

2025 Hoshine Silicon Sustainability Report



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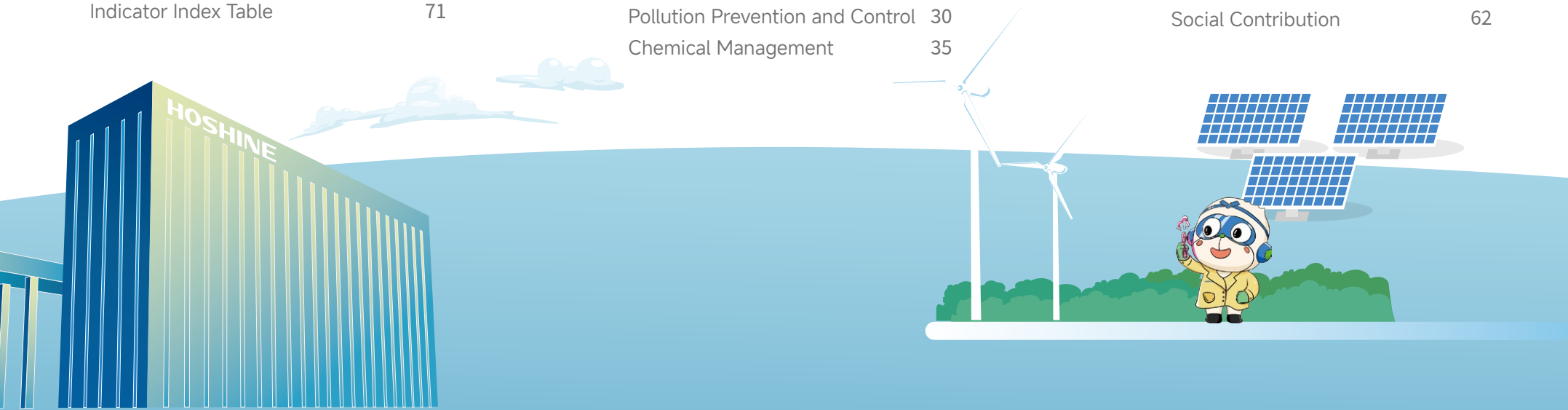
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About This Report

This is the second sustainability report (hereinafter referred to as “this report” or “ESG report”) issued by Hoshine Silicon Industry Co., Ltd. (hereinafter referred to as “Hoshine Silicon,” “the Company,” or “we”). It aims to elaborate on the Company’s institutional development and ESG performance, while objectively disclosing its sustainability management and achievements in response to the expectations of stakeholders and the public.

Reporting Scope

Business scope: This report covers the Company’s main businesses. For detailed business information, please refer to the *Hoshine Silicon 2025 Annual Report*.

Time scope: This report primarily covers the period from January 1, 2025 to December 31, 2025, consistent with the Company’s financial reporting period. To ensure information integrity and continuity, certain items may extend beyond this time frame.

Report release cycle: this is an annual report.

Preparation Basis

This report is prepared in accordance with the *Guidelines No. 1 of Shanghai Stock Exchange(SSE) for Self-Regulation of Listed Companies - Standardized Operations*, *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)*, and others, while also referencing the United Nations Sustainable Development Goals (SDGs). This report includes a detailed index of guidelines in the final section for readers’ quick consultation.

Information Sources

The information and data in this report are sourced from the Company’s internal official documents, internal statistical materials, and publicly available information. Unless otherwise specified, all monetary amounts in this report are denominated in Chinese Renminbi (RMB).

Reliability Assurance

All content disclosed in this report has been reviewed and approved by the Board of Directors of Hoshine Silicon. The Company’s Board of Directors and all directors assure this report is free of false records, misleading statements, or material omissions, and assume legal responsibility for the authenticity, accuracy, and completeness of its content.

Report Access

You can visit our official website (<https://hoshinesilicon.com/>) to browse or download the electronic version of this report, which is available in both Chinese and English. In the event of any discrepancy, the Chinese version shall prevail.

Message from the Chairman



In a time when the global energy landscape is accelerating toward low-carbon transformation and sustainable development has become a shared commitment worldwide, silicon-based advanced materials are playing an increasingly vital role. As a critical foundation for strategic emerging industries—including photovoltaics, semiconductors, and advanced manufacturing—their significance continues to grow. Over the past year, Hoshine Silicon has moved forward with resilience amid profound industrial change, guided by our enduring belief that “success comes from persistence”. We have continued to embed sustainability deeply into our strategy and across every aspect of our operations, leveraging the strength of our fully integrated industrial chain and continuous innovation. We have actively advanced the “AI + Manufacturing” initiative, driving intelligent and green transformation in production, and striving to deliver efficient, low-carbon, and reliable silicon-based products and solutions to customers worldwide.

Strengthening modern corporate governance to support long-term, sustainable development. In 2025, we further enhanced our ESG governance structure under the leadership of the Board of Directors and the Strategy and Sustainability Committee, with environmental, social, and governance considerations integrated into our decision-making and risk management processes. Upholding the highest standards of business ethics, we have reinforced anti-corruption practices and fair competition, fostering a corporate culture defined by transparency, accountability, and trust, while creating sustainable value for investors, partners, and all stakeholders.

Advancing green development to safeguard long-term ecological sustainability. Anchored in our Silicon-based New Materials Integrated Green Circular Economy Industrial Park, we have continued to refine a model where industry and nature coexist in harmony. Through sustained investment in energy conservation and environmental protection, we have unlocked further carbon reduction potential via waste heat recovery, clean energy substitution, and process optimization. Emissions are rigorously controlled, with several indicators outperforming national standards. We have established a carbon emission reduction roadmap and are actively exploring full lifecycle carbon footprint management, contributing our efforts to the global response to climate change.

