control room, PLC system, data communication system, and on-site sensing and control instruments, enabling centralized monitoring, centralized operation, and centralized management of both the engineering/demolition waste processing line and the renovation waste treatment line. It realizes full-process capabilities including production data acquisition, condition monitoring, fault diagnosis, and operational optimization.

The system supports multiple operation modes, including manual control, automatic control, and remote control. It enables one-click interlocking start and shutdown according

to process requirements, and incorporates functions such as reverse-material-flow start, forward-material-flow shutdown, time-sequenced startup, and coordinated linkage control, thereby improving system stability and operational safety. In addition, the system is equipped with real-time equipment status display, energy consumption monitoring, fault early warning, maintenance reminders, and operation log queries, allowing operators to better understand production conditions at each stage, reduce maintenance complexity, and improve equipment utilization and overall line efficiency.

By deeply integrating automation control, IoT technologies, and construction waste resource utilization scenarios, we continuously enhance the intelligence and informatization level of production lines, driving the transformation of construction waste treatment from traditional operations to a more efficient, reliable, and energy-saving smart operation model.

## Intellectual Property Protection

We place great emphasis on intellectual property protection and continuously improves its intellectual property management system, integrating IP management throughout the entire R&D and innovation process to effectively safeguard innovation outcomes and realize their value. In accordance with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the national standard GB/T29490-2013 "Enterprise Intellectual Property Management", we have established an intellectual property management system and formulated internal policies such as the Intellectual Property Management Manual, the Intellectual Property Management Measures, and the Patent Management Measures. We conduct reviews and IP registration management for new technologies and new products, establishes IP management ledgers, and implements continuous supervision and full-process control over the acquisition, maintenance, utilization, and protection of intellectual property, ensuring the coordinated advancement of technological innovation and legal protection.

To safeguard technical documentation and R&D information security, we continuously improve its confidentiality management mechanisms and has formulated the Confidentiality System for Technical Documents. Technical documents are managed in a classified manner, with strict control over access scope and permissions, and standardized requirements for transmission, storage, and destruction of technical secrets. For sensitive equipment, networks, and technical drawings, we implement measures such as dual-network isolation, physical locking of workstations, restrictions on external storage devices, encryption of confidential drawings, and email transmission traffic control, thereby strengthening information security protection and continuously improving controlled management of R&D information. At the same time, we sign confidentiality agreements and non-compete agreements with technical personnel and defines clear disciplinary measures for violations of confidentiality requirements through relevant reward and penalty systems, further strengthening employees' awareness of confidentiality responsibilities.

We also place strong emphasis on enhancing employees' awareness of intellectual property protection and risk prevention. Through IP-related training and system communication, employees are guided to strengthen awareness of innovation protection and foster a culture that respects knowledge and protects innovation. By continuously strengthening the creation, utilization, protection, and management of intellectual property, we further enhance its capability to safeguard innovation achievements and improve IP management, providing solid support for its innovation-driven development. During the reporting period, no litigation occurred against the Company as a result of its infringement of third-party intellectual property rights.

During the reporting period:

**The Company obtained**

**55** newly authorized patents

**The Company obtained**

**14** newly registered trademarks

As of the end of the reporting period:

**The Company held a total of**

**877** valid authorized patents

**The Company held a total of**

**33** valid software copyrights

**The Company held a total of**

**66** valid registered trademarks

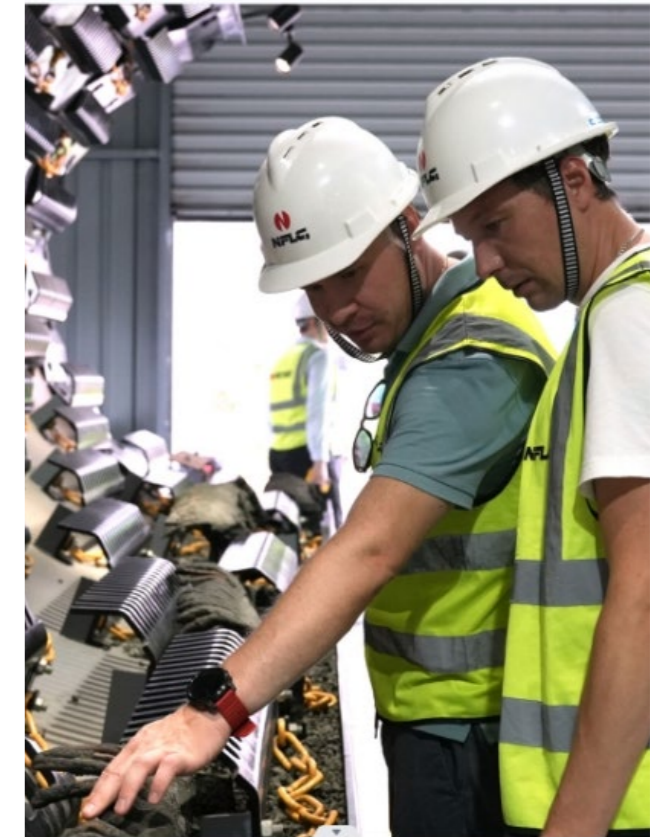
## Suppliers and Clients



Guided by the development philosophy of "specialization, excellence, quality, and longevity," we systematically integrate ESG requirements into the entire supply chain management process, gradually establishing a sustainable supply chain management framework covering procurement, production, sales, and service. With compliance and responsibility as guiding principles, we have established a governance mechanism encompassing supplier admission review, performance evaluation, and dynamic management. Key issues such as environmental compliance, labor rights, and business ethics are incorporated into the assessment system. Under equivalent conditions, we give priority to suppliers of raw materials that meet environmental protection standards and low-carbon requirements, thereby promoting the green transformation of the supply chain. We conduct life-cycle environmental impact assessments of its products and integrates requirements related to resource recyclability, energy efficiency performance, and safety compliance into the R&D and design stages. It continuously optimizes product environmental performance and provides building material solutions characterized by green, low-carbon, and circular attributes, supporting customers in enhancing their own sustainability performance.

## Supply Chain Security

We have established a supply chain security management system that spans the entire process from raw material procurement to production, transportation, and delivery. We continuously strengthen our risk warning and response capabilities to ensure supply chain resilience and business continuity, supporting the company's long-term sustainable development.



## Supply Chain Risk Management

A stable supply chain is a critical foundation for business continuity and our sustainable development. We have formulated the Quality Risk Management Procedure, and based on it, established a supply chain risk management mechanism covering risk identification, risk assessment and classification, and dynamic control, ensuring that relevant management requirements are effectively implemented across all levels of departments and key business processes. Focusing on key areas such as supplier admission, operational management, product quality, and business compliance, we conduct risk identification, analysis, and assessment, and implement differentiated control measures based on risk levels to enhance the precision and effectiveness of risk response. At the same time, the Company regularly evaluates the operation of its risk management processes through internal audits, management reviews, and special inspections. In response to changes in the internal and external environment, the Company continuously optimizes relevant mechanisms to ensure the effective and ongoing implementation of risk control measures.

### Major Supply Chain Risk Management Measures

Risk Area	Risk Category	Risk Description	Mitigation Measures
Supplier Admission	Environmental & Compliance Risk	If suppliers fail to meet the Company's requirements regarding environmental protection, occupational health, work safety, or business ethics, it may affect supply chain compliance and overall sustainability performance.	We have established a supplier admission management mechanism to review and screen supplier qualifications during the admission phase, standardizing the supplier selection process. We require suppliers to sign relevant social responsibility commitment documents. Through on-site audits and ongoing follow-up assessments, we continuously monitor supplier performance and compliance.
Raw Material Procurement	Supply Chain Stability Risk	Due to market price fluctuations and supply uncertainties, raw material shortages or rising procurement costs may occur, putting pressure on production continuity and cost control.	We optimize our supplier structure by increasing the number of qualified suppliers and reducing dependence on single sources. We have established a strategic reserve mechanism for key raw materials to ensure supply security. We also develop long-term partnerships with major suppliers to enhance procurement stability and mitigate price fluctuation risks.
Product Quality	Product Liability & Compliance Risk	Failure to keep up with updates in product standards and laws/regulations may result in products not meeting applicable environmental, safety, or other regulatory requirements, leading to compliance risks.	We continuously track changes in product standards and laws/regulations, and update our technical documents and inspection specifications accordingly. We provide relevant training to enhance our employees' understanding and execution of standard requirements, ensuring that our products comply with applicable regulations and standards.
Marketing Activities	Product Safety & Reputation Risk	Major quality or safety incidents involving our equipment may lead to customer complaints, media attention, or administrative penalties, adversely affecting our brand reputation.	For key safety components requiring certification, we strictly follow certification and inspection processes. We conduct regular inspection and maintenance to ensure product safety performance. We have also strengthened our after-sales service and issue response mechanisms to mitigate the impact of quality and safety incidents.
Marketing Activities	Compliance & Disclosure Risk	Advertising or promotional content that is exaggerated or misleading may give rise to compliance risks or legal disputes.	We have established an internal review mechanism for marketing content. All advertising and promotional materials are subject to compliance review to ensure that information is truthful and accurate, thereby reducing legal and reputational risks.
Intellectual Property	Intellectual Property & Legal Risk	Intellectual property issues arising during product design, production, or sales may result in infringement disputes or administrative penalties, affecting our normal operations.	We strengthen IP risk management by conducting compliance reviews during product development and promotion. Our internal review mechanisms ensure that relevant content meets legal and regulatory requirements, reducing IP risks.

In addition, we continue to strengthen our supply chain risk management capabilities, with talent development serving as a key pillar to enhance supply chain management. We have established a specialized supply chain management team, systematically organized procurement and supply chain-related professional training, and reinforced the communication and application of risk prevention concepts in our daily management, thereby improving the ability of relevant personnel to identify and respond to supply chain risks.

**Highlight**

#### Dynamic Risk Management of Purchased Parts Supply Chain

To enhance supply chain resilience and cost control capabilities, we have further refined our supplier tiering and strategy matching mechanism based on our existing supplier classification management. We have established a three-dimensional management framework of "supply positioning-supply perception-procurement strategy" to implement dynamic grading and differentiated management for key purchased parts suppliers. In practice, we conduct comprehensive assessments of suppliers based on supply criticality (Key, Leverage, Routine, Bottleneck) and supplier cooperation characteristics, combined with factors such as price competitiveness, delivery stability, technical capability, and willingness to cooperate. Based on the assessment, we define corresponding procurement and cooperation strategies. Examples include:

- For "Key + Core" suppliers: We aim to ensure supply security and cost advantage by deepening cooperation through long-term strategic agreements, centralized procurement quotas, and customized collaborative development, while introducing alternative supply sources to reduce single-source dependency.
- For "Key + Developing" suppliers: We gradually increase business volume, promote trial validation, and expand application scenarios to cultivate potential core supply capabilities and form a tiered supply structure.
- For "Leverage" suppliers: We focus on strengthening price competition and optimizing procurement costs through bidding, price comparison, and multi-supplier allocation mechanisms.
- For "Bottleneck" suppliers: We prioritize supply continuity by adopting measures such as safety stock, long-lead-time stockpiling, and localization substitution to mitigate risks arising from long delivery cycles or external uncertainties.

At the same time, we continuously promote the localization substitution of key components, supplier diversification, and collaborative optimization of technical standards based on actual business scenarios. In response to factors such as long lead times for imported parts, exchange rate fluctuations, and changes in the international trade environment, we have established rolling stockpiling and risk early warning mechanisms to enhance the overall risk resilience of our supply chain.

## Responsible Procurement

We continue to promote responsible procurement by integrating sustainability requirements into the entire supplier management process, giving priority to partners that align with our corporate philosophy, and establishing long-term and stable relationships with core suppliers. The Company has developed management policies such as the Supplier Code of Conduct and the External Supplier Management Procedure, along with supporting documents including a supplier operation manual, quality performance evaluation rules, and performance management guidelines. These systematically govern key processes such as supplier admission evaluation, process control, and performance assessment. On this basis, we continuously improve our supplier management mechanism, promote collaborative development with partners across the supply chain in areas such as quality, safety, and compliance, and enhance the stability, transparency, and sustainability of our supply chain.

### Supplier Admission

We have established a standardized supplier admission management mechanism. Through preliminary communication, audit and evaluation, and contractual requirements, we systematically assess potential suppliers to ensure that they meet the Company's requirements in environmental, social and governance (ESG) aspects.

During the admission evaluation phase, we identify potential partners through industry exchanges, exhibitions, and online channels. Based on business development needs, we conduct on-site visits and technical exchanges to perform a preliminary assessment of suppliers' overall capabilities. On this basis, depending on the supplier type and procurement criticality, we carry out evaluation procedures such as on-site audits, sample testing, and trial production or trial use, with a focus on their quality management capability and performance reliability. For core and key component suppliers, we require them to pass on-site quality management capability audits and implement tiered management based on audit results, thereby enhancing supply chain stability and product quality reliability.

Before initiating cooperation, the Company specifies in the Procurement Contract requirements related to human rights and labor, health and safety, environmental protection, and business ethics. We also require suppliers to sign documents such as the Anti-Commercial Bribery Commitment for Suppliers, the Integrity Convention for Business Cooperation, and the Quality Assurance Agreement, which clarify their responsibilities in compliance management, environmental safety, and quality control, thereby strengthening the regulation and restraint of supplier conduct.

## Supplier Evaluation

We have established a mechanism for continuous supplier monitoring and improvement through a combination of performance evaluation and quality audits, ensuring that suppliers meet the Company's requirements in business ethics, environmental protection, labor rights, and occupational health and safety.

We have built and continuously refined a supplier evaluation system centered on quality, cost, delivery, and service (QCDS), conducting monthly, semi-annual, and annual multi-dimensional assessments of suppliers. These assessments are carried out collaboratively by the Supply Chain Center, the Quality Management Department, and the Industrial Service Department. Based on the comprehensive evaluation results, we implement tiered supplier management. The ratings are linked to subsequent capacity allocation and procurement policies: we provide incentives to top-performing suppliers, require underperforming suppliers to take corrective actions and follow up on implementation, and initiate cooperation adjustments or exit management for suppliers that persistently fail to meet standards.

For key and critical component suppliers, we regularly conduct on-site quality management capability audits. Depending on the supplier type, production scale, and process complexity, we comprehensively evaluate their key processes, including design and development, raw material procurement, production control, and quality management. After each audit, we provide feedback on identified issues and continuously track the progress of corrective actions. For suppliers with improvement potential, we offer technical support and on-site guidance to help them refine their processes and quality management systems, thereby continuously enhancing their overall capability.



Supplier Technical Exchange and Coaching

During the reporting period, we continued to expand the coverage and intensity of supplier management. Led by the Quality Management Department, we conducted quality management system audits for 25 suppliers, strengthening the systematic assessment of their quality management capabilities. At the same time, the Procurement Operations Department, the Industrial Service Department, the Quality Management Department, and various procurement teams jointly carried out supplier performance evaluations, conducting multi-dimensional assessments on 123 suppliers and providing corresponding guidance and improvement suggestions for issues identified during the evaluation.

For suppliers whose evaluation results did not meet the requirements, we implemented tiered adjustments in accordance with our management policies and continuously tracked their corrective actions. The relevant evaluation results and historical records are incorporated into the supplier archive management system, serving as an important reference for subsequent procurement decisions and resource allocation.

## Distributor Management

Distributors are important business partners and brand service carriers for the Company. Their service quality and business conduct have a significant impact on customer experience and brand image. To strengthen distributor management, the Company has established the Distributor Management System, which sets forth management requirements for key processes such as service specifications, equipment delivery and acceptance, daily operation and maintenance, and warranty services, thereby standardizing distributor service procedures. We continuously enhance the professional competence of distributors through systematic training. The training covers product knowledge, business management, contract management, service standards, financial leasing, and safety management. Through platforms such as the "NFLG Institute", we provide professional technical support to distributors and customers, strengthening their performance capability in product installation and customer service. During the reporting period, the Company conducted a total of 21 specialized training sessions, with 356 participants and total training hours exceeding 2,352 hours.

To strengthen distributor assessment and evaluation, we have continuously improved our distributor performance evaluation mechanism. We have developed an evaluation system that covers indicators such as service sales completion rate, team building, service quality, customer satisfaction, and equipment acceptance timeliness. We also conduct comprehensive assessments of installation service contractors in terms of team building, installation capability, construction quality, and safety management. We regularly organize evaluation and assessment activities, quantify service standards, and identify areas for improvement, thereby driving continuous enhancement of distributor service capabilities.

## Equal Treatment to Small and Medium-Sized Enterprises

We are committed to integrity and compliance in our operations, integrating the principles of fair trade into the entire supply chain management process, and dedicated to providing a standardized and transparent cooperation environment for all types of suppliers. We have established an open and standardized management mechanism, avoiding the creation

of unreasonable access barriers to ensure fair opportunities for suppliers of different sizes to participate in cooperation. At the same time, we optimize procurement processes, set reasonable payment terms, and provide technical training and business support to reduce the operating costs and financial pressure on small and medium-sized enterprises (SMEs) in their participation in cooperation. Furthermore, during business operations, we promote collaboration with suppliers in areas such as technical coordination and market expansion, facilitating the coordinated development of the industrial chain.

In terms of contract performance and transaction management, we conduct our business operations in compliance with the Anti-Unfair Competition Law of the People's Republic of China and the Regulation on Ensuring Payments to Small and Medium-Sized Enterprises, standardizing procurement and settlement practices and mitigating risks such as overdue payments and unreasonable price suppression. We carry out settlements in accordance with the terms stipulated in the contracts, effectively safeguarding the legitimate rights and interests of SMEs. During the reporting period, we had no overdue payments to SMEs.

## Safety and Quality of Products and Services

We have always regarded product quality and safety as the foundation of our stable operations. We continuously improve our product lifecycle-wide quality management system, establishing systematic inspection specifications and operating standards around key processes such as design, production, and delivery, thereby strengthening process control over product quality and safety performance.

In terms of customer service, we continuously optimize our communication and service channels. Leveraging platforms such as our CRM system and WeChat official account, we provide customers with convenient access to product inquiries, issue feedback, online repair requests, and other functions, enhancing service response efficiency and information transparency. At the same time, we strengthen customer service and marketing process management, focusing on the end-to-end customer experience. By continuously improving service processes and service quality, we enhance customer satisfaction, effectively protect customer rights and interests, and build long-term, trust-based customer relationships.

## Product Quality Management

The Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests as key legislative foundations for our product quality management. We have established and continuously improved a product lifecycle-wide quality management system. Around critical stages such as product design, manufacturing, and delivery, we implement inspection specifications and process control requirements, strengthening the management of product quality and safety performance. At the same time, we enhance the consistency and stability of product quality by adopting standardized management systems and continuously optimizing relevant processes. To date, we have obtained ISO9001 Quality Management System Certification, which provides a solid foundation for the standardized operation of our quality management efforts.

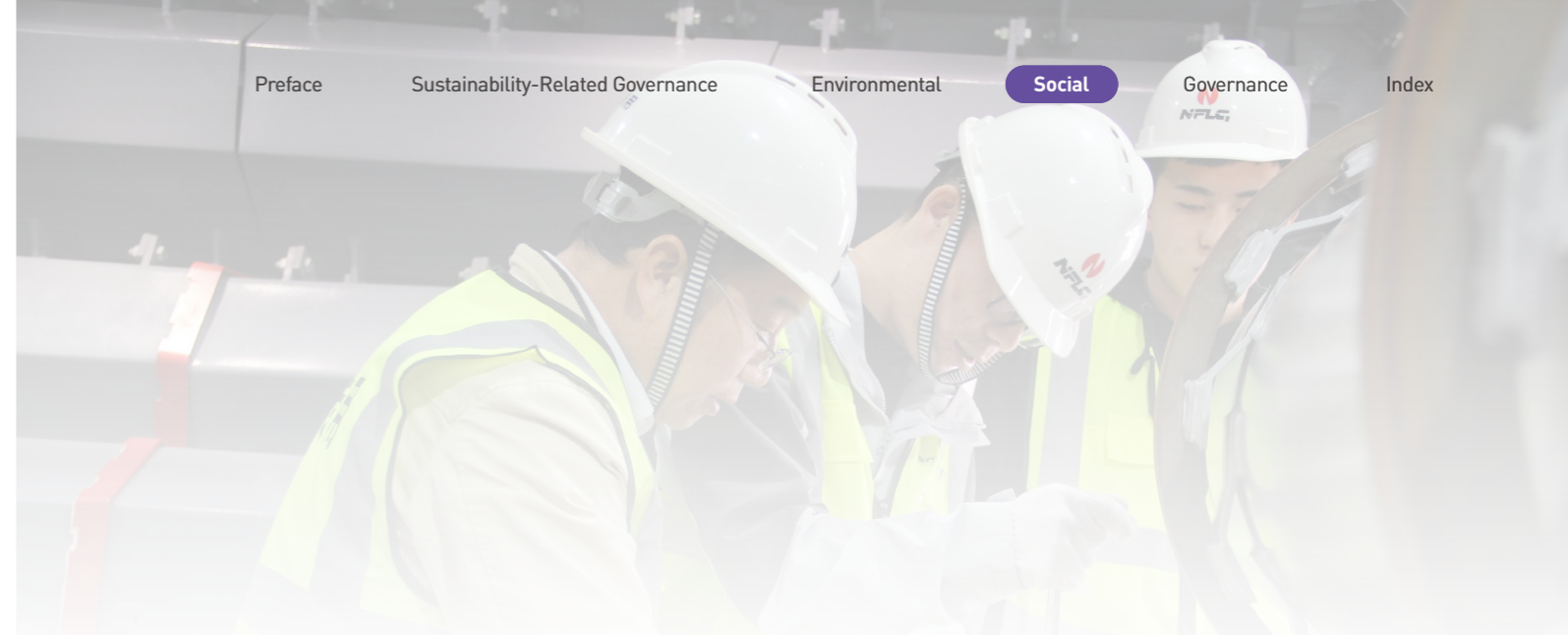
### Product Quality Management Objectives and Indicators

Item	Statistical Method	Target/Indicator	2025 Data	Status
Customer Satisfaction Rate	Number of satisfied customers / Total number of surveyed customers * 100%	≥95.00%	96.23%	✓
Weighted Product Inspection Pass Rate	Number of items passed at first inspection / Total number of inspected items * 100%	≥99.60%	99.98%	✓
Ratio of Free-of-Charge Compensation for Quality Issues to Sales Revenue	Free claim amount due to quality issues (including supplier responsibility) / Total sales revenue * 100%	≤0.12%	0.02%	✓
Material Return Rate in Workshops	Return value due to material quality issues / Total material issuance value * 100%	≤0.40%	0.02%	✓
Number of Installation/After-Sales Feedback Quality Issues per Unit	Total number of feedback issues / Total number of installed units	≤1.83	0.06	✓
Number of Major Non-Conformities in External Audits and Regulatory Inspections	Sum of major non-conformities identified	0	0	✓
Calibration Completion Rate of Inspection and Measuring Instruments (internal + external)	Number of instruments calibrated in the month / Total planned number of calibrations in the month * 100%	100.00%	100.00%	✓

We have developed the Inspection Procedures for Outsourced Parts, which specifies the inspection methods, items, and acceptance criteria for different categories of procured materials, establishing a quality management mechanism for purchased parts covering incoming inspection, process verification, and sample testing.

For first-time deliveries from new products or new suppliers, we implement trial production and technical verification processes. We evaluate product performance against design and technical standards to ensure that all requirements are met before the supplier is included in our supply system. For products for which inspection requirements are not specified in the procedure or which are difficult to inspect at the incoming stage, we conduct supplementary verification during production, pre-delivery, and equipment installation and commissioning, thereby strengthening quality control throughout the entire process. In addition, we prepare an annual sampling inspection plan and carry out spot checks on key products and critical items. For nonconforming products identified, we take measures such as return, re-inspection, and traceability investigation in accordance with management requirements, and we track and assess the associated quality risks.

Furthermore, we have established a quality defect feedback and incentive mechanism. We encourage relevant personnel in production, manufacturing, installation, and commissioning to report product quality issues, delivery process problems, and safety hazards through channels such as our company's WeChat official account, fostering a quality management culture with full employee participation. We categorize reported issues based on the type of defect and assign them to the corresponding responsible departments for root cause analysis and corrective action development. The Quality Management Department tracks the progress of corrective actions to ensure issue closure. Meanwhile, we regularly perform statistical analysis on the types, quantities, and resolution status of reported issues, compile a quality monthly report, and publicly display typical issues and improvement progress through quality communication boards and both online and offline channels, enhancing information transparency and improvement efficiency. For effective suggestions that are adopted, we provide corresponding incentives to promote continuous improvement. During the reporting period, we had no major quality or safety liability incidents related to our products and services.



## Customer Service Management

We are customer-oriented and continuously improve our product and service capabilities. Through technology R&D and business collaboration, we enhance our comprehensive capabilities in design, manufacturing, and service, providing solutions tailored to different application scenarios. At the same time, we have established a regular customer feedback mechanism. By continuously collecting customer opinions and suggestions during product application and service processes, we drive product optimization and service improvement, constantly enhancing customer experience and service quality. During the reporting period, we conducted a customer satisfaction survey, achieving an overall satisfaction rate of 96.23%.

We have built a customer service system covering service response, technical support, digital operation and maintenance, and delivery assurance, centered around the full lifecycle needs of our customers, continuously improving service capabilities and customer experience.

### Service response and channel development

We have established a 7×24 professional service team providing one-stop services such as product inquiries, technical support, repair requests, and complaint handling. At the same time, through a nationwide sales and service network, we have formed an integrated online and offline service system, enhancing service coverage and response efficiency.

### Technical support and operation & maintenance services

During equipment installation and delivery, we provide customers with operation training, inspection guidance, and routine maintenance support. We also track equipment operation through regular follow-up visits. Leveraging the "Expert Online" platform, we offer professional technical consulting services to help customers resolve key issues in production and operation & maintenance.

### Digital services

Based on automation control and IoT technologies, we have built an intelligent cloud service system that monitors equipment operating status and key components in real time. Through remote diagnostics and data analysis, we provide customers with maintenance recommendations and operation optimization solutions, supporting energy management and cost optimization.

### Delivery and ongoing services

We have established relevant policies for equipment delivery and warranty management to ensure service quality during installation, commissioning, and the warranty period. Through a quality issue analysis and continuous improvement mechanism, we optimize product and service performance. At the same time, leveraging the South Highway Institute, we provide technical training and coaching to support customer capability enhancement. We also offer equipment upgrading and retrofitting services to meet customers' diverse production needs.

Highlight

**"Closed Loop Care"-NFLG's Global Service Brand, Delivering Full-Chain Protection with Global Responsiveness**



In 2025, we systematically integrated and strategically aligned our existing customer service capabilities, officially launching the global service brand "Closed Loop Care". This initiative systematically organizes and standardizes service offerings including equipment delivery, operation and maintenance support, and technology upgrades, further enhancing the integrated level of customer service and brand recognition. Through this service brand, we have integrated domestic and international service networks, spare parts warehousing, and dealer systems to promote service resource coordination and localization, continuously improving our global service responsiveness. On this basis, we have incorporated equipment delivery and commissioning, operational monitoring, fault warning, maintenance optimization, and technology upgrades into a unified service framework. Through the coordinated operation of digital platforms and professional service teams, we provide customers with ongoing support throughout the entire equipment lifecycle. At the same time, based on customers' actual operational needs, we continuously enhance our training and technical support system, strengthen on-site operation and maintenance capabilities, and through equipment upgrade and retrofitting services, help customers improve equipment performance and resource utilization efficiency.

Highlight

**NFLG Institute Builds Knowledge Empowerment System to Enhance Customer Value and Channel Synergy**

To improve customer service capabilities and product application value, we have built a training system for customers and dealers through the "NFLG Institute". Through knowledge dissemination and capability empowerment, we enhance customers' understanding and ability to use our products. We continuously refine the training framework in terms of curriculum system, management mechanisms, and implementation processes, conducting tiered and category-based training according to product types and application scenarios, while improving training effectiveness through standardized procedures and evaluation mechanisms.

During implementation, we provide customers and dealers with training support covering equipment operation, maintenance, and application optimization through operational training, specialized courses, and technical exchanges, helping to improve equipment utilization efficiency and operational capability. At the same time, we actively promote the digitalization and online delivery of training resources. By building a digital learning platform, we extend service coverage and improve response efficiency, thereby strengthening customer loyalty while further enhancing channel synergy and service empowerment capabilities.



## Responsible Marketing

We strictly comply with relevant laws and regulations, including the Advertising Law of the People's Republic of China, and integrate compliance requirements throughout the entire process of product promotion and marketing. We regulate marketing practices to prevent the risk of false or misleading advertising. We manage key information such as product features, performance parameters, and usage safety in a standardized manner to ensure that the content is accurate and clear, providing customers with sufficient information to support informed decision-making. At the same time, we strengthen the compliance awareness and risk identification capabilities of our relevant personnel through marketing compliance training and reviews of typical cases, thereby enhancing the standardization of our marketing activities. During the reporting period, we had no incidents of false advertising or improper marketing.

Highlight

**Integrated Digital Ecosystem and Synergized Brand Effectiveness-Digital Marketing and Compliant Communication**

To build a more comprehensive customer outreach and engagement system, we have systematically integrated domestic new media platforms such as WeChat Official Account, Video Account, Douyin, and Xiaohongshu, as well as international communication channels including LinkedIn, Facebook, and YouTube, forming a digital marketing and customer communication network covering both domestic and overseas markets. By continuously delivering industry insights, product technology updates, and brand content, combined with online consultation and interactive Q&A, we achieve efficient customer connection and value delivery.

We actively use digital platforms to collect customer feedback and potential needs, and systematically apply the relevant information to product iteration and optimization as well as marketing strategy adjustments. This helps make our marketing activities more relevant to customer use scenarios, improving content alignment and response accuracy. Throughout the content creation and dissemination process, we strictly implement a review mechanism to standardize advertising practices and information disclosure, ensuring that all communication content complies with laws, regulations, and industry compliance requirements, thereby building a trustworthy, professional, and sustainable brand communication system.



Multimedia Brand Matrix

## Information Security and Customer Privacy Protection

We regard information security as the cornerstone of digital operations, and customer privacy protection as key to earning user trust. We place great emphasis on the lawful and compliant use of customer information. Throughout our business processes, we consistently adhere to the principles of "minimum necessity, informed consent, and purpose limitation," strictly controlling the scope of information collection and usage scenarios, and avoiding unnecessary data collection and use. At the same time, we have established and implemented a tiered and categorized protection mechanism for customer information, employing encrypted storage and access isolation for sensitive information. Through institutional, technical, and management measures, we mitigate the risks of information leakage, misuse, and tampering, effectively safeguarding customer privacy rights.

We strictly comply with relevant laws and regulations, including the Cybersecurity Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China, and manage the collection, storage, and use of information in a standardized manner. In line with data protection requirements, we continuously improve our information security management system, defining relevant responsibilities and processes. Through technical protection measures and regular system assessments and upgrades, we enhance our ability to identify and respond to potential security risks. In addition, we conduct regular information security and data protection training for all employees, strengthening their compliance awareness and operational standards to ensure that information processing activities conform to legal and regulatory requirements as well as the Company's policies, jointly building a secure and trustworthy digital service environment.

### Information Security Management Mechanism

We have established a systematic information security management system, and have developed and implemented a series of policies and procedures, including the Information Security Policy, Information Security Management System, Encryption System Management Policy, Data Center Management Policy, Computer Standard Installation Specifications, and Network Standard and Specifications, covering key areas such as physical security, endpoint security, network security, application system security, data security, and operations security.

We have established an Information Security Leadership Team, with the General Manager serving as the team leader and the Director of the Information Center as the deputy leader. The team also includes operations and maintenance personnel from the Information Center and information security officers from each business department. The team coordinates the Company's information security efforts and has established a closed-loop management mechanism of "department reporting-Information Center response-escalation by level". Information security officers from each department are responsible for identifying and reporting information security risks within their respective departments, which are then addressed by the Information Center. General information security incidents are reported to the Director of the Information Center, while major incidents are reported directly to the General Manager for decision-making.

In our daily operations, we continuously strengthen risk management through a combination of technical and administrative measures:

<b>Technical protection</b>
We deploy firewalls, antivirus software, and other systems for real-time monitoring and vulnerability management, implement internal and external network access controls, and perform regular backups and recovery checks on core business data.
<b>Administrative controls</b>
We strictly enforce file encryption and tiered authorization mechanisms, and implement classified control over data based on business attributes.
<b>Risk assessment and audit</b>
We conduct regular information security assessments, pre-launch risk reviews for new systems, information security inspections, and IT audits to continuously identify and address potential risks.
<b>Asset management</b>
We perform regular inventory and status checks on computers, servers, and network equipment to ensure compliant use of assets.

During the reporting period, we continued to carry out information security inspections, using available technical means to monitor and address information security risks and vulnerabilities. We also conducted internal evaluations of our information system operations and engaged external organizations to perform special audits. Throughout the year, we did not experience any administrative penalties for violations of information security management requirements.

### Information Security Emergency Management

We have established a Cyber Information Security Emergency Response Leading Team, with the Director of the Information Center serving as the team leader, and department heads and relevant personnel as members. The team is responsible for the overall planning, organization, coordination, and decision-making of information security emergency response efforts. We follow the principle of "whoever supervises is responsible, whoever operates is responsible" to implement the information security accountability system, with all departments cooperating in the emergency handling of information security incidents.

We have developed the Emergency Response Plan for Network and Information Security Incidents, established a monitoring and reporting mechanism as well as an emergency response mechanism, and strengthened our capabilities to prevent and respond to information security incidents. In incident management, we adhere to the principle of "early detection, early reporting, early response", continuously collecting, analyzing, and monitoring information related to various types of information security incidents. When a cyber or information security incident occurs or is likely to occur, each department takes immediate measures to control the situation and reports to the Leading Team. The Leading Team assesses the severity level of the incident and activates the corresponding response plan. For major and particularly major incidents, we implement a situational progress reporting and daily reporting system to ensure timely information transmission and orderly response. After an incident is resolved, we conduct a post-incident review and investigation, summarize lessons learned, and optimize and adjust the contingency plan. In addition, we regularly conduct information security emergency drills and summary evaluations to continuously improve our emergency response capabilities.

During the reporting period, we conducted quarterly database recovery emergency drills for our ERP system to test recovery response speed and backup data availability.

### Information Security Education and Training

We place great emphasis on the systematic cultivation of information security awareness. We have fully integrated information security courses into our new employee onboarding training program, ensuring that employees recognize the importance of information security and understand basic

information security norms and codes of conduct from the very beginning of their employment.

In our daily operations, we regularly communicate information security policies, policy updates, and related risk alerts to all employees through various channels such as Tencent Messenger (Tencent Tong), the OA system, and internal emails. We also conduct regular information security awareness and education campaigns using typical case studies and knowledge postings, helping employees continuously improve their ability to identify and mitigate cybersecurity risks.

Through these systematic and ongoing information security culture-building measures, we continuously strengthen the information security awareness of all our employees, and specifically enhance the professional capabilities of personnel in key positions in information security management, risk response, and emergency handling, jointly building a strong defense line for corporate information security.

### Customer Privacy Protection

We attach great importance to customer privacy and information security protection. The Code of Business Conduct explicitly stipulates that we collect, use, and store stakeholder information only within the scope of legality, legitimacy, and necessity. Such information may be provided to third parties only when it complies with laws and regulations, obtains the explicit consent of the stakeholders, or is necessary for the performance of services. We fully respect and support the legitimate rights of stakeholders regarding their personal information, including the right to know, the right to consent, the right of access, the right to rectification, and the right to erasure.

At the internal management level, we implement strict role-based access control through our Customer Relationship Management (CRM) system, clearly defining the scope of access and use of customer information for different positions. We also sign confidentiality agreements with personnel in key roles such as sales staff to further regulate the acquisition, transmission, and use of information, thereby comprehensively strengthening customer privacy protection.

During the reporting period, we had no incidents of customer privacy infringement or violations of laws and regulations related to personal information protection. Our customer information security management system operated effectively.

## Supporting Industry Development

As an important participant in and contributor to the industry, we actively participate in building the industry ecosystem over the long term. Through deep engagement in the work of industry associations and by undertaking or participating in the formulation of national and industry standards, we promote technological exchange across the industry and the improvement of the standards system. In terms of industrial collaboration, we maintain regular communication and cooperation with enterprises across the industrial chain, academic experts and relevant institutions, and conduct multi-level exchanges on industry development trends, technological pathways and policy direction, jointly promoting the sound development of the industry.

At the same time, leveraging the platform of NFLG Institute, we integrate high-quality resources from domestic and overseas

universities, scientific research institutes and other organisations, focus on practical engineering needs in conducting technical research and translating research into applications, and provide end customers with systematic technical support and solutions. The Institute also continues to deliver highly qualified professional technical talent to the industry through professional training, technical exchange and project-based practice, supporting industry capacity building and sustainable development.

Through the above multi-dimensional industry participation and collaborative actions, we continue to strengthen linkages and cooperation with stakeholders across the industrial chain and actively promote the industry's overall technological progress and green, sustainable development.

### Participation In Industry Associations

Region	Association Name	Position
Domestic	China Construction Machinery Association	Director
	China Construction Machinery Association-Construction Machinery Rental Association	Director
	China Construction Machinery Association Concrete Machinery Sub-Association	Director
	China Construction Machinery Association Road Machine Branch	Vice President
	China Aggregates Association	Vice President
	China Recycled Aggregate Association	Vice President
	China Aggregates Association-Construction Solid Waste Sub-Association	Vice President
	China Concrete & Cement-based Products Association	Vice President
	China Concrete & Cement-based Products Association-Ready-Mixed Concrete Sub-Association	Vice Chairman
	China Concrete & Cement-based Products Association-Geotechnical Stabilisation and Solidification Technology Sub-Association	Director
	China Concrete & Cement-based Products Association-UHPC Sub-Association	Vice President
	China Concrete & Cement-based Products Association-Wind Power Hybrid Tower Sub-Association	Vice President

Region	Association Name	Position
Domestic	China Concrete & Cement-based Products Association-Prefabricated Concrete Components Sub-Association	Director
	China Bulk Cement Association of Popularization & Development	Vice Chairman
	China National Building Waterproof Association	Member
	China Building Materials Federation Premixed Mortar Sub-Association	Vice Chairman
	Gypsum Association of China Building Materials Federation	Director
	Maintenance and Management Branch of China Highway and Transportation Society	/
	China Association of Urban Environmental Sanitation-Special Committee on Construction Waste	Director
	China Society of Building Materials Industry Economy Special Committee for Solid Waste Disposal and Resource Utilization of New Materials	Director
	China Association of Productivity Promotion Centers-Special Committee on Collaborative Treatment and Industrialisation of Multi-source Solid Waste	Member
	Fujian Environmental Sanitation Association	Vice President
	Fujian Aggregates Association	Vice President
	Quanzhou Equipment Manufacturing Association	Director
	Quanzhou Cement and Cement Products Industry Association	Vice President
	Overseas	drymix.info
Russian Dry Mix Association		/
Russian Asphalt Association		/
Russian Concrete Association		/

### National/Industry Standards Primarily Drafted or Co-Drafted

Standards Number	Standards Name	Category	Participation
GB/T 46760-2025	Building construction machinery and equipment—Concrete and mortar machinery terminology	National Standard	Principal Drafter
GB/T 25641-2025	Road construction and road maintenance machinery and equipment—Asphalt hot recycling plant	National Standard	Principal Drafter

Highlight

**Annual Industry Conference of the China Construction Machinery Association Road Machine Branch**

In 2025, we participated in the annual industry conference organised by the China Construction Machinery Association Road Machine Branch in Puyang, Henan. The conference focused on the development and application of road recycling technology and was attended by more than 300 representatives from competent authorities, enterprises and research institutions. At the conference, we shared our experience in plant-mixed hot asphalt recycling technology, with a particular focus on technical practices for improving the performance stability of recycled asphalt mixtures. To address the limited incorporation ratio and significant performance fluctuations of reclaimed asphalt pavement (RAP) in traditional hot recycling processes, we optimised pretreatment processes and equipment to ensure thorough dispersion and screening of RAP materials, reduce material variability, and maintain stable mixture performance while increasing the incorporation ratio. These technologies have already been applied in a number of engineering projects to improve the utilisation efficiency of recycled materials, reduce the consumption of virgin materials, and lower the environmental burden arising from production and construction processes. During the conference, we also showcased asphalt recycling-related equipment, including asphalt mixture mixing equipment and RAP processing equipment, to support the stable application of recycled materials.