Driving innovation to reshape industry value and enable high-quality growth. In 2025, we further increased R&D investment and strengthened our innovation system. While consolidating our global leadership in silicon metal and silicone materials, we also achieved key breakthroughs in emerging fields such as third-generation semiconductor silicon carbide (SiC). As an industry leader, we take an active role in promoting

self-discipline and coordinated development across the sector, working to improve supply-demand dynamics and foster a healthier industrial ecosystem. Through technological advancement and refined management, we are committed to overcoming the challenges of price war and building enduring core competitiveness.

Deepening shared development to foster inclusive and harmonious growth. In 2025, we continued to cultivate a fair, inclusive, and safe workplace, providing competitive compensation and broad development opportunities so that every employee can realize their full potential. Operating in regions rich in cultural diversity, we promote ethnic unity and local employment. Through initiatives such as the Hoshine Charity Foundation, we continue to give back to society—supporting education, community development, and disaster relief—bringing our mission of “creating a better life” into meaningful action.

Looking ahead, the horizon is vast and full of promise. Hoshine Silicon will remain committed to its mission of concentrating on silicon-based materials to create a wonderful life. We will continue striving toward our vision of becoming a world-renowned enterprise in silicon-based advanced materials—distinguished by optimal resource allocation, strong competitiveness, and enduring vitality. Driven by continuous technological innovation and powered by the dual engines of digital intelligence and green development, we will further strengthen the resilience of our entire industrial chain. In doing so, we aim to contribute greater momentum to the advancement of silicon-based materials and green energy worldwide, while supporting China’s modernization and global sustainable development.

Hoshine Silicon Industry Co., Ltd.
Chairman Luo Ligu

About Hoshine Silicon

Company Profile

Hoshine Silicon Industry Co., Ltd. was invested and established by Ningbo Hoshine Group in 2005 and successfully listed on the main board of the Shanghai Stock Exchange in 2017. It is a company with the most complete silicon-based whole industrial chain in the world, the pioneer of the integrated green circular economy model of silicon-based new materials, and the leader of the holistic solution for green energy resources.

The Company has set up digital intelligent manufacturing bases in Xinjiang, Zhejiang, Inner Mongolia, Sichuan and other places, and has high-tech research and development centers in Shanghai and Hainan. Its businesses mainly cover multiple fields such as energy, silicon metal, silicone, carbon, new materials, third-generation semiconductor silicon carbide (SiC), the whole photovoltaic (PV) industrial chain, and energy storage. Among them, the production capacities of silicon metal and silicone have ranked first in the world for many consecutive years. The scientific research strength of emerging businesses such as SiC ranks firmly in the first echelon of the industry. The related products are widely used in various fields such as aerospace and military industry, electronic communication, medical and health care, and automobile manufacturing, and its partners are all over the world.

Hoshine Silicon focuses on technological innovation, digital and intelligent manufacturing, green development, talent development, process transformation, and organizational upgrading. By leveraging the scale and synergy of a whole silicon-based industrial chain, the Company continues to expand the industrial footprint and enhance technological capabilities. These efforts support the development of the global silicon-based new materials and green energy sectors, contribute to national strategic priorities, and help create a better life for people.