Highlight

**Big 5 Global International Construction Industry Exhibition**



In 2025, we participated in Big 5 Global, held in Dubai, and engaged with industry participants from the Middle East and other regions. During the exhibition, we communicated with local contractors and partners about the application of equipment such as asphalt mixing, concrete production, and mobile crushing and screening equipment in complex environments featuring high temperatures and dust, and exchanged relevant technical solutions and practical experience. At the same time, in light of infrastructure development needs in the Middle East, we discussed equipment selection, application scenarios, and operation and maintenance with customers, further deepening our understanding of regional market needs in terms of efficiency, stability and environmental adaptability. In the course of these exchanges, we worked in coordination through the local dealer network and continued to enhance our localised service and technical support capabilities.

Highlight

**Thailand Construction Machinery Exhibition (CBA Expo)**

In 2025, we participated in the Construction Machinery Exhibition (CBA Expo) held in Bangkok, Thailand, and engaged with industry customers from Southeast Asia and other regions. During the exhibition, we communicated with local customers about the application of equipment for mining crushing, construction mixing and asphalt mixture production in transport, energy, mining and other scenarios, and exchanged relevant technical solutions and practical experience. In light of the material characteristics and construction requirements of Southeast Asia, we highlighted the equipment's performance in adapting to complex working conditions and maintaining long-term stable operation. At the same time, through the exhibition, we further deepened our understanding of equipment demand arising from regional infrastructure development and mining activities, and exchanged views with customers on production efficiency, operation and maintenance costs, and environmental adaptability, providing reference for subsequent product optimisation and the further refinement of solutions.

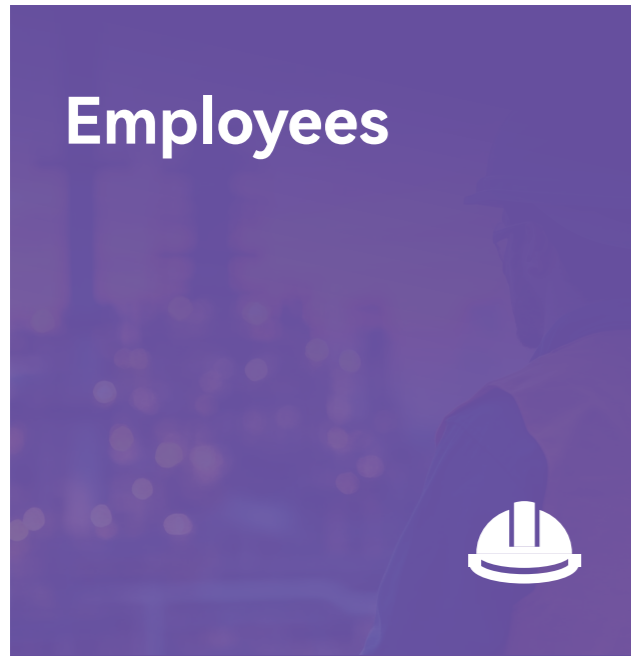


Highlight

**International Building Materials and Construction Equipment Exhibition (BATIMATEC)**



In 2025, we participated in the International Building Materials and Construction Equipment Exhibition (BATIMATEC) held in Algiers and engaged with industry customers from North Africa and surrounding regions. During the exhibition, we communicated with local customers about the application of equipment for asphalt mixture production, concrete mixing, and mobile crushing and screening in scenarios such as road construction, mining and building materials production, and exchanged relevant technical solutions and practical experience. In light of regional infrastructure development needs, we highlighted the equipment's performance in energy saving, stable operation and adaptation to complex working conditions. At the same time, through on-site exchanges, we gained a better understanding of local market demand in areas such as construction efficiency, equipment flexibility and operation and maintenance support, and discussed customised solutions to provide reference for subsequent product optimisation and practical application.



# Employees

We uphold a people-oriented development philosophy and are committed to building a human resources ecosystem centred on growth, incentives, care and shared success. By providing industry-competitive compensation and benefits, establishing diversified and predictable career development pathways, and safeguarding employees' legitimate rights and interests in accordance with the law, we lay a solid foundation for talent development. At the same time, we continue to optimise our internal management mechanisms and strive to foster an organisational atmosphere that is open and transparent, fair in opportunity, collaborative and culturally inclusive, so as to fully stimulate employees' creativity and intrinsic motivation and realise aligned growth and shared value creation between employees and the enterprise.

## Human Rights Protection

Respecting and protecting human rights is an internationally accepted business norm and legal requirement, and is also central to building harmonious labour relations, enhancing employees' sense of belonging, and shaping a responsible corporate image. We always regard respect for and protection of employees' legitimate rights and interests as an important foundation of employee management. We strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the labour and employment laws and regulations of the places where we operate. Through internal rules and systems such as the

"Human Rights Policy," "Employee Handbook," and "Human Resources Management System," we continue to reinforce the foundation for protecting employee rights and interests, incorporating requirements on standardised employment, equal employment, anti-discrimination and anti-harassment, and the prohibition of child labour and forced labour into day-to-day management. In our operations, we strictly fulfil our basic responsibilities with respect to standardised employment, equal employment, anti-discrimination and anti-harassment, and the prohibition of child labour and all forms of forced labour. We have also established a regular mechanism for identifying, preventing and controlling human rights risks, and continue to integrate human rights due diligence management into the full business process.

## Employment Compliance

We manage employment in a lawful and compliant manner and continue to advance institutionalised, standardised and regulated employee management across key areas such as recruitment and hiring, labour contract management, working hours and leave, remuneration payment, social insurance, and employee benefits. In recruitment management, we conduct compliant recruitment in accordance with relevant systems and comprehensively evaluate candidates in terms of personal qualities, professional skills, and professional ethics, so as to ensure that screening, interviews, and hiring procedures are conducted in a standardised and orderly manner. In cases of internal referral, we require interviews and hiring reviews to be carried out in accordance with standard procedures, and direct family relationships must be declared in advance, so as to further enhance the transparency of recruitment.

In our labour management practices, we strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and relevant laws and regulations, and lawfully protect employees' legitimate rights and interests in respect of working hours, rest and leave, and basic working conditions, while implementing differentiated management according to job characteristics. We implement working hour arrangements in compliance with legal requirements. Functional positions follow the standard working hour system, while for production positions, the human resources department and the production planning department have jointly established a working hour feedback and balancing mechanism to dynamically compare actual attendance with planned working hours and make scientific adjustments, thereby ensuring that employees' rest time is fully protected while safeguarding production efficiency.

We firmly oppose and strictly prohibit the use of child labour and any form of forced labour. We strictly implement identity verification upon onboarding, employment review, and working hour compliance management, continuously improve our risk prevention and control mechanisms, uphold business ethics and legal boundaries, and earnestly fulfil our social responsibilities in labour and human rights protection. During the reporting period, we were not subject to any administrative penalties for violations of labour laws.

## Equal Employment

We consistently embed the core values of equality, respect and inclusion throughout the full process of talent management. In key areas such as recruitment, promotion, appraisal and remuneration, we strictly follow the principles of fairness and impartiality, and resolutely eliminate discrimination or differential treatment arising from gender, age, nationality, ethnicity, place of origin, race, religious belief, physical condition, marital or parental status, or any other factor. We are committed to providing employees from different backgrounds with equal development opportunities and platforms.

### Gender Equality and Support for Women's Development



We attach great importance to the protection of the rights and interests of female employees and support for their development, ensuring that they enjoy equal rights in remuneration and benefits, career opportunities and other areas, and fully implementing statutory entitlements such as maternity leave and breastfeeding leave in accordance with the law. At the same time, we actively pay attention to the practical needs of female employees during pregnancy, maternity and breastfeeding periods, and continue to foster a more inclusive and supportive workplace environment through institutional adaptation and environmental optimisation.

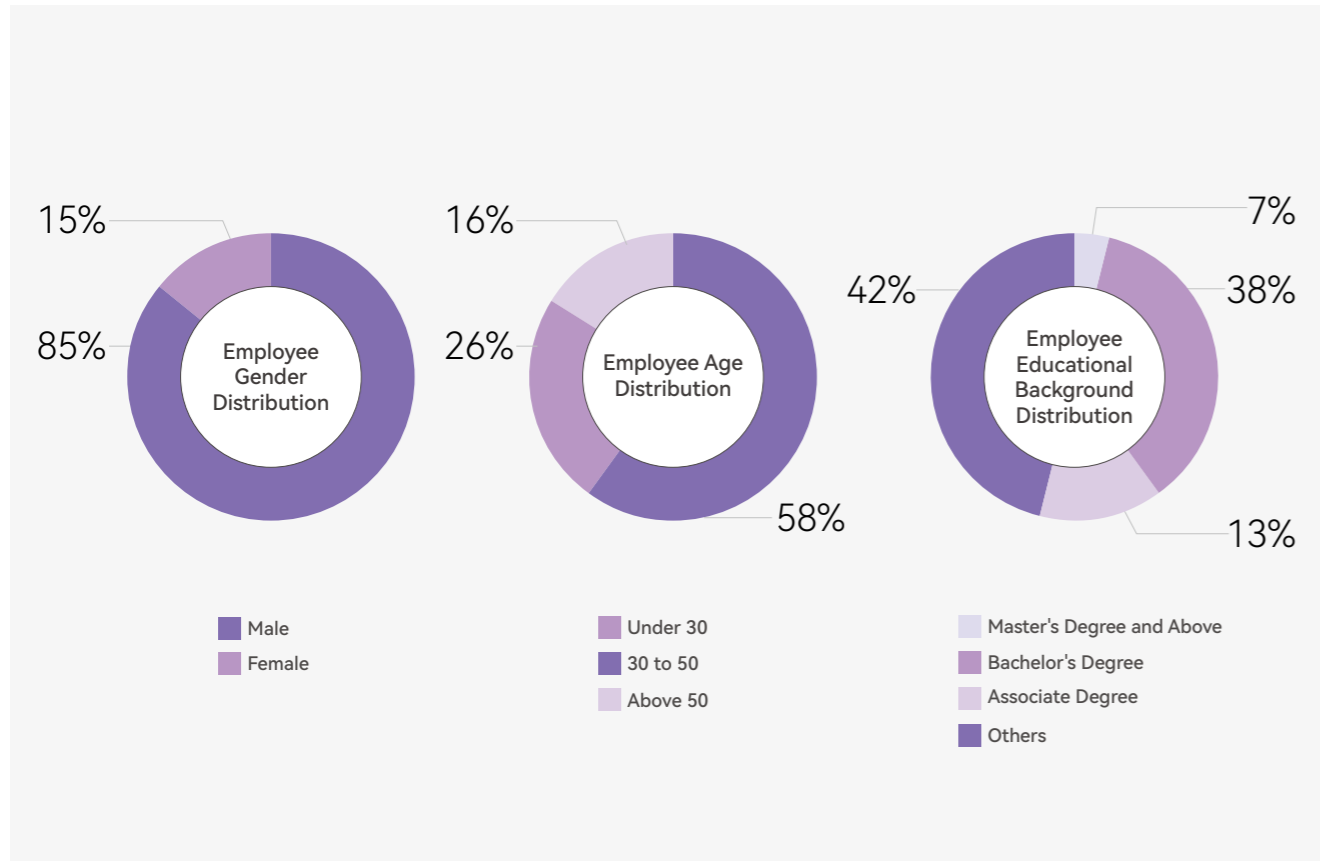
### Anti-discrimination, Anti-harassment and Protection of Workplace Dignity



We firmly oppose and strictly prohibit any form of discrimination, harassment and workplace violence, and effectively safeguard the personal dignity and legitimate rights and interests of every employee. Through policy communication, onboarding training and regular communication, we continuously strengthen all employees' understanding and recognition of standards of conduct relating to anti-discrimination, anti-harassment and anti-violence, and require managers at all levels and personnel of our partners to strictly comply with professional standards and refrain from any improper interference or infringement in any form. We have established and kept open internal feedback and grievance channels, encouraging employees who experience or observe unfair treatment to report it promptly through their immediate supervisors, the human resources department or designated channels, so as to ensure that the protection of employee rights and interests is genuinely embedded in day-to-day management and corporate culture.



International Women's Day Activities



### Grievance Mechanism

We attach great importance to employees' expression of concerns and the protection of their legitimate rights and interests, and regard a sound, accessible and effective grievance and feedback mechanism as a foundation for healthy organisational development. We are committed to providing employees with an environment for rights protection characterised by accessible channels, dedicated platforms and timely responses. Employees may provide feedback on work-related issues, suggestions or complaints through multiple internal channels, including their immediate supervisors and the human resources department. Upon receipt of feedback, the relevant department initiates standard handling procedures at once and, while paying due attention to the protection of the privacy of the persons concerned, conducts investigation, verification and response in accordance with laws and regulations, so as to ensure that the handling process is fair, transparent and traceable. Where violations are confirmed upon verification, we impose

corresponding measures on the responsible persons according to the seriousness of the circumstances, so as to effectively uphold the seriousness of our rules and systems and the legitimate rights and interests of employees.

We continue to optimise a full-process closed-loop management mechanism covering grievance acceptance, investigation and verification, feedback on results, and rectification and implementation, extending the protection of employee rights and interests from ex post handling to day-to-day listening, prevention in advance and continuous improvement. By continuously improving mechanisms for two-way communication and trust-building, we strive to foster an organisational culture characterised by rational expression, equal dialogue and timely response, continuously enhancing employees' sense of belonging, trust and organisational identity, and consolidating the internal foundation for sustainable development.

### Employee Communication

Smooth, healthy and two-way employee communication is an important foundation for stimulating organisational vitality, building consensus for development, preventing management risks and fostering harmonious labour relations. We respect and fully safeguard the various democratic rights enjoyed by employees in accordance with the law, and are committed to establishing a multi-level, multi-channel and regular communication mechanism and actively building an efficient, transparent and interactive platform for dialogue between management and employees. At the same time, we strictly comply with laws and regulations such as the Constitution of the People's Republic of China and the Trade Union Law of the People's Republic of China, and effectively safeguard employees' rights to be informed, to participate, to express themselves and to supervise.

In accordance with the law, we have established and support the labor union in independently carrying out its work, enabling it to serve as an important bridge for connecting with employees, reflecting their concerns and safeguarding their rights and interests. By deeply integrating employee communication into organisational management, talent development and corporate culture building, we strive to make employees' ideas and concerns an important source for optimising company decision-making, improving management and advancing corporate culture, and jointly foster an organisational ecosystem that is open, inclusive, built on mutual trust and oriented towards shared growth.

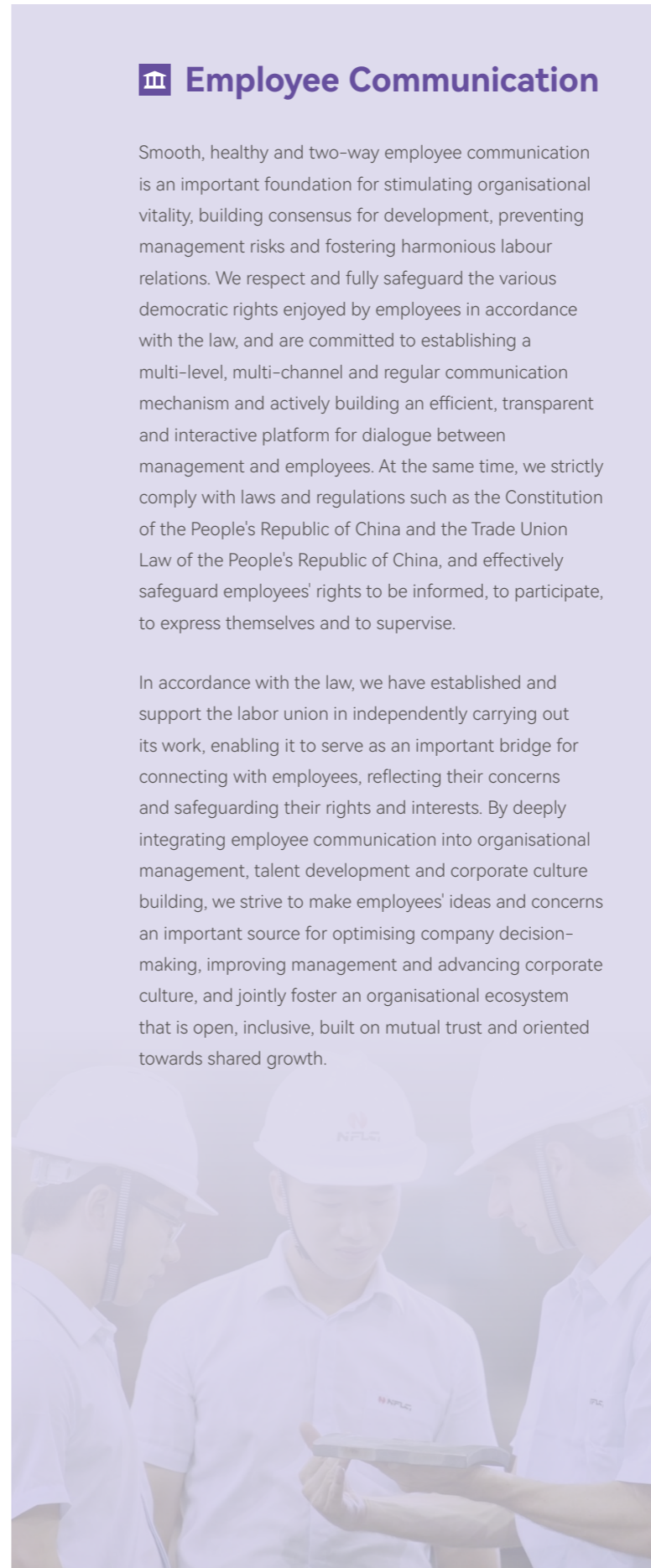
### Diverse Channels

Efficient and diverse employee communication is integral to the healthy functioning of the organisation. In order to continuously broaden channels for the expression of opinions and feedback on concerns, we systematically integrate online and offline resources and have established diversified employee communication channels covering employee interviews, team meetings, workshop visits, hotline and email communication, internal office platforms and thematic forums. This ensures smooth information flow in day-to-day management, so that employees' concerns can be identified in a timely manner, effectively communicated and properly responded to.

Through regular employee dialogue sessions, dedicated exchange sessions for management trainees and other formats, we conduct in-depth exchanges on key issues such as role adaptation, career development and work collaboration. This enhances both the effectiveness and coverage of communication, while also systematically integrating employee feedback into the systems for management improvement and talent development, thereby enabling the organisation to continue evolving through listening and fostering a genuinely open, trust-based and collaborative working ecosystem.

### Democratic Participation

We encourage employees to actively put forward opinions, suggestions and complaints regarding operations and management, work improvement and team collaboration, and strive to further transform employees from recipients of information into participants in organisational development. Relying on the labor union and diversified communication platforms, we continue to strengthen employees' ability to know about, participate in, express views on and supervise matters relating to business operations and management, thereby promoting closer links between employees and the enterprise in goal alignment, shared value creation and problem-solving. For reasonable opinions and suggestions put forward by employees, we place emphasis on timely acceptance, follow-up handling and meaningful feedback, effectively responding to employee concerns and promoting the communication mechanism from one-way transmission towards two-way interaction and closed-loop improvement.



## Employee Development

Talent is the most valuable strategic resource of the enterprise and the core engine driving technological innovation, leading product upgrading and achieving high-quality development. We closely align talent development with organisational strategy and systematically build a training and development system covering all employees and spanning the entire career lifecycle, striving to provide every employee with platforms and opportunities for continuous learning, capability enhancement and value realisation. Centred on business strategy and job competency requirements, we continue to optimise an integrated talent development mechanism that is grounded in performance management, guided by career development pathways, supported by empowering training and safeguarded by talent pipeline building. We are committed to fostering a talent development environment that combines internal fairness with external competitiveness and, through clear growth paths, systematic development plans and effective incentive measures, fully stimulating innovative vitality among talent and intrinsic organisational dynamism, thereby injecting a constant stream of talent-driven impetus into the sustainable development of the enterprise.

### Career Development

Based on different job attributes and business scenarios, we strengthen targeted development and support, so as to closely align employees' capability enhancement with career growth. Focusing on key links in the value chain, including production and manufacturing, technology research and development, quality control and after-sales service, we continue to enhance employees' ability to solve practical business problems through specialised skills training, practical drills, technical seminars, case reviews and other forms, helping them accumulate experience and deepen professional expertise through practice.

For key positions and core technical teams, we systematically implement a range of measures, including management trainee programmes, internal technical salons and empowerment through online learning platforms, continuously enhancing the technical depth and organisational collaboration capabilities of our technical teams and providing solid and reliable talent support for project delivery, production operations, quality assurance and customer service. On this basis, we are committed to building clear, diverse and sustainable career development pathways and providing employees with visible and attainable growth paths:

- We have established three major career development tracks: the management track, the technical track and the skilled worker track. Each track is divided into clearly defined levels and supported by systems such as engineer title evaluation and skills level certification, with a view to fostering an open, fair and just environment for promotion.

- For frontline technical employees, we guide the continuous improvement of job skills through regular performance evaluations and promotion assessments. For engineers, we adopt a "self-nomination + recommendation" mechanism and, through technical reports, on-site defence, cross-departmental reviews and other methods, comprehensively evaluate their professional competence, project contributions and innovation value.

By combining job-specific empowerment with pathway development, we systematically support employees in achieving sustained advancement from "job adaptation" to "job competence" and then to "professional leadership," thereby laying a solid talent foundation for the high-quality development of the enterprise.

**Highlight**

### Innovative Practices in Youth Communication

To enhance our attractiveness to young talent and help fresh graduates gain a more intuitive understanding of the Company's real working environment and development system, we focused on the theme of "learning and growth for new graduates after joining the Company," planned and launched a series of original workplace comics, and continued to publish them through the Company's official WeChat account and other platforms.

Through lively illustrations and youth-oriented storytelling, the comic series vividly presents new employees' transition from campus to the workplace, their adaptation process and their growth gains, integrating elements such as corporate culture, development mechanisms and career pathways into the storyline and conveying the Company's emphasis on and investment in young talent in a more accessible and relatable manner. Through content innovation and optimisation of communication formats, we not only broadened our channels of communication with young people, but also enhanced the awareness and attractiveness of our employer brand among the new generation of talent, injecting fresh cultural vitality into talent recruitment and youth development.



"Cradle of Steel"-NFLG's Growth-themed Comic Series for New Workers

## Talent Development

Focusing on the dual requirements of talent development and organisational capability building, we continue to build a systematic, tiered and targeted talent development system. In accordance with strategic plans and annual business objectives, we systematically formulate and implement annual employee training plans and, by integrating online and offline approaches and combining theoretical instruction with on-the-job practice, provide employees with multi-level training programmes covering pre-job adaptation, professional skills enhancement and management capability development, helping them continuously improve job competence, professional quality and overall capabilities.

### → Building a Learning Platform Integrating Internal and External Resources

Internally, we have established an internal instructor team, encouraged key employees to distil knowledge and share experience, and continued to develop internal case libraries and course resources, so as to promote the efficient accumulation and intergenerational transfer of organisational knowledge. Externally, we actively introduce training resources from universities, research institutions and leading players in the industry, providing employees with opportunities for professional development, industry exchange and practical study visits, and fostering an organisational atmosphere of continuous learning, openness and progress.

### → Advancing the Development of Online Learning Platforms

We completed the online deployment of relevant courses for new employees and junior employees, continuously enhancing the systematic nature of training management and the accessibility of the learning experience. At the same time, we provide targeted development support for key talent groups: engineer development focuses on technical depth and innovation capability, management trainee programmes emphasise systematic training and job rotation practice, and foreign language improvement is advanced through the integration of digital learning platforms with practical application scenarios. Through multiple approaches such as topic discussions, project assignments and experience sharing, we systematically support employees in achieving continuous growth in professional advancement, overall quality and cross-cultural collaboration.

## University-Enterprise Cooperation

We continue to deepen collaborative cooperation with universities and maintain regular exchanges and coordination in areas such as talent development, internships and practical training, and technology research and development, thereby promoting effective alignment between the supply of professional talent and industry needs. Through various forms such as internships and practical training, research collaboration and industrial linkage, we systematically expand the implementation pathways for industry-education integration, building a positive interactive closed loop among talent development, technology research and development, and engineering application, and effectively promoting the transformation of cutting-edge research achievements into practical productive capacity.

On the basis of existing cooperation, we further focus on key areas such as collaborative innovation in research, vocational skills enhancement and exchanges of dual-qualified teaching staff, striving to develop industry-education integration programmes with greater depth and stronger systematisation. Leveraging the dedicated working mechanisms and coordination platforms already in place, we implement full-cycle management as well as dynamic evaluation and optimisation for university-enterprise cooperation projects, continuously enhancing project operation efficiency, resource integration capabilities and the quality of outputs, and providing solid support for breakthroughs in the Company's technological innovation and the development of a high-quality talent ecosystem for the industry.

### Highlight

#### Linking Industry and Academia to Gain Insight into the Future — Industry-Education Integration Study Tour



In 2025, we actively responded to the call of local competent authorities and participated extensively in a study tour themed around industry-education integration. During the event, we engaged in dialogue with a number of universities on talent development and development trends in the industry, jointly promoting effective alignment between the talent supply side and the industrial demand side. Representatives of teachers and students from universities visited the Company and, through visits to the product showroom, the intelligent control system demonstration area and the R&D experimental platforms, systematically learned about the Company's latest practices in intelligent manufacturing, digital technologies and product innovation, further deepening their understanding of the construction machinery industry's development path towards intelligent and green transformation.

During the exchange and discussion session, we shared the latest changes in industry talent demand and our assessment of future trends based on our own business development practices. We pointed out that, with the deep integration of technologies such as artificial intelligence, the Internet of Things and big data into the construction machinery sector, industry demand has increased significantly for technical talent with capabilities in intelligent equipment research and development, data analysis and systems integration. At the same time, with the implementation of the Company's internationalisation strategy and the deepening of its global business presence, the need is becoming increasingly pressing for compound talent who not only possess solid engineering and technical backgrounds, but also have cross-cultural communication skills and experience in international project operations. This event not only provided teachers and students with a window into the forefront of industry development, but also further strengthened the foundation for the Company to build a long-term mechanism for university-enterprise collaboration and precise talent cultivation.

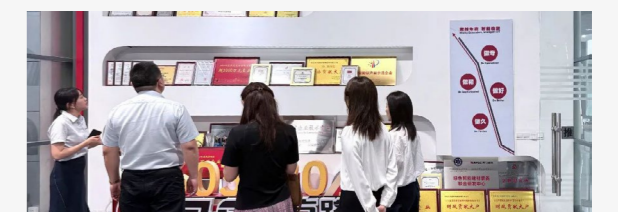
### Highlight

#### Jointly Establishing an Internship Base to Deepen the University-Enterprise Collaborative Talent Cultivation Mechanism

In 2025, we carried out university-enterprise cooperation exchanges with Chang'an University and formally signed an agreement to establish an employment internship base, with the aim of promoting precise alignment between talent cultivation and industrial needs. During the exchange, the two parties conducted practical discussions on key issues including arrangements for student internships and practical training, innovation in university-enterprise collaborative education models, industry development trends and talent needs.

Based on its current business layout and technology development direction, the Company systematically explained the specific requirements for engineering and technical talent in terms of professional competence, practical skills and overall quality against the backdrop of intelligent and green transformation. The Company stated that, by providing internship positions, project practice and guidance from technical mentors, it would support students in achieving a transition in capability from theory to application and enhance their career adaptability and development potential.

The establishment of the internship base not only provides university students with a practical platform to access the forefront of the industry and participate in real projects, but also further expands the pathways for university-enterprise collaborative talent cultivation. Using the base as a platform, both parties will continue to strengthen collaboration in areas such as joint talent development, faculty sharing and joint technology research, so as to continuously supply high-quality professional talent for the Company's high-quality development and technological progress in the industry.



## Employee Compensation and Benefits

We fully recognise that a scientific, reasonable and sustainable compensation and benefits system is not only a core pillar for attracting, retaining and motivating talent, but also a key management foundation for driving the implementation of organisational strategy, stimulating organisational vitality and achieving sustainable development. To this end, we not only focus on the competitiveness and attractiveness of compensation and benefits in the external talent market, but also place greater emphasis on their systematic alignment with the Company's stage of development, financial position and cultural philosophy, and are committed to building a reward mechanism that is closely linked to job value, capability level and performance contribution. By continuously optimising the compensation structure, performance linkage and long-term incentive arrangements, we continue to enhance the internal fairness, external competitiveness and development orientation of compensation management, ensuring that the reward system can effectively support business growth while remaining financially and institutionally sustainable, so that employees' efforts are reasonably rewarded and they can share in the Company's growth achievements, thereby consolidating the ecological foundation for long-term mutual success and coordinated development between the organisation and its talent.

### Compensation Management

We continue to improve our compensation management system, ensure that employees' working environment, conditions and hours comply with legal requirements, and provide employees with reasonable remuneration, thereby effectively safeguarding their legitimate rights and interests. In compensation management, we adhere to the principles of fairness, competitiveness, incentive orientation, economic efficiency and confidentiality, and have established a compensation system centred on salaries and supplemented by bonuses. In light of the Company's operating conditions, job value and employee performance, we continue to improve the compensation adjustment mechanism and have formed a management model that combines annual adjustments, ad hoc adjustments and immediate individual pay adjustments, continuously enhancing the standardisation, adaptability and incentive effectiveness of compensation management.

At the same time, we attach importance to the effective alignment of performance evaluation, career development and value-based rewards. Through diversified recognition and reward mechanisms, including quarterly team excellence awards, annual individual excellence awards and annual team excellence awards, we effectively stimulate employees' enthusiasm for work and innovation potential. For employees who have demonstrated long-term service and sustained contributions, we have established dedicated commendation and honorary incentive arrangements, further strengthening employees' sense of belonging, sense of honour and organisational identification, and jointly fostering a healthy organisational ecosystem featuring shared value creation and shared growth.

## Employee Benefits

We are committed to building a multi-dimensional benefits system covering statutory protection, supplementary protection and humanistic care, and strive to create a stable, convenient and reassuring working and living environment for employees. On the basis of strictly implementing the national statutory leave system, including marriage leave, maternity leave, breastfeeding leave, sick leave, bereavement leave and paid annual leave, we also provide employees with supplementary protection such as accidental injury insurance, mutual medical assistance insurance, employer liability insurance and traffic accident insurance. Taking into account the practical needs of overseas assignments, business travel and other work scenarios, we also provide dedicated personal accident insurance for relevant positions, systematically enhancing employees' risk resilience and safety protection in different situations.

Beyond basic protection, we provide diversified benefits support centred on employees' full-cycle needs in daily work and life, including canteen services, accommodation, work uniforms, festival benefits, birthday care, team trips, health check-ups, Friday shuttle buses for return trips home and flexible working arrangements. We also actively coordinate internal and external resources to help employees address practical concerns such as their children's schooling. In addition, we have established a dedicated mutual medical assistance fund to provide supplementary support for the healthcare needs of employees and their immediate family members. By continuously enriching the content of benefits and extending the boundaries of care, we are deepening the employee benefits system from "meeting basic protection needs" to "supporting quality living, caring for family needs and conveying organisational warmth," thereby effectively enhancing employees' sense of belonging, security and well-being.



Employee Birthday Party

Distribution of Employee Benefits



Heatstroke Prevention and Cooling Supplies

## Occupational Health and Safety



We adhere to the work safety policy of "safety first, prevention first and comprehensive management," strictly comply with the Work Safety Law of the People's Republic of China and the applicable occupational health and safety laws and regulations in the places where we operate, and comprehensively incorporate occupational health and safety management into the entire process

of production and operations. By continuously improving the management system, strengthening supervision and inspection, and enhancing process risk control, we continue to improve the systematisation and standardisation of occupational health and safety management.

While strengthening our own management, we also incorporate distributors, installation service contractors and other relevant partners into a unified safety management framework. By organising dedicated safety training, signing and implementing safety agreements, and clarifying on-site operating standards, we extend safety management requirements to value chain links and jointly create and maintain a safe and healthy working environment.

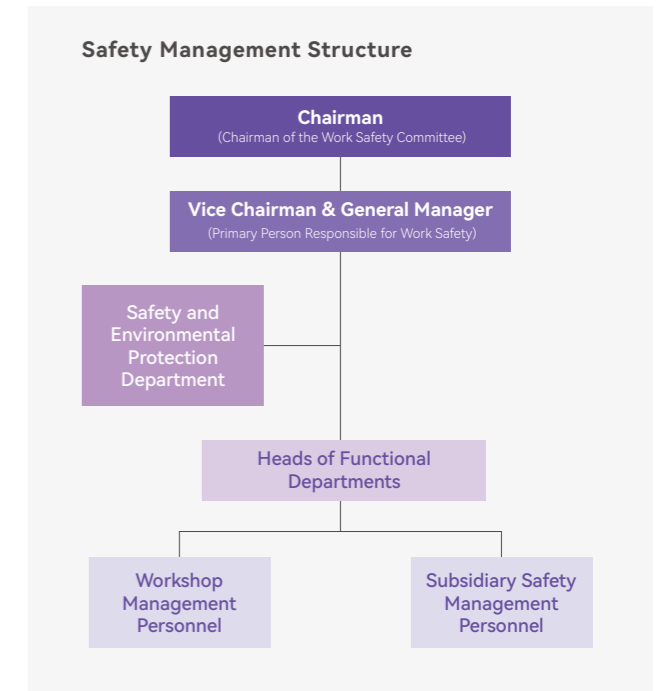
During the reporting period, we obtained certification under the ISO 45001 Occupational Health and Safety Management System. Throughout the year, there were no fatalities or major work safety liability accidents, no serious or above-level personal injury incidents, and the incidence rate of occupational diseases was zero.

### Safety Management Structure

We have established a Work Safety and Occupational Health Committee (hereinafter referred to as the "Safety Committee"), with the Chairman serving as its Director, to provide overall leadership for the Company's work safety and occupational health efforts. The Safety Committee designates the Chairman, Vice Chairman and General Manager as the principal persons responsible for work safety, the heads of each department as the persons responsible for work safety in their respective departments, and workshop management personnel and safety management personnel of subsidiaries as the persons responsible for work safety in their respective units, thereby fully implementing the work safety responsibility system.

Under the Safety Committee, we have established the Safety and Environmental Protection Department as a dedicated executive body responsible for daily management functions such as overall coordination, supervision and inspection, risk control, and training and communication. The Department regularly provides systematic reports to management on work safety

and occupational health conditions, promotes the continuous optimisation of the safety management system, and provides solid organisational support and institutional assurance for the Company's safe operations and employees' occupational health.



During the annual work planning stage, we systematically review the completion of work safety and occupational health management targets for the previous year and, in light of changes in the internal and external environment, scientifically formulate and dynamically adjust the management targets for the current year. To ensure the effective implementation of these targets, we hold quarterly special meetings on work safety to track and assess the progress made by each department in achieving its targets, and link the evaluation results to the performance-based compensation of the relevant responsible persons and management teams, thereby promoting deep integration between safety responsibilities and performance incentives.

With the comprehensive employee responsibility system for work safety at its core, the Company has established a responsibility transmission, supervision and execution mechanism covering all business units and management levels, ensuring that safety management requirements run through the entire operational process and all links thereof. During the reporting period, the Company signed a total of 1,324 copies of the Work Safety Responsibility Agreement. By binding responsibilities to positions and assigning them to individuals, the Company clearly defines safety responsibilities for each post and ensures that they are implemented by each person, thereby consolidating the foundation of safety management.

## Safety Management System

We strictly comply with the Work Safety Law of the People's Republic of China and other relevant laws and regulations, systematically carry out work safety and occupational health management, and, in light of the Company's actual operational and management conditions, continuously review, evaluate and optimise relevant systems, processes and procedures on a dynamic basis. By establishing and improving a systematic and standardised institutional framework, we provide solid institutional support and operational assurance for the continuous enhancement of safety management capabilities.

### Company Work Safety Management Systems

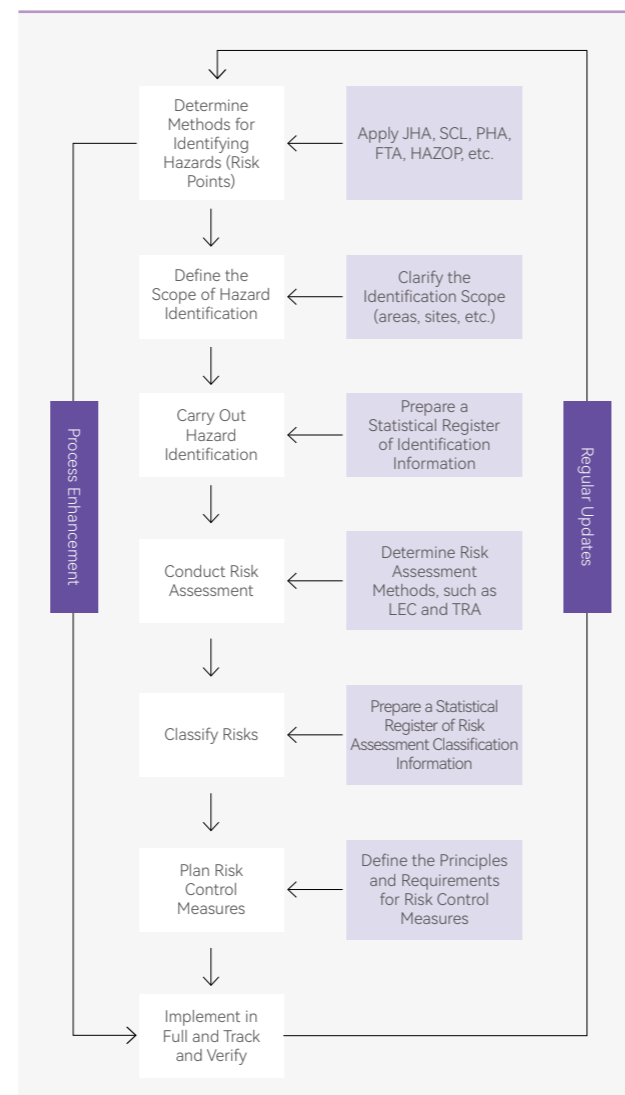
Work Safety Target Management System	Work Safety Target Assessment System
Work Safety Responsibility Management System	Work Safety Commitment System
Safety Culture Construction Management	Work Safety Information Management System
Special Operations Personnel Management System	Team Safety Activities Management System
Equipment and Facilities Safety Management System	Special Equipment Safety Management System
Confined Space Management System	High-altitude Operations Management Regulations
Temporary Electricity Usage Management System	Lifting Operations Safety Management System
Hazardous Chemicals Safety Management System	Fire Safety Management System

## Safety Risk Management

Systematic and forward-looking safety risk management is the cornerstone of accident prevention, the protection of employees' life and health, and the stable operation of the enterprise. The Company has established and strictly implemented a full-process safety risk management system, including the Work Safety Risk Classification and Control System, the Hazard Identification and Risk Assessment Management System, the Safety Warning Yellow Card Management Measures, the Incident and Near-Miss Management System, and the Major Hazard Source Management System, among others, thereby systematically regulating key aspects such as hazard identification and risk assessment, risk classification and control, early warning alerts, the management of incident and near-miss events, and the management of major hazard sources.

The Company conducts comprehensive identification of hazards and risk-level assessments throughout the entire process of production, operation and service, and adopts corresponding elimination, reduction and control measures based on risk levels. For dynamic operating activities, the Company uses the Job Hazard Analysis (JHA) method to systematically identify hazard factors and define control requirements. For static equipment and facilities, it applies the Safety Checklist (SCL) method to carry out systematic safety risk assessments. After identifying potential production safety accident risks, the Company promptly formulates and implements corresponding engineering, management control and emergency protection measures, reduces risks at the source, and continuously strengthens the work safety defence line.