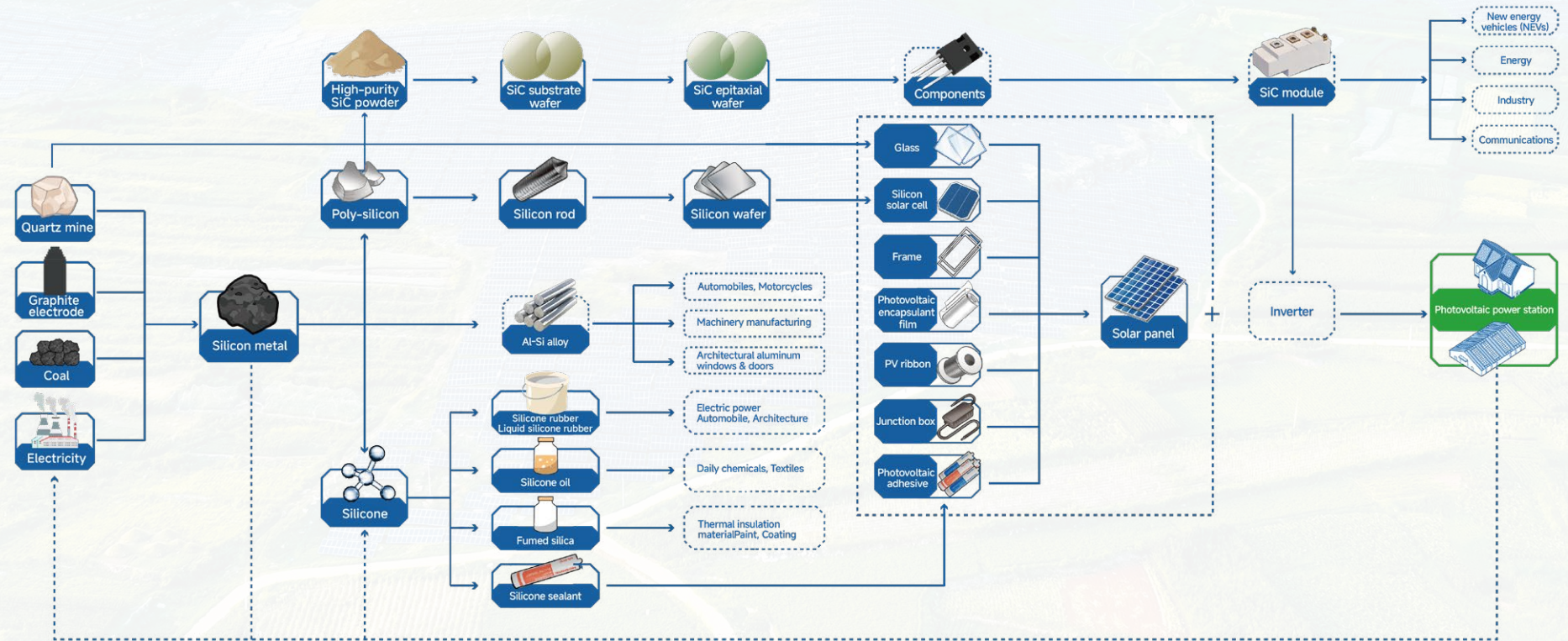


Business Layout

Hoshine Silicon pioneered the whole silicon-based industrial chain and leads in providing comprehensive green energy solutions. The whole industrial chain offers efficiency, safety, and traceability, enhancing product quality and meeting customer needs with greater precision through effective management and control across all stages of the value chain.

Aligning with national green development goals, Hoshine Silicon promotes the large-scale adoption of clean energy and zero-carbon technologies. The Company plays a key role in advancing carbon peak and carbon neutrality targets, while contributing to climate change mitigation.

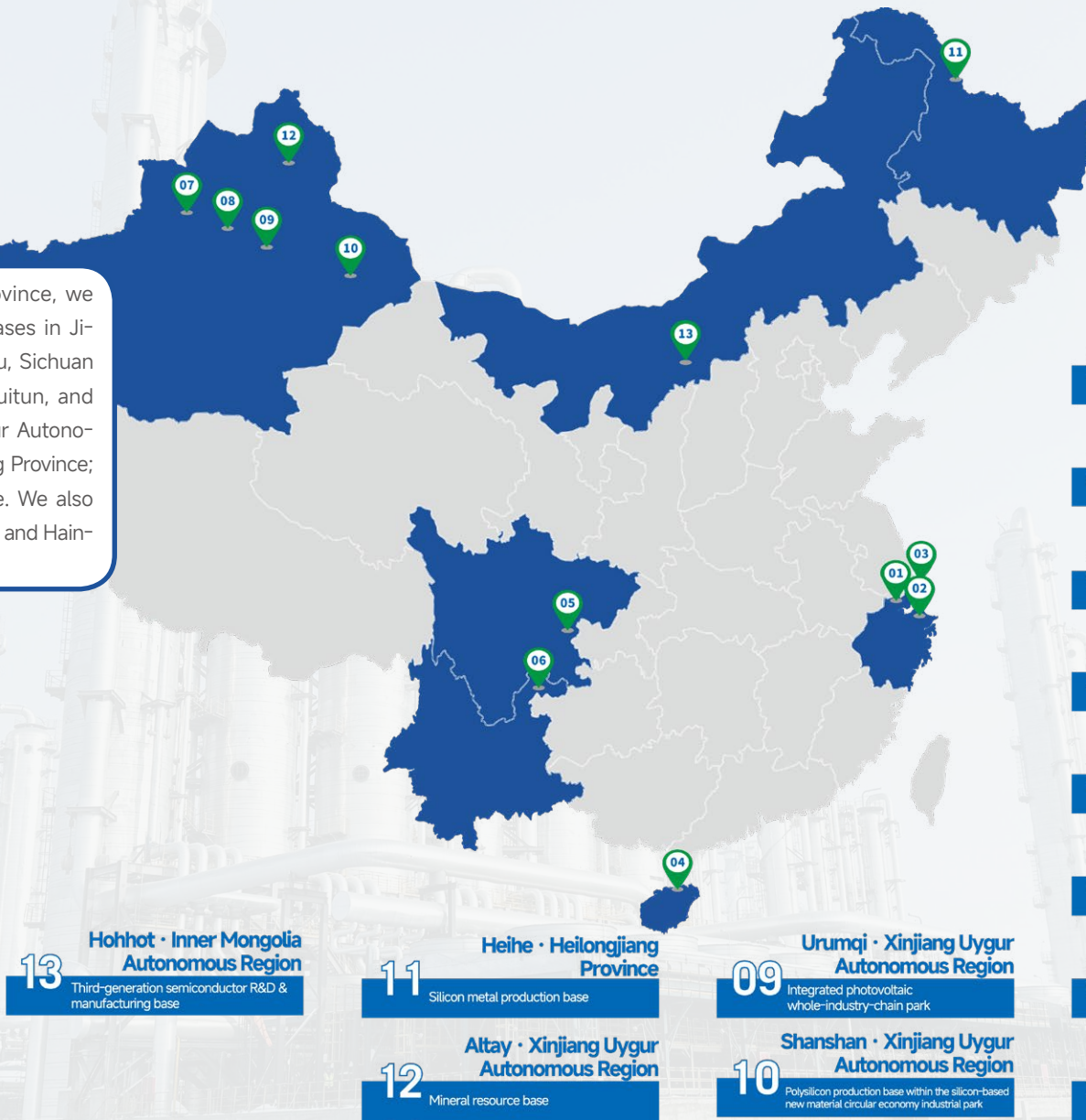
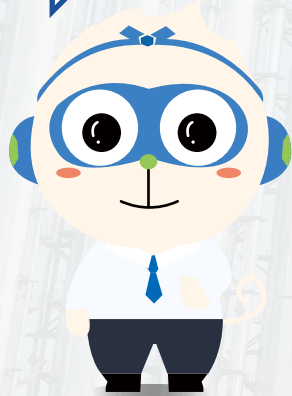
Green cycle silicon - based whole industry chain