### Safety Risk Classification and Control Procedure

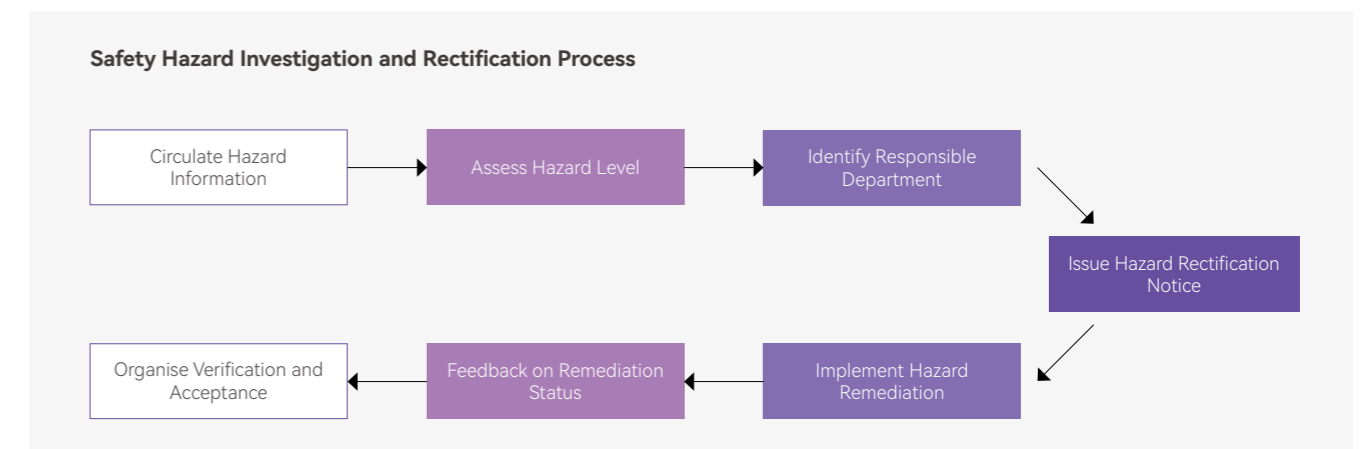


## Safety Inspection

We strictly implement the Safety Hazard Inspection and Rectification Management System and have established a closed-loop hazard management mechanism centred on safety inspections, hazard identification, employee reporting, rectification and implementation, and rewards, penalties and accountability. In this way, we systematically strengthen accident prevention and risk control, and promote the extension of safety management from post-incident handling to pre-incident prevention and in-process control. Our hazard inspection and rectification work covers various forms, including routine inspections, seasonal inspections, comprehensive inspections, holiday inspections and specialised inspections, thereby achieving all-round and periodic coverage of risk identification and rectification.

During the reporting period, the Company achieved a 100% rectification rate for identified safety hazards through a series of safety inspections:

<p><b>Comprehensive safety inspections</b></p> <p>Organised by the Company's General Manager or implemented by the Safety and Environmental Protection Department, and conducted at least once every quarter. Inspection results are reported at special work safety meetings, and the rectification and implementation of identified hazards are tracked and supervised to ensure closed-loop management of issues.</p>	<p><b>Seasonal safety inspections</b></p> <p>Coordinated by the Company's General Manager or organised by the Safety and Environmental Protection Department, with inspection priorities determined in light of seasonal characteristics. In spring, the focus is on lightning protection and leak prevention; in summer, on heatstroke prevention and cooling, typhoon prevention and flood prevention; in autumn, on fire prevention, explosion prevention, dust prevention and the integrity of protective facilities; and in winter, on the implementation of fire prevention, slip prevention, frost prevention and thermal insulation measures.</p>
<p><b>Specialised safety inspections</b></p> <p>Led by the Safety and Environmental Protection Department in conjunction with relevant professional personnel from production and operations and other functions, to carry out systematic inspections of key areas and critical parts such as electrical systems, fire-fighting facilities, special equipment and hazardous chemicals management, identify specialised hazards, and strengthen risk prevention and control in key links.</p>	<p><b>Holiday safety inspections</b></p> <p>Organised by the Company's General Manager or carried out by the Safety and Environmental Protection Department before and during holidays to inspect the implementation of work relating to security, duty arrangements and emergency preparedness, with a focus on verifying measures for fire prevention, explosion prevention and theft prevention, as well as the reserve status of emergency supplies, spare parts and components, so as to ensure safe and stable operations during holidays.</p>
<p><b>Routine safety inspections</b></p> <p>Organised by the Safety and Environmental Protection Department and carried out by dedicated safety management personnel through regular inspections centred on work sites, with dynamic identification and inspection of key factors that may trigger accidents, such as personnel behaviour, equipment condition and the work environment, so as to strengthen front-end risk control.</p>	



## Emergency Drills

To effectively respond to emergencies such as fires, safety incidents and natural disasters, we have established and improved an emergency management system and contingency plan framework, and have developed and implemented the Accident Emergency Rescue Management System. For different types of incidents, we have formulated corresponding specialised emergency response plans and on-site handling procedures, forming procedural documents that can directly guide on-site emergency response, including the Comprehensive Emergency Response Plan for Production Safety Accidents and the On-site Response Plan for Fall-from-Height Accidents. The Company's Work Safety Committee organises annual reviews of emergency response plans, and the Safety and Environmental Protection Department revises, updates or re-develops the plans based on the review results, ensuring that the contingency plan framework remains aligned with the realities of on-site management and continuously improving its applicability and operability.

The Company requires one comprehensive emergency drill and two specialised emergency drills to be organised each year, and requires each production and operations department to conduct at least one drill on an on-site handling procedure every six months, so as to strengthen employees' command of response procedures and their on-site handling capabilities. During the reporting period, the Company organised a total of 13 emergency drills covering lifting injuries, mechanical injuries, fire emergency response and fire evacuation, confined space emergency rescue and forklift emergencies, with a total of 273 participations recorded.

During the reporting period:

The Company organised a total of

**13** emergency drills

With a total of

**273** participations

**Highlight**

### Fire Emergency Drill

In 2025, based on the fire accident emergency response plan, we organised an on-site emergency drill in the painting workshop and simultaneously carried out hands-on training in the use of fire extinguishers. The drill was intended to comprehensively test the Company's state of emergency preparedness and on-site response capability, further clarify the division of emergency responsibilities among relevant departments and workshop personnel in the event of a fire, and systematically verify the practical operability of the emergency response procedures, information reporting mechanism and personnel evacuation arrangements.

After the drill, the Company organised an on-site review and evaluation. The results showed that participants' awareness of fire safety had increased significantly, their familiarity with emergency response procedures had improved markedly, and they were able to maintain order, follow instructions and carry out initial response measures under emergency conditions. At the same time, the drill also identified room for improvement in the emergency team's coordination, information transmission and resource allocation, providing an important basis for further improving emergency response plans, refining implementation procedures and optimising the training system.



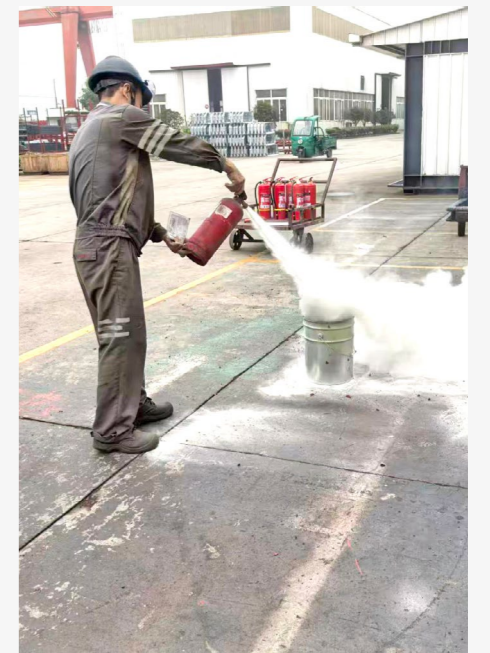
Fire Emergency Drill

**Highlight**

### Emergency Drill for Hazardous Chemicals Leakage and Fire Accidents

In 2025, the Company organised a comprehensive emergency drill in the painting workshop covering hazardous waste leakage disposal and fire emergency response. The drill was intended to systematically test the feasibility of on-site emergency handling procedures and the effectiveness of cross-departmental coordination mechanisms, further clarify the division of emergency responsibilities among different posts, and strengthen practical capabilities in key areas such as personnel evacuation organisation, initial response and on-site control. The drill was also accompanied by hands-on training in the use of fire extinguishers, as well as an on-site review and debriefing.

The drill evaluation showed that participants were able to follow instructions, carry out their assigned responsibilities, and conduct emergency response activities in an orderly manner under simulated hazardous conditions, reflecting the preliminary effectiveness of routine emergency training. At the same time, the drill also identified room for improvement in areas such as information linkage, resource coordination and multi-team collaboration, providing important practical support for the subsequent improvement of emergency response plans, optimisation of coordination mechanisms and enhancement of the targeting of specialised training.



Emergency Drill for Hazardous Chemicals Leakage and Fire Accidents

## Supplier/Contractor Occupational Health and Safety Management

In project installation services, the Company adopts a model in which installation entrusted to dealers serves as the primary approach, supplemented by self-operated installation, with more than 95% of installation work undertaken by dealers. To ensure installation quality and operational safety, the Company, in accordance with the Contractor Safety Management System and other relevant regulations, incorporates dealers, suppliers and other contractors into a unified safety management scope. Through comprehensive measures such as systematic training, agreement-based constraints, standardised operations and on-site supervision, the Company promotes the improvement of the relevant parties' own safety management systems, safeguards the health and safety of operating personnel, and effectively controls accident risks.



The Company strictly implements the Supplier Safety Management System and carries out access review and process control. Suppliers are required to possess the relevant qualifications stipulated by the State, and those involving hazardous chemicals must also obtain special permits. The Company does not cooperate with suppliers that fail to meet safety requirements. When delivering products, suppliers must simultaneously provide safety technical documentation. Before entering the plant, supplier personnel are required to undergo safety education and training and be informed of occupational hazards. After entering the operating area, the using department provides on-site safety briefings. The Company strengthens safety supervision over suppliers' operating processes to ensure compliance with the Company's safety management requirements.



In accordance with the Business Guidance Manual, the Assessment Plan for Independent Installation Dealers and other relevant systems, the Company conducts access review and ongoing management of installation service contractors. Contractors must be independent legal entities, hold valid safety qualifications and relevant safety certificates, and pay an installation security deposit. The Company verifies the professional qualifications of their construction and maintenance personnel, including project manager safety certificates and special operations permits, and requires installation personnel to possess the relevant experience. The Company strictly prohibits contractors from lending or transferring installation qualifications, and will terminate cooperation authorisation for any contractor involved in a major safety accident.



Construction contractors are required to sign safety agreements before entering the site. The Company regularly conducts safety inspections of construction sites, equipment and operations, urges the rectification of identified hazards and tracks them through to closure, while assigning dedicated safety personnel to carry out on-site supervision. The Company organises relevant personnel of related parties to receive safety education and training, and continuously verifies the certification status of special operations personnel. The Company makes it clear that construction contractors bear direct responsibility for the safety of the contracted works, workplaces, equipment and personnel, and must strictly implement the Company's safety requirements to ensure that construction safety remains under control.

Through systematic, full-chain safety management, the Company is committed to building a supply chain safety ecosystem with clear responsibilities, unified standards and effective execution, thereby providing solid assurance for the sustainable operation of its business.

## Safety Training

We strictly implement the Safety Education and Training Management System and regard tiered and categorised safety training as a fundamental pillar of sound safety management. Through systematic and targeted training, we continuously enhance all employees' understanding of and compliance with work safety laws and regulations, strengthen the safety awareness and standardised operating capabilities of frontline personnel, promote the implementation of safety responsibilities at every level, and ensure that safety concepts are truly embedded in daily management and employees' behavioural practices.

Each year, the Company's Safety and Environmental Protection Department collects training needs from all departments, formulates the annual safety training plan in a coordinated manner and organises its implementation, ensuring that the training content is closely aligned with the operating characteristics, risk factors and on-site management requirements of each position, thereby effectively enhancing employees' safety knowledge reserves and risk prevention capabilities. The Company's safety training arrangements for different categories of personnel include:

- For all active employees: We provide three-tier safety education and training at the Company, department and team levels, covering general safety requirements and job-specific risk alerts.
- For new employees (including temporary workers, contract workers, outsourced workers, rotating staff and agreement-based staff): We conduct mandatory pre-job safety training to ensure that they possess the safety knowledge and skills required for their positions.
- For special operations personnel (such as electricians, welders, pressure vessel operators and lifting personnel): We organise safety technical theory training and practical training corresponding to their positions, and require them to obtain the relevant special operations qualification certificates.
- For special operations personnel who have been away from their posts for more than six months: They are required to retake practical operation assessments and may resume work only after passing the assessments.
- For external personnel: We provide safety education through a combination of centralised instruction and on-site briefings. The training covers factory entry safety requirements, the production characteristics of the relevant unit, operational risks, safety and environmental protection requirements, accident cases, relevant systems, emergency protection measures and evacuation routes.

During the reporting period, the Company organised safety training through a variety of formats, including off-site training, safety knowledge lectures, team-based safety learning meetings, pre-shift meetings, on-site accident analysis meetings, safety publicity boards, publicity through the Company's official WeChat account, video learning, centralised classroom training and symposium discussions, with a total of 175 training sessions conducted throughout the year. The training content covered safety laws and regulations, the Company's safety management systems, basic knowledge of work safety and safety technical knowledge, as well as the study and analysis of accident cases. During the reporting period, total training time amounted to 12,902 hours, with 4,010 training participations recorded, achieving 100% coverage of Company employees.

During the reporting period:

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**The Company organised safety training**

**175** training sessions

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**Total training hours reached**

**12,902** hours

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**Total participants**

**4,010** participants

## Occupational Health

Safeguarding employees' occupational health and physical and mental well-being is an important manifestation of the Company's fulfilment of its social responsibilities, and a foundation for maintaining the sustainability of human resources and achieving high-quality development. The Company continues to improve its occupational health management system and employee care mechanisms, and is committed to creating a safe, healthy and supportive working environment for employees.

Taking into account the characteristics of different positions and employees' actual needs, the Company regularly organises occupational health examinations to help employees keep abreast of their health conditions in a timely manner and strengthen their awareness of proactive health management. At the same time, by providing professional support services such as psychological counselling and stress relief, the Company assists employees in actively coping with pressures arising from work and daily life, thereby enhancing their psychological resilience and overall sense of well-being.

In addition, the Company actively organises a variety of cultural and sports activities, including basketball, rowing, badminton, football and yoga, to enrich employees' cultural life, promote team integration and communication, strengthen organisational cohesion and employees' sense of belonging while improving physical fitness, and support the coordinated enhancement of employees' physical and mental health and work effectiveness, thereby fostering a vibrant, harmonious and sustainable organisational ecosystem.



Team-Building Activity



Table Tennis Match



Basketball Activity



Badminton Activity



Outdoor Activity



# Governance

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## 2025 Management Goals for Governance Matters



No internal violations occurred throughout the year



No incidents of commercial bribery or corruption occurred throughout the year



No conflicts of interest incidents occurred throughout the year



No money laundering or insider trading incidents occurred throughout the year



No lawsuits or major administrative penalties occurred due to unfair competition practices throughout the year



No incidents of tax violations occurred throughout the year



Regularly disclose sustainability reports to stakeholders, explaining the effectiveness of our sustainable development efforts



# Risk Management, Internal Control, and Compliance

A scientific, efficient and systematic risk control and compliance system is a core support for the Company's steady operations and long-term development. Based on the Company's strategic development plans and focusing on key operational and management priorities such as business model optimisation, product line deployment, organisational function adjustments, and cost reduction and efficiency enhancement, we organically integrate risk, internal control and compliance management, and continuously improve a risk-oriented internal control and compliance management system, embedding it into the Company's development resilience. By improving internal control processes and management mechanisms, conducting regular risk identification and assessment, carrying out special audits, supervision and inspections, and fostering a risk control and compliance culture, we integrate risk control requirements into all aspects of business and management, enhance the Company's ability to withstand risks across the entire value chain, and lay a solid foundation for high-quality development.

## Management Structure

We have established a multi-level risk and internal control management structure led by the Board of Directors:



<p><b>Audit Committee of the Board</b></p> <p>Responsible for guiding, supervising, reviewing and evaluating the establishment and implementation of the Company's internal control system.</p>
<p><b>Management</b></p> <p>Responsible for organising and leading the day-to-day operation of internal controls.</p>
<p><b>Audit Department</b></p> <p>Responsible for formulating and improving internal control systems, and for inspecting and evaluating the completeness, reasonableness and effectiveness of their implementation; Each year, in light of the Company's actual operations and business development, carries out internal audit work, reports the inspection and evaluation results at the Company's quarterly/annual operation and management meetings, and also reports to the Audit Committee, subject to its guidance and supervision.</p>

## Risk Identification

We have established, improved and effectively implemented a risk identification and control mechanism covering business activities and key links in areas such as production, procurement, sales, investment and fund management. In light of changes in the internal and external environment, as well as the actual circumstances of the Company's business activities and operational management, we identify, review and update risk control points in a timely manner, optimise the internal control risk matrix, and regularly update and improve internal control systems and processes, clarifying approval authority, operating procedures and control standards for each link, so as to ensure that internal control is aligned and integrated with business management and to effectively prevent various risks arising in the course of operations.

Taking the following two categories of risks identified by the Company as examples:

Risks and Impacts	Mitigation Measures
<p><b>Mismatch between human resources and business development needs</b></p> <p>As market competition intensifies, the demand for professional talent in the industry continues to increase. If the Company's human resources are not properly planned or are planned unreasonably, human resources may fail to effectively support business development needs, ultimately affecting the achievement of the Company's strategy.</p>	<p><b>Formulate and regularly assess human resources planning</b></p> <p>formulate medium- and long-term human resources plans and annual plans in line with corporate strategy and planning, and regularly assess their implementation, making adjustments where necessary to maintain consistency with the internal and external environment, corporate strategy and annual business plans.</p>
<p><b>Trade secrets leakage</b></p> <p>If employee turnover occurs and confidentiality and non-compete agreements have not been signed, the Company's trade secrets may be disclosed or misused, weakening its competitive advantage and potentially affecting its business development.</p>	<p><b>Sign confidentiality and non-compete agreements</b></p> <p>sign confidentiality agreements and non-compete agreements with senior management, key technical personnel and other personnel who are under confidentiality obligations.</p> <p><b>Establish confidentiality control mechanisms</b></p> <p>on the one hand, restrict the scope of persons informed of and authorised to access technical confidential information, and strictly implement procedures for the transmission, storage and destruction of technical secrets; on the other hand, manage and control confidential equipment and networks through technical means.</p>

## Risk Oversight

Effective oversight is critical to ensuring the sustained effectiveness of the internal control and compliance system. The Company has established and continuously improved a comprehensive and multi-level risk oversight mechanism, combining routine audits, special audits and internal control evaluations to carry out regular supervision and inspection. This enables us to identify deficiencies and issues in the establishment and operation of the internal control system in a timely manner, clarify the responsible parties, corrective measures and time limits for rectification, and urge relevant departments to implement rectification, thereby forming a closed-loop management process of "oversight-identification-rectification-optimisation" to ensure the effective operation of internal controls and effective risk management. In addition, the Company also encourages employees, through the "Rationalisation Proposal" mechanism, to proactively report potential risks or put forward suggestions for improving internal control management.

During the reporting period, the Company carried out the following risk oversight and inspection activities:

- Conducted internal control evaluations for all operating entities within the consolidation scope, covering key aspects of business management and business activities such as development strategy, procurement, sales, capital activities, R&D activities and information systems, with a particular focus on high-risk areas including procurement, sales, capital activities and raised funds management; at the same time, engaged external professional institutions to conduct third-party audits on the effectiveness of internal controls, thereby continuously strengthening internal control management.

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- Routine audits were conducted across all operating entities within the scope of consolidation, focusing on key areas such as sales operations, procurement operations, production and inventory, capital activities, and R&D activities. Based on the audit findings, timely rectifications and process optimizations were carried out, continuously improving the internal control system.

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- Carried out special audit projects in relation to export sales and import procurement activities, systematically strengthening risk management and compliance control for import and export operations in the following two respects:
  - Business audits and risk prevention: Focused on auditing the effectiveness of internal controls, business compliance and authenticity of import and export operations, identifying potential risk points in a timely manner and putting forward improvement recommendations, thereby strengthening risk prevention capabilities within business processes.
  - AEO certification compliance audits: Conducted comprehensive reviews of customs-enterprise communication mechanisms, import and export documentation management, information system support, and the completeness of business records in accordance with the standards for Authorised Economic Operator (AEO) certification, and continuously optimised relevant systems and improved hardware facilities based on audit findings to ensure that business operations and the internal management system continuously meet AEO certification requirements, thereby safeguarding the efficiency and credibility of the Company's import and export business.

## Culture Building

To reinforce the foundation of risk control and compliance management, the Company continues to promote the deep integration of a risk control and compliance culture into daily operations. By regularly organising risk compliance training and thematic exchange sessions, systematically communicating relevant laws and regulations, regulatory policies and internal rules and regulations, disseminating knowledge of risk control and compliance, strengthening all employees' awareness of risk prevention and law-abiding, compliant operations, and at the same time enhancing the professional competence and practical capabilities of personnel in relevant positions, the Company ensures that risk control is truly internalised as a shared organisational code of conduct, thereby providing solid support for the sustained and effective operation of the internal control system.

## Commercial Behaviors



Integrity and compliance are not only inherent requirements for the Company's own development, but also important support for building a sound business ecosystem. The Company integrates integrity in business operations and compliant development throughout its business activities. Through the Code of Business Conduct, the Company sets out its core positions and bottom-line requirements in areas such as anti-corruption and anti-bribery, fair and free competition, prevention of conflicts of interest and anti-money laundering, and takes it as a fundamental guide for the responsible conduct of all employees, ensuring that every business activity operates in an orderly and prudent manner within the framework of laws, regulations and ethical standards. On this basis, the Company extends this sense of responsibility to value chain partners, encouraging suppliers, contractors and distributors to follow the value standards established in the Code of Business Conduct, create social value while pursuing commercial value and economic benefits, and work together with partners to build a transparent, fair and sustainable business ecosystem.

## Anti-Commercial Bribery and Anti-Corruption

Upholding a firm stance of zero tolerance for any form of corruption or bribery, the Company continues to advance integrity building and has established a control mechanism covering ex-ante prevention, in-process supervision and ex-post accountability. We strengthen integrity management for all employees and business partners, thereby building a strong line of defence against integrity risks to support the Company's steady operations.

## Integrity Management of Employees

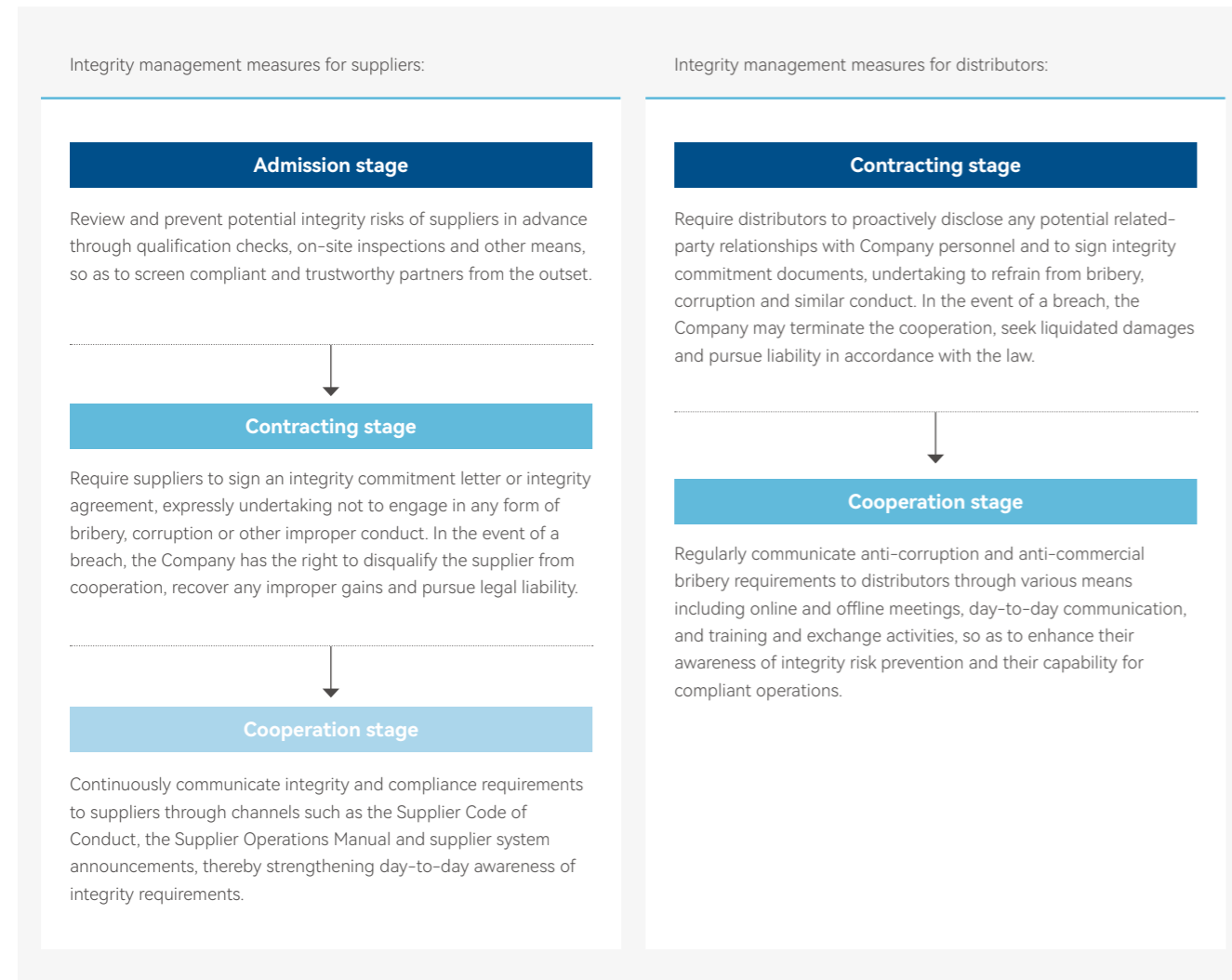
In terms of policy and system development, the Company has formulated the Anti-Corruption and Anti-Bribery Policy, the Employee Handbook and other internal policies, which clearly specify prohibited conduct in areas such as corruption and bribery, conflicts of interest, and gifts and hospitality, defining red lines for conduct and compliance boundaries for all employees and strictly requiring all employees to uphold integrity and self-discipline.

Integrity risk prevention and control: Focusing on high-risk business areas such as procurement, the Company continues to strengthen oversight and management of key positions. All management personnel and other relevant staff participating in procurement activities are required to sign the Anti-Commercial Bribery and Integrity Self-Discipline Commitment, undertaking to strictly comply with national laws and regulations and the Company's integrity requirements, and to refrain from any form of corruption, bribery or conflict of interest. The Company will hold any person who breaches such commitment seriously accountable in accordance with its internal policies.

Implementation of integrity accountability: The Company has established and improved an accountability mechanism, under which embezzlement, corruption, commercial bribery and similar conduct are expressly classified as exceptionally serious disciplinary violations. Once verified, the Company will, based on the investigation results, impose measures on the responsible persons including economic compensation claims, position or grade adjustments, and termination of employment; where a criminal offence is suspected, the matter will be transferred to the judicial authorities in accordance with the law for legal liability to be pursued. Through such rigid constraints, the Company continues to reinforce a compliance ecosystem that deters corruption, prevents corruption and discourages any desire for corruption.

## Integrity Management of Business Partners

The Company embeds integrity and compliance requirements into its business cooperation processes and systematically advances integrity management for suppliers, distributors and other partners through a combination of contractual commitments, process supervision and ongoing communication, thereby strengthening integrity risk prevention and control across the entire value chain.



## Integrity Risk Review and Oversight

To ensure the early identification and timely handling of integrity risks, the Company has established and implemented a routine integrity oversight mechanism. The Audit Department incorporates integrity risk reviews into internal audit and internal control evaluation work, continuously monitors and strengthens control over integrity risks that may arise in important business activities and key operating links. At the same time, by identifying issues in a timely manner and promoting the implementation of corrective actions, the Company continuously enhances its integrity risk prevention and control capabilities and seeks to minimise the adverse impact of integrity risks on its operations.

During the reporting period, the Company did not record any incidents of commercial bribery or corruption.

## Anti-unfair Competition

Conducting business with integrity and acting fairly is a position and responsibility that the Company consistently upholds in its global business activities. The Company strictly complies with the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and consistently honours the commitments set out in its Code of Business Conduct. We conduct business in accordance with the principles of integrity and free and fair competition, firmly prohibit unfair competition practices such as commercial bribery, false advertising, and infringement of trade secrets, respect and protect the lawful rights and interests of competitors, and safeguard a free and fair market environment.

To ensure that the principles of integrity in business operations and fair competition are effectively implemented, the Company regulates its business activities in a comprehensive manner by improving policies and procedures, organising employee training and strengthening internal supervision, thereby enhancing the ethical and compliance awareness of all employees. In procurement activities, the Company requires personnel responsible for procurement and related work to organise procurement in accordance with the Company's rules, regulations and work requirements, and to ensure that procurement processes comply with the principles of fairness, impartiality and openness. Where relevant personnel engage in unfair competition practices, the Company will take corresponding measures and pursue accountability in accordance with its internal rules and disciplinary mechanisms.

### Prohibited Unfair Competition Practices

- No differential or discriminatory treatment of suppliers on the basis of unreasonable conditions
- No setting of biased qualification thresholds or technical clauses to exclude or restrict other potential suppliers
- No malicious collusion with suppliers or procuring entities
- No abuse of authority to designate suppliers by compulsion or interfere with normal procurement activities; no improper economic dealings with purchasers or suppliers for the purpose of obtaining improper benefits



## Tax Compliance Management

Paying taxes in accordance with the law is an important aspect of corporate compliance operations and an integral part of the Company's fulfilment of its social responsibilities. To ensure tax compliance, transparency and integrity, the Company has formulated the Tax Policy as the basic guideline for its tax management work. On the basis of strict compliance with national tax laws and regulations, the Company undertakes not to transfer profit attribution to regions with lower tax rates or other jurisdictions that enable tax avoidance for the purpose of obtaining improper benefits, not to adopt tax structures without commercial substance or implement arrangements lacking reasonable commercial purpose for improper tax avoidance purposes, and to follow the arm's length principle in making transfer pricing arrangements for related-party transactions among related enterprises so as to ensure the fairness and reasonableness of such transactions.

The Finance and Accounting Management Centre is responsible for the implementation of the Company's tax management work. In terms of tax risk management, the Company incorporates tax risks into its routine control framework and continues to improve its tax internal control system. In accordance with the requirements of the Internal Control Manual, the Company

systematically identifies and assesses tax risks that may arise in the course of its operations through standardised internal control processes, and adopts effective targeted control measures to continuously strengthen its tax risk prevention and control capabilities. In terms of tax compliance oversight, the Company engages external institutions to conduct tax audits each year to ensure the compliance and transparency of its tax management. At the same time, the Company maintains regular communication and exchanges with the competent tax authorities, keeps abreast of the latest developments in tax policy, proactively adapts to policy changes, and ensures that tax work is carried out in a standardised and orderly manner.

In addition, the Company regularly organises relevant personnel from related departments to participate in tax compliance training in order to strengthen awareness of tax payment in accordance with the law and enhance the professionalism of tax management, thereby supporting the Company's high-quality development.

During the reporting period, the total tax paid by the Company amounted to 83.44 million CNY, and no tax violations occurred.

## Complaint Mechanism and Whistleblower Protection

The Company attaches importance to the protection of stakeholders' rights and interests. By establishing diversified complaint channels, it encourages employees, suppliers, distributors, customers and other stakeholders to supervise the Company's business activities and to lodge complaints or reports with the Company regarding any conduct involving violations of business ethics, laws or regulations.

### Complaint and Reporting Channels

Complainants may lodge complaints or reports under their real names or anonymously through the following channels:

Complaint Hotline	0595-28201085
Complaint Email	audit@nflg.com
Correspondence Address	No. 700, Tiyu Street, High-tech Industrial Park, Fengze District, Quanzhou City

In addition to the public complaint and reporting channels set out above, the Company also clearly informs employees and suppliers of complaint hotline numbers, email addresses and other relevant information through the Anti-Commercial Bribery and Integrity Self-Discipline Commitment signed by employees and the integrity commitments / integrity agreements signed by suppliers, thereby providing them with clear and accessible complaint and reporting channels.

The Audit Department is responsible for receiving and handling complaints and reports, as well as opening files and maintaining records, so as to ensure the timely receipt of complaint information and the efficient handling of cases. At the same time, the Company has established a reward mechanism for complainants who provide effective clues or improvement suggestions, encouraging stakeholders to actively participate in supervision.

### Whistleblower Protection Mechanism

With the objective and commitment of protecting the lawful rights and interests of complainants, the Company follows the principles of fairness, impartiality and confidentiality, actively adopts various protective measures for complainants, and prohibits any form of retaliation. The Company allows anonymous complaints and reports, and applies strict confidentiality measures to the identity information of complainants and the materials submitted in connection with complaints and reports. When rewarding complainants, the Company must not disclose their identity information unless their consent has been obtained. If any Company personnel are found to have retaliated against a complainant, the Company will impose disciplinary actions such as warnings or dismissal from office depending on the severity of the circumstances, and pursue the corresponding legal liability.





# Data Overview

## Environmental

Indicator	Unit	2022	2023	2024	2025
<b>Environmental Investment</b>					
Total annual environmental protection investment <sup>1</sup>	Ten-thousand CNY	78.50	144.16	1,193.01	125.43
<b>Environmental Management</b>					
Number of environmental violations in the year	Time	0	0	0	0
The number of environmental emergency drills in the year		4	4	3	3
<b>Emissions and Discharge</b>					
<b>GHG<sup>2</sup></b>					
Scope 1: Direct GHG emissions		425.14	579.84	556.88	608.22
Scope 2: Energy indirect GHG emissions (market-based)		3,489.04	3,777.64	1,444.49	2,230.72
Scope 2: Energy indirect GHG emissions (location-based)	tCO <sub>2</sub> e	3,489.04	3,777.64	3,454.24	3,645.39
Total GHG emissions (Scope 1 + Scope 2) (market-based)		3,914.18	4,357.48	2,001.37	2,838.94
Total GHG emissions (Scope 1 + Scope 2) (location-based)		3,914.18	4,357.48	4,011.12	4,253.61
Total GHG emissions intensity (Scope 1 + Scope 2) (market-based)	tCO <sub>2</sub> e/hundred-million CNY of operating revenue	321.56	381.92	199.86	273.74
Scope 3: Other indirect GHG emissions	tCO <sub>2</sub> e	/	/	1,031,010.40	1,534,548.89
<b>Air Pollutants<sup>3</sup></b>					
NOx emissions		0.10	0.00	0.00	0.25
SOx emissions		/	/	/	0.25
PM emissions		0.87	0.13	0.67	4.37
Non-methane hydrocarbons emissions		28.10	17.14	2.60	1.81
Benzene emissions	Ton	/	0.09	0.00	0.04
Toluene emissions		0.14	0.08	0.01	0.03
Xylene emissions		0.51	0.20	0.32	0.20
Aromatic compounds emissions		0.65	0.37	0.33	0.27
VOCs emissions		/	/	/	2.03

<sup>1</sup> The increase in the Company's environmental protection investment in 2024 was primarily attributable to the special construction investment made by the Xiantao base to improve its environmental protection facilities and enhance environmental governance capacity. No similar new special investment is expected in 2025.  
<sup>2</sup> In 2025, the Company's increased production capacity drove a corresponding rise in both energy consumption from production processes and product shipments, resulting in higher GHG emissions across Scope 1, Scope 2, and Scope 3.  
<sup>3</sup> The increase in the Company's air pollutant emissions in 2025 compared to the previous year was primarily due to the increase in production capacity.

Indicator	Unit	2022	2023	2024	2025
<b>Wastewater and Wastewater Pollutants<sup>4</sup></b>					
Wastewater discharge		/	81,004.00	83,479.00	80,906.40
COD discharge		24.08	17.98	31.63	10.10
BOD <sub>5</sub> discharge	Ton	8.97	6.93	11.27	3.73
Ammonia nitrogen discharge		1.21	1.95	5.79	1.07
Total nitrogen discharge		/	2.77	2.47	1.55
Suspended solids discharge		/	4.37	4.58	3.40
<b>Waste</b>					
<b>Hazardous Waste<sup>5</sup></b>					
Hazardous waste generation	Ton	61.16	71.21	231.90	139.68
Transfer and disposal volume of hazardous waste		61.16	71.21	231.90	139.68
<b>General Waste<sup>6</sup></b>					
Industrial waste produced volume		1,761.00	2,024.00	1,824.39	2,022.42
Domestic waste produced volume		/	/	497.50	779.60
Transfer and disposal volume of general waste	Ton	/	/	2,321.89	2,802.02
Industrial waste recycled		1,761.00	2,024.00	1,824.39	2,022.42
Domestic waste recycled		/	/	0	0
General waste recycled		/	/	1,824.39	2,022.42
<b>Water Resources<sup>7</sup></b>					
Water withdrawal	m <sup>3</sup>	95,846.00	95,242.18	97,454.00	89,896.00
Water consumption		/	14,238.18	13,975.00	8,989.60
Water consumption density	m <sup>3</sup> /hundred-million CNY of operating revenue	/	1,247.93	1,385.58	866.80
<b>Energy Consumption<sup>8</sup></b>					
Electricity consumption		6,117,910.00	6,623,950.61	6,479,622.30	6,870,318.00
Including: Nuclear power consumption	kWh	0	0	3,787,700.00	2,716,998.90
Wind power consumption		0	0	0	493,999.80
Clean electricity ratio	%	0.00	0.00	58.46	46.74
Natural gas consumption	m <sup>3</sup>	75,327.00	70,931.00	76,755.00	107,603.94
Liquefied petroleum gas consumption	kg	0	0	0	1,700.00
Gasoline consumption	L	20,200.00	26,473.61	26,155.00	28,063.21
Diesel consumption		59,434.00	95,917.62	63,336.00	66,602.86

<sup>4</sup> In 2025, by enhancing its wastewater treatment capacity, the Company achieved a reduction in total wastewater pollutant discharge despite an increase in production capacity.  
<sup>5</sup> In 2025, through process improvement and technology upgrades, the Company increased the utilization rate of raw and auxiliary materials, effectively reducing the generation of hazardous waste despite an increase in production capacity.  
<sup>6</sup> The increase in the Company's general waste generation and transfer/disposal volume in 2025 compared to the previous year was primarily due to the increase in production capacity.  
<sup>7</sup> In 2025, through process improvement and technology upgrades, as well as promoting water conservation in production and daily operations, the Company achieved a reduction in both water withdrawal and water consumption despite an increase in production capacity.  
<sup>8</sup> The increase in the Company's energy consumption in 2025 compared to the previous year was primarily due to the increase in production capacity.