self-produced

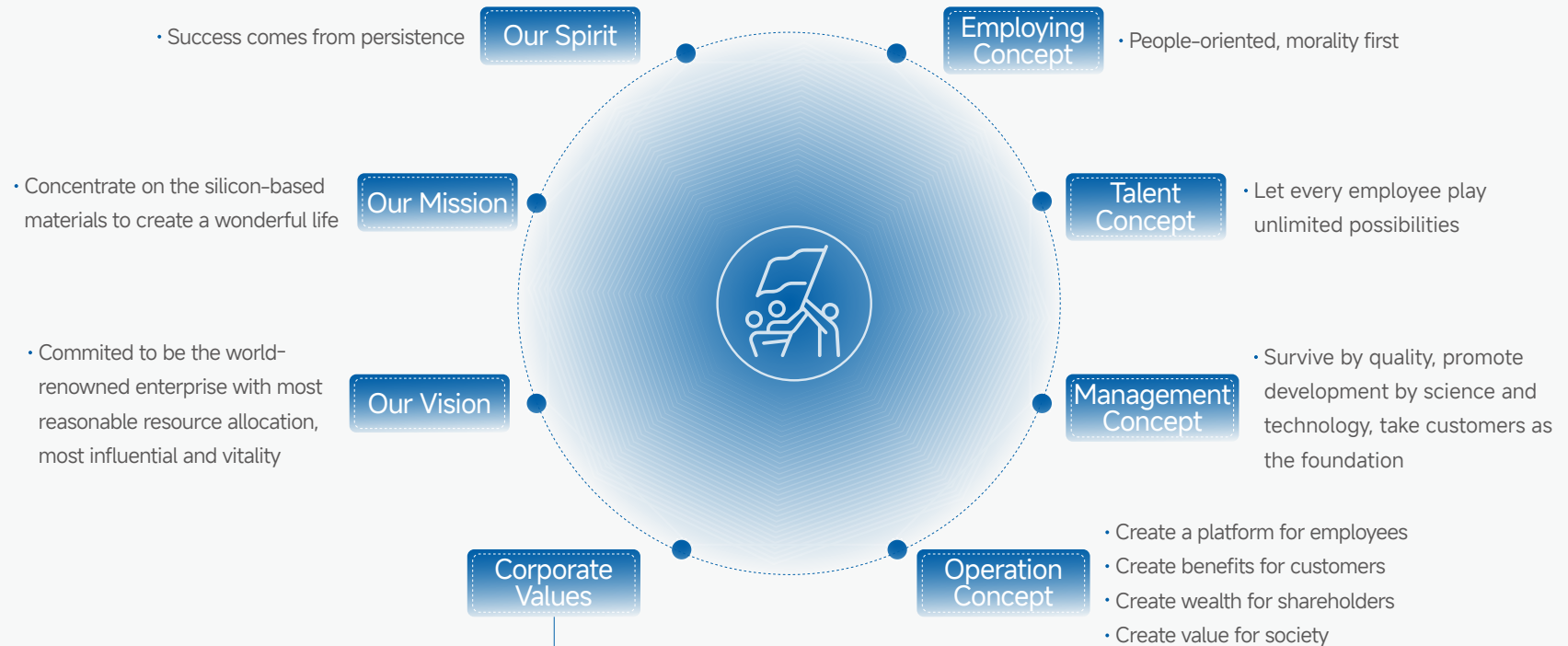
From supplying electricity via thermal power plants to manufacturing end-use silicon-based products, and from vertically integrating energy and raw material supply to achieving self-sufficiency with mutual empowerment, this model has established a comprehensive ecosystem spanning the entire industrial chain.

Headquartered in Zhejiang Province, we have established production bases in Jiaxing, Zhejiang Province; Luzhou, Sichuan Province; Shihezi, Shanshan, Kuitun, and Urumqi, all in the Xinjiang Uygur Autonomous Region; Heihe, Heilongjiang Province; and Zhaotong, Yunnan Province. We also possess R&D centers in Shanghai and Hainan Province.



- 01** **Jiaxing · Zhejiang Province**
Organic Silicone production base
- 02** **Ningbo · Zhejiang Province**
Third-generation semiconductor R&D & intelligent manufacturing base
- 03** **Jiading · Shanghai Municipality**
High-tech R&D center
- 04** **Wanning · Hainan Province**
High-tech R&D center
- 05** **Luzhou · Sichuan Province**
Organic Silicone production base
- 06** **Zhaotong · Yunnan Province**
"Green Electricity + Silicon" integrated circular economy industrial park
- 07** **Kuitun · Xinjiang Uygur Autonomous Region**
Silicon metal production base
- 08** **Shihezi · Xinjiang Uygur Autonomous Region**
Silicon-based new material green circular economy industrial park
- 09** **Urumqi · Xinjiang Uygur Autonomous Region**
Integrated photovoltaic whole-industry-chain park
- 10** **Shanshan · Xinjiang Uygur Autonomous Region**
Polysilicon production base within the silicon-based new material circular economy industrial park
- 11** **Heihe · Heilongjiang Province**
Silicon metal production base
- 12** **Altay · Xinjiang Uygur Autonomous Region**
Mineral resource base
- 13** **Hohhot · Inner Mongolia Autonomous Region**
Third-generation semiconductor R&D & manufacturing base

Corporate Culture



Honesty and Integrity

Abide by the national laws and company system, never violate the high-voltage line of the enterprise; be a person with morality first, honesty and integrity, words and deeds; requite kindness with kindness, requite resentment with justice; uphold fairness, honesty and trustworthiness; use positive forces to have a positive impact on the surroundings

Dedication and Aggressiveness

Professional and persistence, with the spirit of craftsmanship, constantly improving; diligence and efficient execution; courage to take responsibility, take the initiative to meet new challenges and tasks; hold curiosity, continuously improve learning, keep in mind the original heart and mission, and pursue excellence

Green Innovation







Leading innovation with green environmental protection, everyone can innovate, everything can be innovative; embrace change, dare to break through, dare to try, not afraid of failure, and good at summing up

Win-win Cooperation

With an open and win-win attitude, we share industry growth with our partners; we have a big vision and can work together in a team to achieve our goals; we are willing to share our expertise and work experience and grow with our colleagues

Honors and Awards

Month	Honors and awards
March	<p>Hurun Research Institute</p> <p>Ranked No. 153 on the “Hurun China 500 Most Valuable Private Companies 2024” list</p> 
	<p>China Enterprise Evaluation Association</p> <p>Ranked No. 141 on the “2024 China Top 500 New Economy” list</p> 
July	<p>Fortune</p> <p>Ranked No. 490 on 2025 Fortune China 500 list</p> 
September	<p>China Listed Company Industry Development Forum</p> <p>“2025 Future Industry Star – Listed Company (Future Materials)”</p> 
	<p>Jiemian News</p> <p>2025 Annual Leading Enterprise in Silicon-Based New Materials</p> 
October	<p>Weekly on Stocks</p> <p>President of Hoshine Silicon Luo Liguó received the “Crystal Ball Award – Best President of a Listed Company”</p> 

Month	Honors and awards
November	<p>Ministry of Industry and Information Technology of the People’s Republic of China</p> <p>Recognized as a “National Manufacturing Single Champion Enterprise” (9th batch)</p> 
December	<p>China Chemical Enterprise Management Association</p> <p>Ranked No. 36 among the “2025 Top 500 Petroleum and Chemical Enterprises by Sales Revenue (Listed Companies)”</p> <p>Ranked No. 88 among the “2025 Top 500 Petroleum and Chemical Enterprises by Sales Revenue (Comprehensive)”</p> <p>Ranked No. 1 among the “2025 Top 100 Specialty Chemical Enterprises by Sales Revenue”</p> 
	<p>Southern Finance</p> <p>“2025 Outstanding ESG Practitioner – Listed Company”</p> 
December	<p>Time Weekly</p> <p>“2025 High-Quality Development Listed Company”</p> 
	<p>Cailian Press</p> <p>“Emerging Advanced Manufacturing Enterprise”</p> 
December	<p>Securities Times</p> <p>Chairman Luo Liguó awarded “ESG Pioneer of Listed Companies”</p> 



C1

Embedding Compliance as the Foundation to Safeguard Corporate Growth

Material topics

Corporate governance, ESG governance, Risk management, Business ethics, Data security and customer privacy protection

Aligning with the SDGs



Corporate Governance

Hoshine Silicon regards sound governance as the cornerstone of steady development. The Company strictly complies with China’s *Company Law*, *Securities Law*, and the *Code of Corporate Governance for Listed Companies*, and continues to refine the governance structure and institutional framework. We promote transparent and prudent management through an internal control system with clear boundaries, well-defined responsibilities, and standardized operations. This approach supports the creation of long-term value for shareholders, customers, employees, and other stakeholders.


Governance structure

The Company continuously optimizes the governance framework, with the Shareholders’ Meeting serving as the highest authority and the Board of Directors acting as the core decision-making body. Four specialized committees operate under the Board, comprising a modern governance system with tiered authority, complementary functions, and effective checks and balances.

The Shareholders’ Meeting exercises decision-making authority on major issues in accordance with the law, including the election of directors, review of Board reports, and approval of profit distribution plans. The Board of Directors is accountable to the Shareholders’ Meeting. It consists of nine directors, including three independent directors, with one President, one Vice President, and one employee representative director. The Board executes resolutions of the Shareholders’ Meeting and formulates business strategies and operational plans.

In line with the revised *Company Law* and related regulations, the Company adjusted its governance structure in the year 2025. The Board of Supervisors is no longer maintained, with the Audit Committee of the Board assuming its responsibilities, and related policies have been updated accordingly.



Committee	Composition	Responsibilities
 Audit Committee	3 members, including 2 independent directors	Reviews financial information and oversees internal and external audits and internal controls
 Strategy and Sustainability Committee	5 members	Studies long-term strategy, major investments, and ESG-related issues, and provides recommendations
 Nomination Committee	3 members	Selects, reviews, and nominates directors and senior management
 Remuneration and Appraisal Committee	3 members	Develops performance evaluation standards and compensation policies for directors and senior management

Further reading

For corporate governance policies, committee responsibilities, and Board member profiles, please refer to the *Hoshine Silicon 2025 Annual Report* or visit our official website: <https://hoshinesilicon.com/>

Executive compensation

To improve the mechanisms and procedures of compensation decision-making, the Company has established a standardized and transparent compensation management system that balances incentives and accountability for directors and senior management with ongoing enhancements. The Remuneration and Assessment Committee develops compensation proposals based on corporate strategy, market benchmarks, and performance outcomes. Regular disclosure of executive compensation information ensures shareholders' right to know and reinforces transparency in corporate governance.