## Market

Indicator	Unit	2022	2023	2024	2025
<b>Product Qualification</b>					
Product qualification rate	%	100.00	100.00	100.00	100.00
<b>Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services</b>					
Total number of non-compliant incidents related to health and safety impacts of products and services	Case	0	0	0	0
<b>Incidents of Non-compliance Concerning Product and Service Information and Labeling</b>					
Total number of non-compliant incidents related to product and service information and labeling	Case	0	0	0	0
<b>Incidents of Non-compliance Concerning Marketing Communications</b>					
Total number of non-compliant incidents related to marketing communication	Case	0	0	0	0
<b>Information Security and Customer Privacy Breach Incidents</b>					
Total number of incidents subject to administrative penalties due to violations of information security management regulations	Case	/	/	0	0
Total number of customer privacy infringement incidents		/	/	0	0
<b>Incidents of Customer Complaints</b>					
Total number of customer complaint incidents	Case	0	11	10	8
Resolved customer complaints		/	11	10	8
Customer complaint resolution rate	%	/	100.00	100.00	100.00
<b>R&amp;D Investment and Research Personnel</b>					
Total R&D investment in science and technology	Ten-thousand CNY	6,424.02	7,345.87	8,281.83	8,414.61
Ratio of R&D investment to revenue from core businesses	%	/	/	8.38	8.21
Number of R&D personnel	Person	/	/	324	343
Proportion of R&D personnel	%	/	/	25.71	25.91
<b>Intellectual Property</b>					
Number of new patent applications		64	83	44	35
Number of new patent grants	Item	46	55	87	55
Number of new trademark applications		/	/	19	14
Number of new trademark registrations		/	/	17	14

Indicator	Unit	2022	2023	2024	2025
Total number of litigation resulting from infringement of intellectual property rights	Case	/	0	0	0
<b>Suppliers Management</b>					
<b>Distribution of Suppliers by Region<sup>9</sup></b>					
Number of suppliers in mainland China		/	/	/	527
Including: Number of suppliers in the province where the company is located		/	/	/	185
Number of suppliers in other regions	Count	/	/	/	9
Total		/	/	/	536
Number of significant suppliers		/	/	/	154
<b>Supplier Audit</b>					
Number of newly admitted suppliers in the year		40	51	46	28
Number of suppliers on hand assessed through desk evaluation		/	146	121	123
Number of suppliers on hand assessed through on-site inspection	Count	/	43	40	22
Total number of suppliers participating in coaching programs		/	26	36	26
Total number of suppliers participating in coaching programs with significant real potential negative impacts		/	0	0	0
<b>Distributor Management</b>					
<b>Distribution of Distributors by Region</b>					
Number of distributors in mainland China		22	23	24	22
Including: Number of distributors in the province where the company is located	Count	2	3	3	1
Number of distributors in other regions		8	8	12	25
Total		30	31	36	47
<b>Distributor Audit</b>					
Number of distributors reviewed in the current year	Count	30	31	36	47
Number of new distributors admitted in the current year		4	1	5	11
Proportion of newly admitted distributors reviewed to the total number of reviewed distributors in the current year	%	13.33	6.45	13.89	23.40

<sup>9</sup> In 2025, the Company refined its supplier statistical scope by promoting optimization of supplier management.



# Employment

Indicator	Unit	2022	2023	2024	2025
<b>Employee Composition</b>					
Total employees		1,215	1,234	1,260	1,324
Including: Employees with signed employment contracts	Person	1,215	1,217	1,238	1,307
Employees who signed reemployment agreements		/	17	22	17
Other workers <sup>10</sup>		26	46	13	20
<b>Employee Composition By Gender</b>					
Male	Person	1,044	1,064	1,079	1,130
Female		171	170	181	194
<b>Employee Composition By Age</b>					
Under 30	Person	270	283	308	336
30 to 50		781	767	751	772
Over 50		164	184	201	216
<b>Employee Composition By Education</b>					
Master's degree and above	Person	33	35	58	91
Bachelor's degree		385	413	450	502
Associate degree		355	182	177	179
Others		442	604	575	552
<b>Employee Composition By Nationality</b>					
China	Person	1,213	1,233	1,257	1,316
Others		2	1	3	8
<b>Employee Composition By Profession</b>					
Production employees	Person	578	582	569	548
Sales employees		112	114	114	122
Technical employees		287	382	433	484
Finance employees		20	16	15	14
Administrative employees		218	140	129	156
Female production employees		28	20	25	23

<sup>10</sup> Other workers include external consultants, interns, and labor dispatch personnel.

Indicator	Unit	2022	2023	2024	2025
Female sales employees		34	42	37	43
Female technical employees		28	37	82	86
Female finance employees	Person	17	12	10	11
Female administrative employees		64	59	27	31
Female employees in Science, Technology, Engineering, and Mathematics (STEM) positions		/	22	35	34
<b>Employment in the Local Province</b>					
Number of local employees	Person	820	825	855	929
Proportion of local employees	%	67.49	66.86	67.86	70.17
Number of female local employees	Person	134	131	137	151
Proportion of female local employees	%	78.36	77.76	75.69	77.84
Number of local senior management <sup>11</sup>	Person	/	4	4	4
Percentage of local senior management	%	/	100.00	100.00	100.00
Number of female local senior management	Person	/	1	1	1
Percentage of female local senior management	%	/	100.00	100.00	100.00
<b>Management Gender Distribution</b>					
Male management	Person	98	101	103	125
Female management		24	24	26	31
Including: Female senior management		1	1	1	1
Female middle management		23	23	25	30
Proportion of female senior management		/	25.00	25.00	25.00
Proportion of female management	%	19.67	19.20	20.16	19.87
Proportion of female managers in revenue-generating departments		/	12.90	50.00	33.33
<b>Labor Contracts</b>					
Employment contract signing rate	%	100.00	100.00	100.00	100.00
<b>Employment of People with Disabilities</b>					
Number of employees with disabilities	Person	2	2	2	2
Ratio of employees with disabilities	%	0.16	0.16	0.16	0.15

<sup>11</sup> The company's senior management includes the general manager, chief engineer, financial director, and board secretary.

Indicator	Unit	2022	2023	2024	2025
<b>Employee Turnover</b>					
<b>The Overall Situation of Employee Turnover</b>					
Total employees at the beginning of the year		1,211	1,215	1,234	1,260
Total new recruiters in the year		177	249	165	223
The total number of resignations for the year	Person	173	230	139	159
The total number of voluntary resignations		/	179	93	108
The total number of resignations from the management team		/	14	8	2
Annual turnover rate	%	12.46	15.71	9.94	10.72
<b>Employee Turnover by Age</b>					
The number of employees under 30 years old who resigned		/	103	50	73
The number of employees between 30 and 50 years old who resigned	Person	/	116	85	73
The number of employees above 50 years old who resigned		/	11	4	13
<b>Employee Turnover by Nationality</b>					
The number of Chinese national employees who resigned		/	229	138	159
The number of non-Chinese national employees who resigned	Person	/	1	1	0
<b>Employee Training<sup>12</sup></b>					
<b>The Overall Situation of Employee Training<sup>13</sup></b>					
Total annual investment in employee training	Ten-thousand CNY	91.56	50.68	41.02	20.55
Total number of employees trained	Person	1,215	1,234	1,260	1,324
Average amount of training	Ten-thousand CNY	0.08	0.04	0.03	0.02
Total number of female employees trained		171	170	181	194
Total number of male employees trained	Person	1,044	1,064	1,079	1,130
Proportion of female employees trained	%	100.00	100.00	100.00	100.00
Employee training coverage rate		100.00	100.00	100.00	100.00
Total number of training sessions for employees	Time	102	256	298	235

<sup>12</sup> The changes in the Company's training metrics and investment structure in 2025 were primarily attributable to the transition to an online self-directed training model, with the long-term benefits of previously established online resources further optimizing costs.

<sup>13</sup> Except for the total annual investment in employee training, all other data on the overall situation of employee training are based on the statistical scope of training programs organized by the Human Resources Department and the Safety and Environment Department.

Indicator	Unit	2022	2023	2024	2025
Total number of training hours for employees		11,541.00	30,235.50	29,150.00	25,980.00
Average training hours for employees	Hour	9.50	24.50	23.13	19.62
Total participants in training	Participant	3,685	12,259	16,313	16,680
<b>Employee Training by Type<sup>14</sup></b>					
Total online training hours		/	531	9,461	7,879
Total number of hours spent on coaching and training sessions		/	15,784	1,200	4,947
Total hours of leadership training	Hour	/	675	173	0
Total number of hours spent on IT training sessions		/	6	5	252
<b>Employee Performance</b>					
Number of employees undergoing regular performance and career development assessments	Person	/	551	564	576
Proportion of employees undergoing regular performance and career development assessments	%	/	44.65	44.76	43.50
<b>Employee Compensation</b>					
The entry level salary for male employees		2,000	2,000	2,000	2,100
The entry level salary for female employees		2,100	2,100	2,100	2,100
The government-mandated minimum wage for males in the local area	CNY	1,650	1,650	1,800	1,970
The government-mandated minimum wage for females in the local area		1,650	1,650	1,800	1,970
The ratio of the entry level salary for males to the government-mandated minimum wage for males in the local area	%	121.21	121.21	111.11	106.60
The ratio of the entry level salary for females to the government-mandated minimum wage for females in the local area		127.27	127.27	116.67	106.60
<b>Freedom of Association</b>					
Number of employees participating in the labor union	Person	/	1,234	1,260	1,324
Proportion of employees participating in the labor union	%	/	100.00	100.00	100.00
<b>Security Practices</b>					
Security personnel received communication and training on human rights policies or procedures		14	14	22	14
The number of security personnel employed by company	Person	8	8	22	8
Total number of third-party security personnel		6	6	6	6
The proportion of security personnel received communication and training on human rights policies or procedures	%	100.00	100.00	100.00	100.00

<sup>14</sup> The data on employee training by type counts the training conducted by the Human Resources Department.

## Occupational Health and Safety

Indicator	Unit	2022	2023	2024	2025
<b>Investment in Work Safety</b>					
Total annual investment in work safety	Ten-thousand CNY	303.50	421.57	445.24	517.47
Expenditure on work injury insurance		/	/	/	62.72
<b>Occupational Health and Safety Training Performance</b>					
Total participants of occupational health and safety training	Participant	2,161	8,733	5,645	4,010
Total hours of occupational health and safety training	Hour	4,035	13,420	18,311	12,902
Total number of personnel receiving occupational health and safety training	Person	1,215	1,234	1,260	1,324
Proportion of personnel receiving occupational health and safety training	%	100.00	100.00	100.00	100.00
Number of female personnel receiving occupational health and safety training	Person	171	170	181	194
Proportion of female personnel receiving occupational health and safety training	%	100.00	100.00	100.00	100.00
Number of safety emergency drills	Time	7	9	14	13
Participant attendances in safety emergency drills	Participant	/	500	340	273
Total number of occupational health and safety training sessions	Time	38	206	182	175
<b>Work Safety Accidents</b>					
Extra-major accident	Case	0	0	0	0
Major accident		0	0	0	0
Serious accident		0	0	0	0
General accident		0	0	0	0
Number of work stoppages	Time	0	0	0	0
Duration of work stoppages	Day	0	0	0	0
<b>Occupational Health and Safety Performance</b>					
Number of workers covered by the occupational health and safety management system		1,215	1,234	1,260	1,324
Number of persons injured at work <sup>15</sup>	Person	10	6	6	12
Number of work-related fatalities		0	0	0	0
Work-related fatality rate	%	0.00	0.00	0.00	0.00

<sup>15</sup> All work-related injury incidents occurring in the Company in 2025 were minor injuries.

Indicator	Unit	2022	2023	2024	2025
Total number of work-related injury incidents	Case	10	6	6	12
Total number of near-miss incidents		/	45	43	76
Total Recordable Injury Rate (TRIR) per 200,000 hours worked-Employees		/	0.55	0.47	0.90
Total Recordable Injury Frequency Rate (TRIFR) per 1,000,000 hours worked-Employees		/	2.76	2.34	4.50
Lost Time Injury Rate (LTIR) per 200,000 hours worked-Employees	/	/	0.55	0.47	0.90
Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 hours worked-Employees		/	2.76	2.34	4.50
Near-miss incident rate per 1,000,000 hours worked		/	20.75	16.74	28.51

## Community

Indicator	Unit	2022	2023	2024	2025
<b>External Donations</b>					
Total outward donations	Ten-thousand CNY	71.94	33.97	25.44	25.20

## Governance

Indicator	Unit	2022	2023	2024	2025
<b>Business Ethics</b>					
<b>Anti-corruption Communication and Training</b>					
Percentage of employees receiving anti-corruption communication and training		/	100.00	100.00	100.00
Percentage of suppliers receiving anti-corruption communication and training	%	/	100.00	100.00	100.00
Percentage of distributors receiving anti-corruption communication and training		/	100.00	100.00	100.00
<b>Business Ethics Violations</b>					
Total number of commercial bribery and corruption incidents		/	0	0	0
Total number of conflict-of-interest incidents	Case	/	0	0	0
Total number of money laundering or insider trading incidents		/	0	0	0
Total number of lawsuits or major administrative penalties due to unfair competition practices		/	0	0	0

# Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Index

Topic	Article	Location
<b>Chapter III Environmental Disclosure</b>		
Climate Change Tackling	Articles 21 to 28	Climate Response
Pollutant Discharge	Article 30	Pollutant Discharge
Waste Disposal	Article 31	Waste Disposal
Ecosystem and Biodiversity Protection	Article 32	Ecosystem and Biodiversity Protection
Environmental Compliance Management	Article 33	Environmental Compliance Management
Energy Usage	Article 35	Energy Usage
Usage of Water Resources	Article 36	Usage of Water Resources
Circular Economy	Article 37	Circular Economy
<b>Chapter IV Social Disclosure</b>		
Rural Revitalization	Article 39	Rural Revitalization
Contributions to the Society	Article 40	Social Contributions
Innovation-driven	Article 42	Innovation-driven Development
Ethics of Science and Technology	Article 43	Not Applicable
Supply Chain Security	Article 45	Supply Chain Security
Equal Treatment of Small and Medium-sized Enterprises	Article 46	Equal Treatment to Small and Medium-sized Enterprises
Safety and Quality of Products and Services	Article 47	Safety and Quality of Products and Services
Data Security and Customer Privacy Protection	Article 48	Information Security and Customer Privacy Protection
Employees	Article 50	Employees

Topic	Article	Location
<b>Chapter V Corporate Governance Information Related to Sustainable Development Disclosure</b>		
Due Diligence	Article 52	Management of Material Matters Climate Response Supply Chain Security
Communications with Stakeholders	Article 53	Communications with Stakeholders Investor Relations Management
Anti-Commercial Bribery and Anti-Corruption	Article 55	Anti-Commercial Bribery and Anti-Corruption
Anti-unfair Competition	Article 56	Anti-unfair Competition

## SASB Index

SASB Topic	Metrics	Location
Energy Management	RT-IG-130a.1: (1) Total energy consumed (2) percentage grid electricity and (3) percentage renewable	Energy Usage Data Overview
Employee Health & Safety	RT-IG-320a.1: (1) Total recordable incident rate (TRIR) (2) fatality rate, and (3) near miss frequency rate (NMFR)	Occupational Health and Safety Data Overview
Fuel Economy & Emissions in Use-phase	RT-1G-410a.1: Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Not available in this report
	RT-1G-410a.2: Sales-weighted fuel efficiency for non-road equipment	Not available in this report
	RT-1G-410a.3: Sales-weighted fuel efficiency for stationary generators	Not available in this report
	RT-IG-410a.4: Sales-weighted emissions: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	Not available in this report
Materials Sourcing	RT-1G-440a.1:RT-IG-440a.1: Description of the management of risks associated with the use of critical materials	Not applicable
Remanufacturing Design & Services	RT-IG-440b.1:RT-IG-440b.1:Revenue from remanufactured products and remanufacturing services	Not applicable

# ESRS Index

European sustainability reporting standards (ESRS)		Location/omission
<b>ESRS 2 General Disclosures</b>		
<b>BP-1</b>	General basis for the preparation of sustainability statements	About This Report
<b>BP-2</b>	Disclosures in relation to specific circumstances	Not Applicable
<b>GOV-1</b>	The role of the administrative, management and supervisory bodies	Governance Mechanisms Climate Response
<b>GOV-2</b>	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance Mechanisms Climate Response Risk Management, Internal Control, and Compliance
<b>GOV-3</b>	Integration of sustainability-related performance in incentive schemes	Governance Mechanisms Occupational Health and Safety
<b>GOV-4</b>	Statement on due diligence	Management of Material Matters Climate Response Supply Chain Security
<b>GOV-5</b>	Risk management and internal controls over sustainability reporting	Risk Management, Internal Control, and Compliance Climate Response
<b>SBM-1</b>	Strategy, business model and value chain	About NFLG Climate Response Circular Economy Supply Chain Security Safety and Quality of Products and Services
<b>SBM-2</b>	Interests and views of stakeholders	Communications with Stakeholders
<b>SBM-3</b>	Material impacts, risks and opportunities and their interaction with strategy and business model	Management of Material Matters Climate Response Risk Management, Internal Control, and Compliance
<b>IRO-1</b>	Description of the processes to identify and assess material impacts, risks and opportunities	Management of Material Matters Risk Management, Internal Control, and Compliance
<b>IRO-2</b>	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	About This Report Management of Material Matters Appendix
<b>ESRS E1 Climate Change</b>		
<b>E1-1</b>	Transition plan for climate change mitigation	Climate Response
<b>E1-2</b>	Policies related to climate change mitigation and adaptation	Climate Response
<b>E1-3</b>	Actions and resources in relation to climate change policies	Climate Response Energy Usage
<b>E1-4</b>	Targets related to climate change mitigation and adaptation	Climate Response
<b>E1-5</b>	Energy consumption and mix	Energy Usage Data Overview
<b>E1-6</b>	Gross Scopes 1, 2, 3 and Total GHG emissions	Climate Response Data Overview
<b>E1-7</b>	GHG removals and GHG mitigation projects financed through carbon credits	Not covered in this report
<b>E1-8</b>	Internal carbon pricing	Not covered in this report
<b>E1-9</b>	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Climate Response Management of Material Matters

European sustainability reporting standards (ESRS)		Location/omission
<b>ESRS E2 Pollution</b>		
<b>E2-1</b>	Policies related to pollution	Environmental Compliance Management Pollutant Discharge Waste Disposal
<b>E2-2</b>	Actions and resources related to pollution	Pollutant Discharge Waste Disposal Data Overview
<b>E2-3</b>	Targets related to pollution	Not covered in this report
<b>E2-4</b>	Pollution of air, water and soil	Pollutant Discharge Waste Disposal Ecosystem and Biodiversity Protection
<b>E2-5</b>	Substances of concern and substances of very high concern	Pollutant Discharge Waste Disposal
<b>E2-6</b>	Anticipated financial effects from pollution-related impacts, risks and opportunities	Climate Response Management of Material Matters
<b>ESRS E3 Water and Marine Resources</b>		
<b>E3-1</b>	Policies related to water and marine resources	Usage of Water Resources
<b>E3-2</b>	Actions and resources related to water and marine resources	Usage of Water Resources
<b>E3-3</b>	Targets related to water and marine resources	Not covered in this report
<b>E3-4</b>	Water consumption	Usage of Water Resources Data Overview
<b>E3-5</b>	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Climate Response Management of Material Matters
<b>ESRS E4 Biodiversity and Ecosystems</b>		
<b>E4-1</b>	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Ecosystem and Biodiversity Protection
<b>E4-2</b>	Policies related to biodiversity and ecosystems	Ecosystem and Biodiversity Protection
<b>E4-3</b>	Actions and resources related to biodiversity and ecosystems	Ecosystem and Biodiversity Protection
<b>E4-4</b>	Targets related to biodiversity and ecosystems	Not covered in this report
<b>E4-5</b>	Impact metrics related to biodiversity and ecosystems change	Ecosystem and Biodiversity Protection
<b>E4-6</b>	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Climate Response Management of Material Matters
<b>ESRS E5 Resource Use and Circular Economy</b>		
<b>E5-1</b>	Policies related to resource use and circular economy	Circular Economy
<b>E5-2</b>	Actions and resources related to resource use and circular economy	Circular Economy Data Overview
<b>E5-3</b>	Targets related to resource use and circular economy	Circular Economy
<b>E5-4</b>	Resource inflows	Energy Usage Usage of Water Resources Circular Economy
<b>E5-5</b>	Resource outflows	Pollutant Discharge Waste Disposal Circular Economy Data Overview
<b>E5-6</b>	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Climate Response Management of Material Matters
<b>ESRS S1 Own Workforce</b>		
<b>S1-1</b>	Policies related to own workforce	Employees