The Company adopts a "base salary + performance-based pay + mid- to long-term incentives" structure for management, tightly aligning performance targets with overall strategy and forming a full-cycle management loop. Sustainability metrics are integrated into performance evaluations, with continuous optimization driven by external ESG ratings to strengthen incentives and align the core team with long-term development goals.

Further reading

For details on compensation of directors and senior management during the reporting period, please refer to the *Hoshine Silicon 2025 Annual Report*

Information disclosure and investor relations management

Protection of shareholders' rights

The Company places shareholders' rights, especially those of minority shareholders, among its highest priorities. By continuously improving governance systems and procedures, we ensure that shareholders' legal rights are fully respected and realized in both daily operations and major decision-making processes.



Shareholders' right protection

- ◆ Strictly comply with notification timelines for Shareholders' Meetings; meeting notices include detailed background information and key points of all proposals, allowing sufficient time for informed decision-making
- ◆ Provide both on-site and online voting options, ensuring equal participation convenience, particularly for minority shareholders in remote locations
- ◆ Maintain open communication channels—including Shareholders' Meetings, investor hotlines, email, and interactive platforms—to receive and respond to inquiries and suggestions

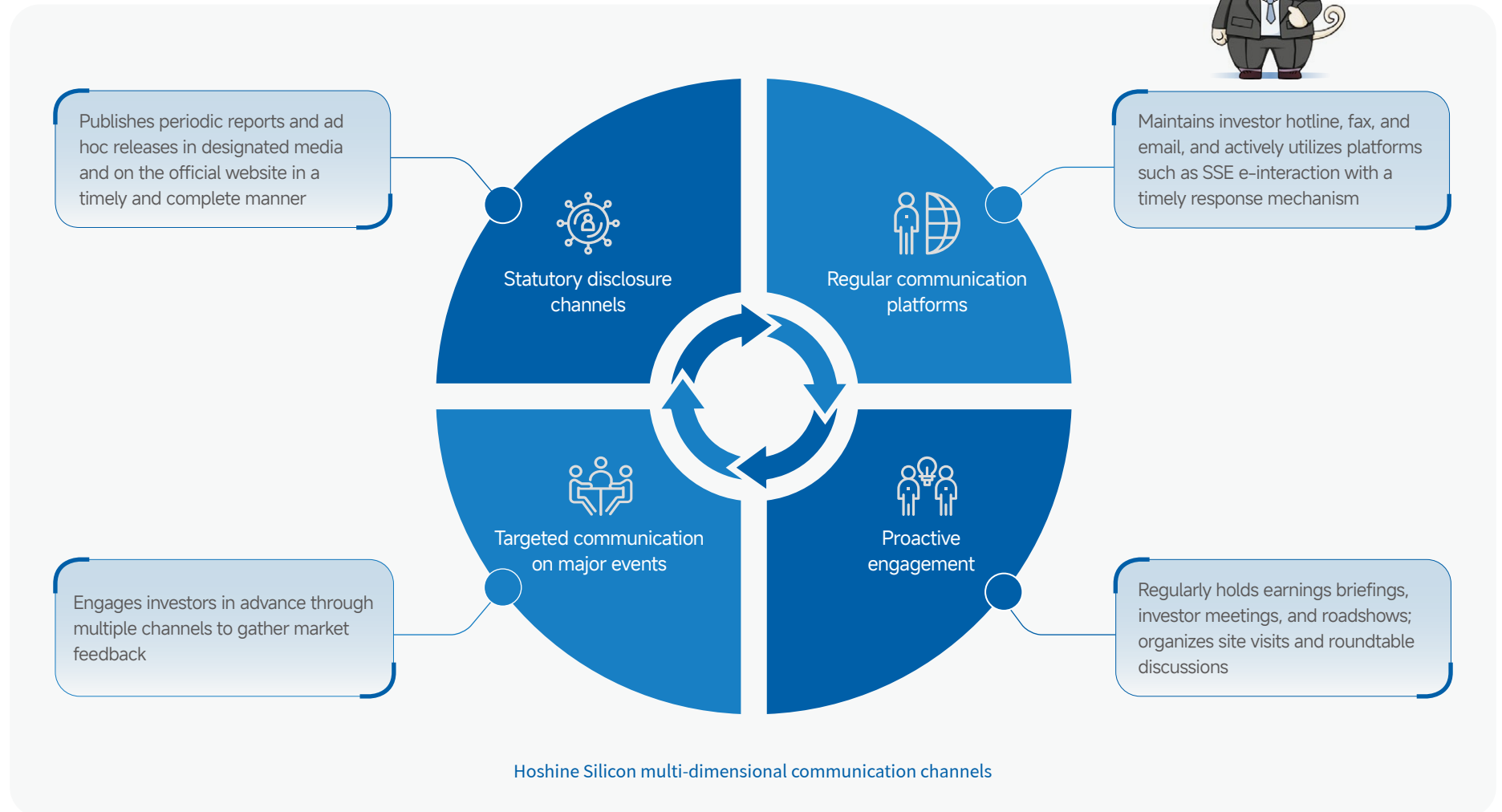


Protection of minority shareholders

- ◆ Establish a robust internal control system and strictly regulate external guarantees to prevent risks that may harm the Company and minority shareholders
- ◆ Offer convenient participation channels, such as online voting and teleconferencing, at Shareholders' Meetings and earnings briefings to ensure voting and speaking rights
- ◆ Conduct separate vote counting and disclosure for minority shareholders on major issues that may affect their interests to boost their influence

Information disclosure and investor relations

The Company strictly complies with China’s *Securities Law*, the *Administrative Measures for Information Disclosure of Listed Companies*, and relevant rules of the Shanghai Stock Exchange. Through systematic and standardized information disclosure and two-way communication, we strengthen market understanding and recognition, build long-term, stable, and trust-based investor relationships, and enhance governance transparency.

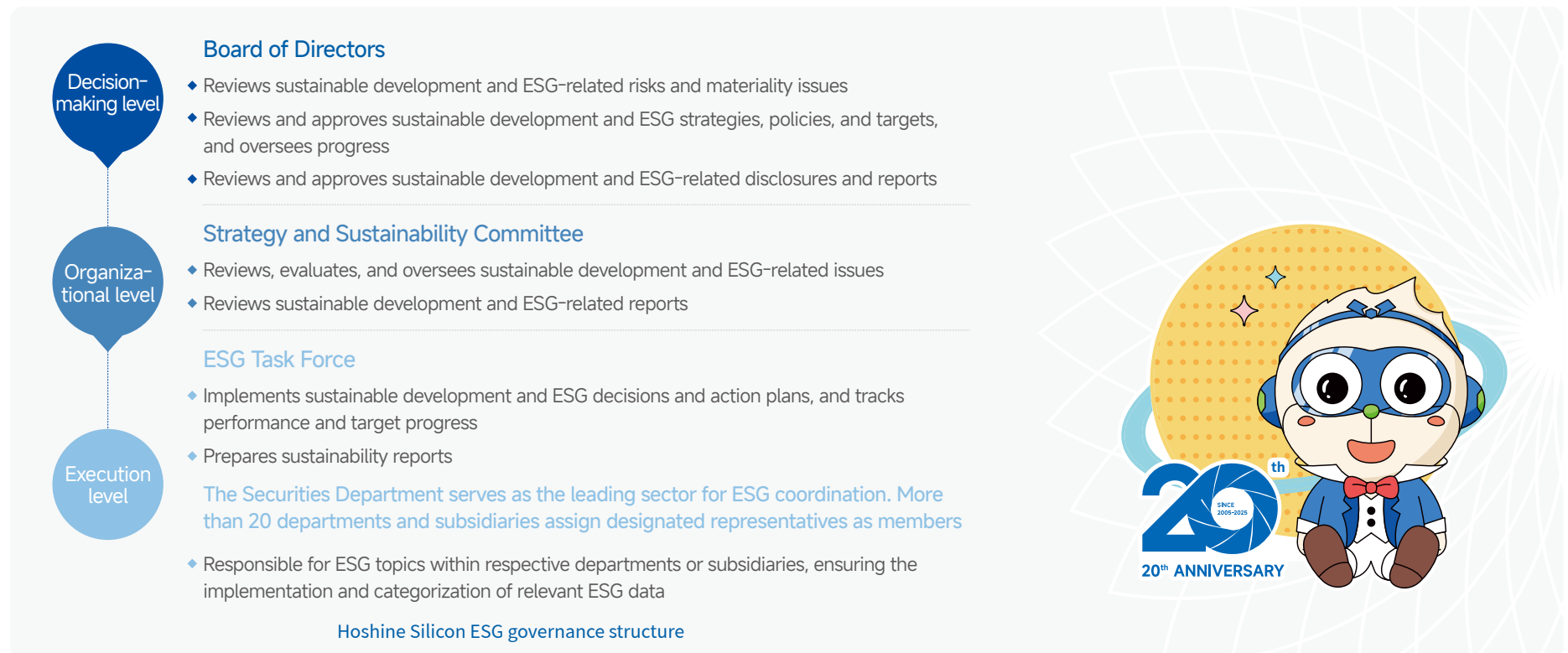


ESG Governance

Hoshine Silicon integrates sustainability deeply into corporate strategies. The Company has established a clear and transparent ESG governance framework, while advancing ESG innovation and practical initiatives. These efforts continue to improve the systemization, scientific rigor, and effectiveness of ESG management. Together with stakeholders, we aim to promote a balanced and mutually reinforcing relationship between responsible operations and business performance.








ESG governance system

The Company continuously strengthens top-level ESG design and governance by establishing a top-down, well-structured framework with clearly defined roles. The Board of Directors, the Strategy and Sustainability Committee, and the ESG Task Force jointly advance ESG-related work, ensuring effective coordination across decision-making, planning, and execution, and forming a standardized, institutionalized ESG management system.