European sustainability reporting standards (ESRS)		Location/omission
<b>S1-2</b>	Processes for engaging with own workforce and workers' representatives about impacts	Human Rights Protection Employee Communication
<b>S1-3</b>	Processes to remediate negative impacts and channels for own workforce to raise concerns	Human Rights Protection Employee Communication
<b>S1-4</b>	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Employees
<b>S1-5</b>	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social
<b>S1-6</b>	Characteristics of the undertaking's employees	Human Rights Protection Data Overview
<b>S1-7</b>	Characteristics of non-employees in the undertaking's own workforce	Data Overview
<b>S1-8</b>	Collective bargaining coverage and social dialogue	Employee Communication Data Overview
<b>S1-9</b>	Diversity metrics	Human Rights Protection Data Overview
<b>S1-10</b>	Adequate Wages	Employee Development Data Overview
<b>S1-11</b>	Social protection	Employee Development
<b>S1-12</b>	Persons with disabilities	Data Overview
<b>S1-13</b>	Training and skills development metrics	Employee Development Data Overview
<b>S1-14</b>	Health and safety metrics	Occupational Health and Safety Data Overview
<b>S1-15</b>	Work-life balance metrics	Employee Development
<b>S1-16</b>	Remuneration metrics (pay gap and total remuneration)	Not available in this report
<b>S1-17</b>	Incidents, complaints and severe human rights impacts	Human Rights Protection
ESRS S2 Workers in the Value Chain		
<b>S2-1</b>	Policies related to value chain workers	Supply Chain Security
<b>S2-2</b>	Processes for engaging with value chain workers about impacts	Supply Chain Security
<b>S2-3</b>	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Supply Chain Security
<b>S2-4</b>	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Supply Chain Security
<b>S2-5</b>	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social

European sustainability reporting standards (ESRS)		Location/omission
ESRS S3 Affected Communities		
<b>S3-1</b>	Policies related to affected communities	Social Contributions
<b>S3-2</b>	Processes for engaging with affected communities about impacts	Social Contributions
<b>S3-3</b>	Processes to remediate negative impacts and channels for affected communities to raise concerns	Social Contributions
<b>S3-4</b>	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Social Contributions
<b>S3-5</b>	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunitie	Social
ESRS S4 Consumers and End-users		
<b>S4-1</b>	Policies related to consumers and end-users	Safety and Quality of Products and Services Information Security and Customer Privacy Protection
<b>S4-2</b>	Processes for engaging with consumers and end-users about impacts	Safety and Quality of Products and Services Information Security and Customer Privacy Protection Supporting Industry Development
<b>S4-3</b>	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Safety and Quality of Products and Services Information Security and Customer Privacy Protection
<b>S4-4</b>	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Safety and Quality of Products and Services Information Security and Customer Privacy Protection Supporting Industry Development
<b>S4-5</b>	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social
ESRS G1 Business Conduct		
<b>G1-1</b>	Business conduct policies and corporate culture	Commercial Behaviors
<b>G1-2</b>	Management of relationships with suppliers	Supply Chain Security Equal Treatment to Small and Medium-Sized Enterprises
<b>G1-3</b>	Prevention and detection of corruption and bribery	Anti-Commercial Bribery and Anti-Corruption Complaint Mechanism and Whistleblower Protection
<b>G1-4</b>	Incidents of corruption or bribery	Anti-Commercial Bribery and Anti-Corruption Data Overview
<b>G1-5</b>	Political influence and lobbying activities	Not covered in this report
<b>G1-6</b>	Payment practices	Equal Treatment to Small and Medium-Sized Enterprises

# ISSB Standards Index

## IFRS S1

Core Elements	Disclosure Recommendations	Disclosure Placement
<b>Governance</b>	a) The governance body(s) (which can include aboard, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	Governance Mechanisms Climate Response Risk Management, Internal Control, and Compliance
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.	Governance Mechanisms Climate Response Risk Management, Internal Control, and Compliance
<b>Strategy</b>	a) The sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects within the time horizons—short, medium or long term.	Management of Material Matters Climate Response
	b) The current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain, and where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated	Management of Material Matters Climate Response
	c) How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making, and the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information, and trade-offs between sustainability-related risks and opportunities that the entity considered.	Management of Material Matters Climate Response
	d) The quantitative and qualitative effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and the sustainability-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	Management of Material Matters Climate Response
	e) The resilience of the entity's strategy and its business model to those sustainability-related risks.	Management of Material Matters Climate Response
<b>Risk Management</b>	a) The processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability-related risks, including information about: the inputs and parameters the entity uses, whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks, whether and how the entity prioritizes sustainability-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks.	Management of Material Matters Climate Response Risk Management, Internal Control, and Compliance
	b) The processes the entity uses to identify, assess, prioritize and monitor sustainability-related opportunities, including: whether and how the entity uses scenario analysis to inform its identification of sustainability-related opportunities.	Management of Material Matters Climate Response
	c) The extent to which, and how, the processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Climate Response
<b>Metrics and Targets</b>	a) Metrics required by an applicable IFRS Sustainability Disclosure Standard.	Environmental Social Governance
	b) Metrics the entity uses to measure and monitor sustainability-related risks or opportunities and its performance in relation to that sustainability-related risk or opportunity.	Environmental Social Governance
	c) Any targets the entity has set it is required to meet by law or regulation.	Environmental Social Governance

## IFRS S2

Disclosure Recommendations	Disclosure Recommendations	Disclosure Placement
<b>Governance</b>	a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Governance Mechanisms Climate Response Risk Management, Internal Control, and Compliance
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Governance Mechanisms Climate Response Risk Management, Internal Control, and Compliance
<b>Strategy</b>	a) The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects within time horizons—short, medium or long term, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.	Management of Material Matters Climate Response
	b) The current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain, and where in the entity's business model and value chain climate-related risks and opportunities are concentrated.	Management of Material Matters Climate Response
	c) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity sets targets, how the entity is resourcing and quantitative and qualitative information about the disclosed progress of plans.	Management of Material Matters Climate Response
	d) The quantitative and qualitative effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Management of Material Matters Climate Response
	e) The entity's assessment of its climate resilience, including the entity's assessment for its strategy and business model, the significant areas of uncertainty considered in the entity's assessment of its climate resilience and the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term. The entity shall use climate-related scenario analysis to assess its climate resilience and disclose how and when the climate-related scenario analysis was carried out, including information about the inputs the entity used, the key assumptions the entity made in the analysis and the reporting period in which the climate-related scenario analysis was carried out.	Management of Material Matters Climate Response
<b>Risk Management</b>	a) The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about: the inputs and parameters the entity uses, whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks, whether and how the entity prioritizes climate-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks.	Management of Material Matters Climate Response Risk Management, Internal Control, and Compliance
	b) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	Management of Material Matters Climate Response
	c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Climate Response
<b>Metrics and Targets</b>	a) The cross-industry metric categories of greenhouse gas emissions, internal carbon prices, the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations, capital deployment towards climate-related risks and opportunities, the amount and percentage of assets or business activities vulnerable to climate-related risks and opportunities.	Climate Response Data Overview
	b) Industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	Climate Response Data Overview
	c) The quantitative and qualitative climate-related targets the entity has set or it is required to meet by law or regulation, progress towards reaching the target, information about its performance, and each greenhouse gas emissions target.	Climate Response Data Overview

# Independent Assurance Statement



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## Limited Assurance Report

RSMZZ[2026]NO.361Z0464

To the Shareholders of Fujian South Highway Machinery Co., Ltd.

### I. Conclusion

We have undertaken a limited assurance engagement on the selected key sustainability information for the year ended 31 December 2025 (hereinafter referred to as the “Sustainability Information”) as presented in the 2025 Sustainability Report (the “Report”) of Fujian South Highway Machinery Co., Ltd. (the “Company”).

The scope of our engagement comprised the following:

<ul style="list-style-type: none"> <li>● <b>GHG</b></li> <li>— Scope 1: Direct GHG emissions (tCO<sub>2</sub>e)</li> <li>— Scope 2: Energy indirect GHG emissions (market-based) (tCO<sub>2</sub>e)</li> <li>— Scope 2: Energy indirect GHG emissions (location-based) (tCO<sub>2</sub>e)</li> <li>— Total GHG emissions (Scope1+ Scope2) (market-based) (tCO<sub>2</sub>e)</li> <li>— Total GHG emissions (Scope1+ Scope2) (location-based) (tCO<sub>2</sub>e)</li> <li>— Scope 3: Other indirect GHG emissions (tCO<sub>2</sub>e)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Energy</b></li> <li>— Electricity consumption (kWh)</li> <li>— Nuclear power consumption (kWh)</li> <li>— Wind power consumption (kWh)</li> <li>— Clean electricity ratio (%)</li> <li>— Natural gas consumption (m<sup>3</sup>)</li> <li>— Gasoline consumption (Litre)</li> <li>— Diesel consumption (Litre)</li> <li>— Liquefied petroleum gas consumption (Kg)</li> </ul>
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<ul style="list-style-type: none"> <li>● <b>Air Pollutants</b></li> <li>— NOx emissions (Ton)</li> <li>— SOx emissions (Ton)</li> <li>— PM emissions (Ton)</li> <li>— Non-methane hydrocarbons emissions (Ton)</li> <li>— Benzene emissions (Ton)</li> <li>— Toluene emissions (Ton)</li> <li>— Xylene emissions (Ton)</li> <li>— Aromatic compounds emissions (Ton)</li> <li>— VOCs emissions (Ton)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Wastewater and Wastewater Pollutants</b></li> <li>— Wastewater discharge (Ton)</li> <li>— COD discharge (Ton)</li> <li>— BOD<sub>5</sub> discharge (Ton)</li> <li>— Ammonia nitrogen discharge (Ton)</li> <li>— Total nitrogen discharge (Ton)</li> <li>— Suspended solids discharge (Ton)</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Waste</b></li> <li>— Hazardous waste generation (Ton)</li> <li>— Transfer and disposal volume of hazardous waste (Ton)</li> <li>— Industrial waste produced volume (Ton)</li> <li>— Industrial waste recycled (Ton)</li> <li>— Domestic waste produced volume (Ton)</li> <li>— Transfer and disposal volume of general waste (Ton)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Water Resources</b></li> <li>— Water withdrawal (m<sup>3</sup>)</li> <li>— Water consumption (m<sup>3</sup>)</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Product qualification rate</b></li> <li>— Product qualification rate (%)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Incidents of Customer Complaints</b></li> <li>— Total number of customer complaint incidents (Case)</li> <li>— Resolved customer complaints (Case)</li> <li>— Customer complaint resolution rate (%)</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Intellectual Property</b></li> <li>— Number of new patent applications (Item)</li> <li>— Number of new patents grants (Item)</li> <li>— Number of new trademark applications (Item)</li> <li>— Number of new trademark registrations (Item)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Distribution of Suppliers by Region</b></li> <li>— Number of suppliers in mainland China (Count)</li> <li>— Number of suppliers in the province where the company is located (Count)</li> <li>— Number of suppliers in other regions (Count)</li> <li>— Total number of suppliers (Count)</li> </ul>



<ul style="list-style-type: none"> <li>● <b>Supplier Audit</b> <ul style="list-style-type: none"> <li>— Number of newly admitted suppliers in the year (Count)</li> <li>— Number of suppliers on hand assessed through on-site inspection (Count)</li> <li>— Total number of suppliers participating in coaching programs (Count)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Distribution of Distributors by Region</b> <ul style="list-style-type: none"> <li>— Number of distributors in mainland China (Count)</li> <li>— Number of distributors in the province where the company is located (Count)</li> <li>— Number of distributors in other regions (Count)</li> <li>— Total number of distributors (Count)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Distributor Audit</b> <ul style="list-style-type: none"> <li>— Number of distributors reviewed in the current year (Count)</li> <li>— Number of new distributors admitted in the current year (Count)</li> <li>— Proportion of newly admitted distributors reviewed to the total number of reviewed distributors in the current year (%)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Total Employees</b> <ul style="list-style-type: none"> <li>— Total employees (Person)</li> <li>— Employees with signed employment contracts (Person)</li> <li>— Employees who signed reemployment agreements (Person)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Employee Composition By Nationality</b> <ul style="list-style-type: none"> <li>— China (Person)</li> <li>— Others (Person)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Employee Composition by Gender</b> <ul style="list-style-type: none"> <li>— Male (Person)</li> <li>— Female (Person)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Employee Composition by Age</b> <ul style="list-style-type: none"> <li>— Under 30 (Person)</li> <li>— 30 to 50 (Person)</li> <li>— Over 50 (Person)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Employee Composition by Education</b> <ul style="list-style-type: none"> <li>— Master's degree and above (Person)</li> <li>— Bachelor's degree (Person)</li> <li>— Associate degree (Person)</li> <li>— Others (Person)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Employee Composition by Profession</b> <ul style="list-style-type: none"> <li>— Production employees (Person)</li> <li>— Sales employees (Person)</li> <li>— Technical employees (Person)</li> <li>— Finance employees (Person)</li> <li>— Administrative employees (Person)</li> <li>— Female production employees (Person)</li> <li>— Female sales employees (Person)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Management Gender Distribution</b> <ul style="list-style-type: none"> <li>— Male management (Person)</li> <li>— Female management (Person)</li> <li>— Female senior management (Person)</li> <li>— Female middle management (Person)</li> <li>— Proportion of female senior management (%)</li> <li>— Proportion of female management (%)</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>— Female technical employees (Person)</li> <li>— Female finance employees (Person)</li> <li>— Female administrative employees (Person)</li> <li>— Female employees in Science, Technology, Engineering, and Mathematics (STEM) positions (Person)</li> <li>— Number of R&amp;D personnel (Person)</li> </ul>	<ul style="list-style-type: none"> <li>— Proportion of female managers in revenue-generating departments (%)</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Employment in the Local Province</b> <ul style="list-style-type: none"> <li>— Number of local employees (Person)</li> <li>— Proportion of local employees (%)</li> <li>— Number of female local employees (Person)</li> <li>— Proportion of female local employees (%)</li> <li>— Number of local senior management (Person)</li> <li>— Percentage of local senior management (%)</li> <li>— Number of female local senior management (Person)</li> <li>— Percentage of female local senior management (%)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Employment of People with Disabilities</b> <ul style="list-style-type: none"> <li>— Number of employees with disabilities (Person)</li> <li>— Ratio of employees with disabilities (%)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Employee Turnover</b> <ul style="list-style-type: none"> <li>— Total employees at the beginning of the year (Person)</li> <li>— Total new recruiters in the year (Person)</li> <li>— The total number of resignations for the year (Person)</li> <li>— The total number of voluntary resignations (Person)</li> <li>— The total number of resignations from the management team (Person)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Employee Turnover by Age</b> <ul style="list-style-type: none"> <li>— The number of employees under 30 years old who resigned (Person)</li> <li>— The number of employees between 30 and 50 years old who resigned (Person)</li> <li>— The number of employees above 50 years old who resigned (Person)</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>● <b>Employee Turnover by Nationality</b> <ul style="list-style-type: none"> <li>— The number of Chinese national employees who resigned (Person)</li> <li>— The number of non-Chinese national employees who resigned (Person)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Freedom of Association</b> <ul style="list-style-type: none"> <li>— Number of employees participating in the labor union (Person)</li> <li>— Proportion of employees participating in the labor union (%)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Occupational Health and Safety Training Performance</b> <ul style="list-style-type: none"> <li>— Total participants of occupational health and safety training (Participant)</li> <li>— Total hours of occupational health and safety training (Hour)</li> <li>— Total number of occupational health and safety training sessions (Time)</li> <li>— Number of safety emergency drills (Time)</li> <li>— Participant attendances in safety emergency drills (Participant)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Work Safety Accident</b> <ul style="list-style-type: none"> <li>— Extra-major accident (Case)</li> <li>— Major accident (Case)</li> <li>— Serious accident (Case)</li> <li>— General accident (Case)</li> <li>— Number of work stoppages (Time)</li> <li>— Duration of work stoppages (Day)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>● <b>Occupational Health and Safety Performance</b> <ul style="list-style-type: none"> <li>— Number of persons injured at work (Person)</li> <li>— Number of work-related fatalities (Person)</li> <li>— Work-related fatality rate (%)</li> <li>— Total number of work-related injury incidents (Case)</li> </ul> </li> </ul>	

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the reporting criteria disclosed in the Company's 2025 Sustainability Report.

## II. Basis for Conclusion

We conducted our engagement in accordance with:

- *International Standard on Sustainability Assurance 5000, "General Requirements for Sustainability Assurance Engagements" (ISSA 5000)* issued by the International Auditing and Assurance Standards Board (IAASB); and
- *Sustainable Information Assurance Engagement Standard 6101 – Basic Standard (for Trial Implementation) (the "National Standard")* issued by the Ministry of Finance of the People's Republic of China.

Our responsibilities under these standards are further described in the "Practitioner's Responsibilities" section of this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of:

- *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA); and
- *Code of Ethics for Chinese Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants* issued by the Chinese Institute of Certified Public Accountants (CICPA).

We have thereby fulfilled our ethical responsibilities. Throughout the engagement, we have applied the fundamental principles of integrity, objectivity, professional

competence and due care, confidentiality, and professional behavior.

The firm applies the following standards:

- *International Standard on Quality Control (ISQC) 1, “Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”*, issued by the IAASB; and
- *Quality Management Standards for Accounting Firms (Nos. 5101 and 5102)* issued by the Ministry of Finance of the People’s Republic of China.

Accordingly, the firm maintains a comprehensive system of quality control that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable laws and regulations.

### III. Other Information

Management is responsible for the other information contained in the Company’s 2025 Sustainability Report. The other information comprises all information included in the Report other than the Sustainability Information and our independent practitioner’s assurance report thereon.

Our conclusion on the Sustainability Information does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our engagement on the Sustainability Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Information or our knowledge obtained in the engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### IV. Considerations Related to the Comparability of Sustainability Information

Sustainability information, in particular non-financial information, is not currently subject to globally or industry-wide uniform assessment and measurement standards. Different entities may use different policies, methods, and assumptions to measure and report similar information. Consequently, the direct comparability of sustainability information disclosed by different entities may be limited due to such differences, and users of the Report should be mindful of this when making comparisons.

### V. Management’s Responsibilities for the Sustainability Information

Management is responsible for the preparation of the Sustainability Information in the Report in accordance with the reporting criteria set out in the 2025 Sustainability Report. This responsibility includes:

- Designing, implementing, and maintaining internal control relevant to the preparation of the Sustainability Information so that it is free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate reporting criteria, and assessing the continuing appropriateness of such criteria; and
- Making judgments and estimates that are reasonable in the circumstances, and providing related disclosures as necessary.

### VI. Practitioner’s Responsibilities

Our objective is to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. We conducted our engagement in accordance with the National Standard and ISSA 5000.

In performing our procedures, we exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures included:

- Obtaining an understanding of internal control relevant to the preparation of the Sustainability Information (but not for the purpose of expressing an opinion on the effectiveness of such internal control), identifying and assessing the risks of material misstatement, and designing and performing procedures responsive to those risks;
- Obtaining sufficient appropriate evidence to provide a basis for our conclusion; and
- Evaluating the appropriateness of the reporting criteria selected by management and the overall presentation of the Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and scope from, and therefore provide a lower level of assurance than, a reasonable assurance engagement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A misstatement is considered material if, individually or in the aggregate, it could reasonably be expected to influence the economic decisions of users taken on the basis of the Sustainability Information.

**VII. Summary of the Work Performed**

In accordance with the requirements of the National Standard and ISSA 5000, and exercising professional judgment, we designed and performed the following procedures, among others:

**1. Risk assessment Procedures**

- Interviewed management, the sustainability reporting team, and relevant functional departments to understand the reporting process;
- Evaluated the applicability of the reporting criteria to the Company’s business;
- Identified and assessed the risks of material misstatement of the Sustainability Information; and
- Obtained an understanding of the Company’s internal control system for the collection, reporting, and monitoring of sustainability information.

**2. Data verification Procedures**

- Evaluated the design of key structures, systems, processes, and controls used by the Company to prepare the Sustainability Information;
- Performed testing, on a sample basis, of the processes for collecting and reporting the Sustainability Information;
- Recalculated key metrics and compared them to the data disclosed in the Report;
- Tested, on a sample basis, the consistency between source data and system records; and
- Performed analytical procedures on significant fluctuations to assess their reasonableness.

**3. Disclosure compliance assessment Procedures**

- Evaluated whether the Sustainability Information was prepared in accordance with the applicable reporting criteria;
- Assessed the consistency of qualitative statements with quantitative data within the Report; and

- Considered whether the presentation of the Sustainability Information was misleading.

**4. Other procedures**

Other procedures we deemed necessary.

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牛志

], Chinese Certified Public Accountant



刘小飞

], Chinese Certified Public Accountant



April 27, 2026



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