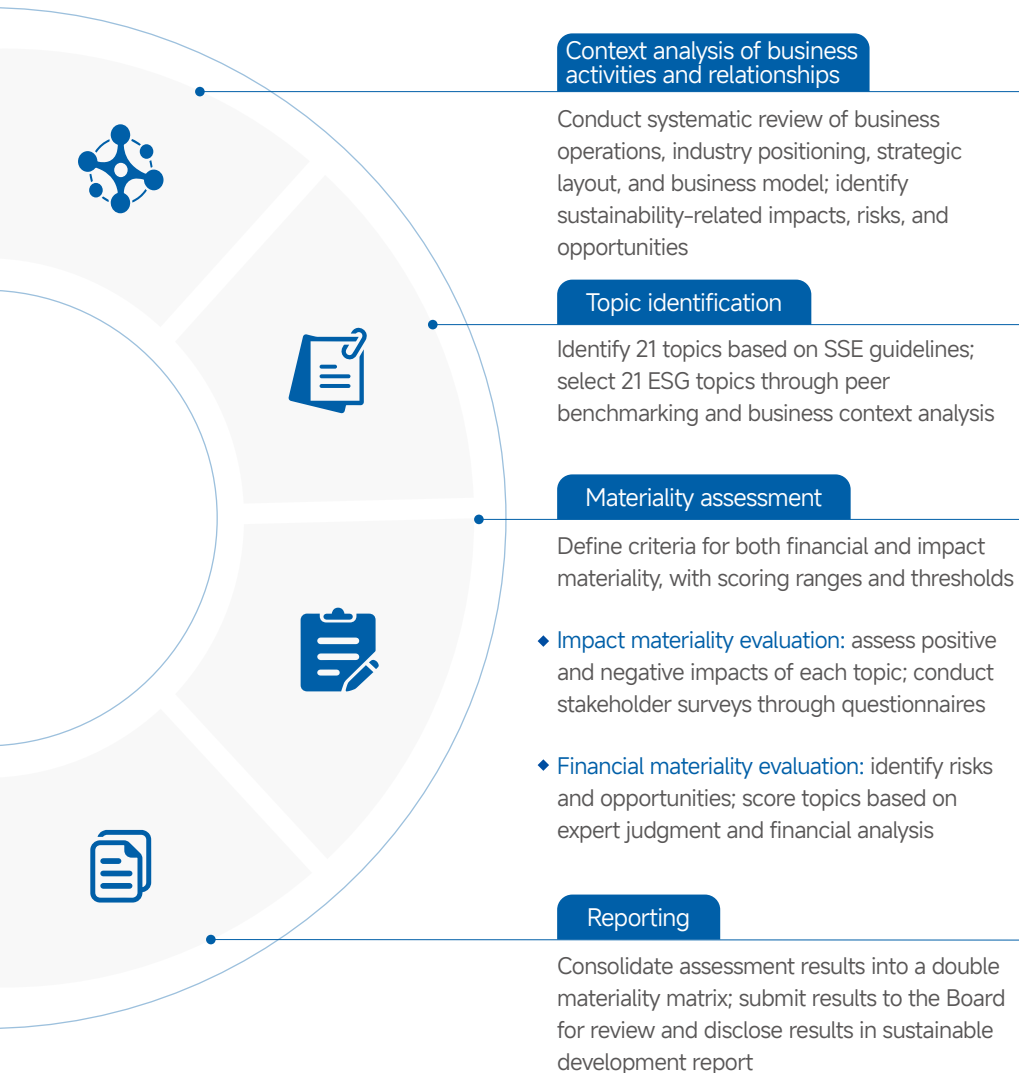
Stakeholder engagement

The Company has established a multi-level and regular stakeholder communication mechanism. Through listening and interaction, stakeholder concerns are translated into key inputs for improving governance and operations. Due diligence processes incorporate stakeholder feedback as an important source of information. This approach supports the identification of sustainability-related impacts, risks, and opportunities. Through targeted responses and responsible practices, the Company collaborates with stakeholders to advance a sustainable future.

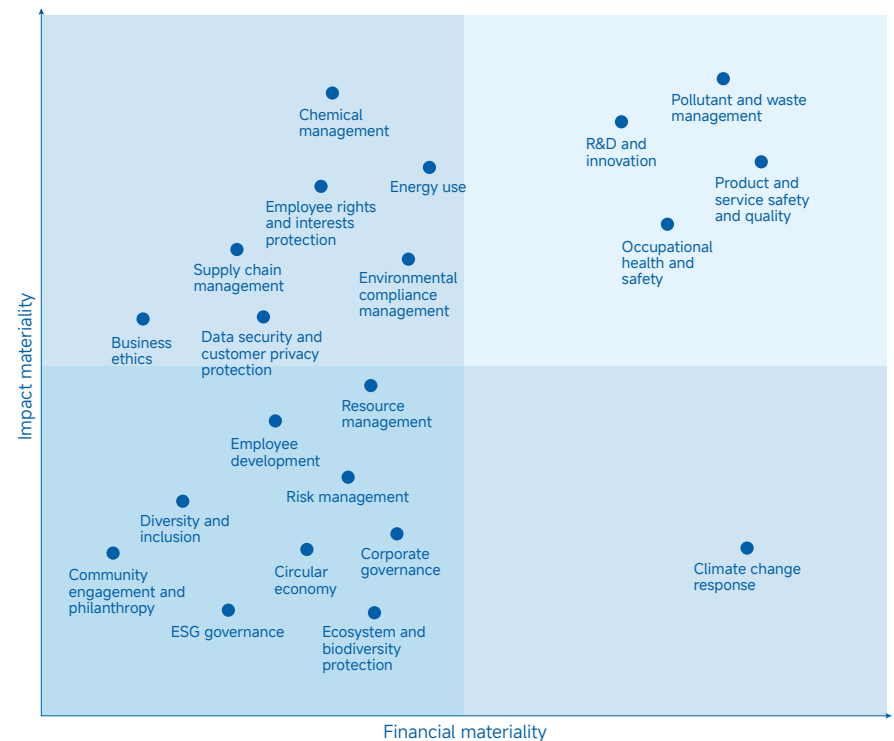
Stakeholders	Expectations and demands	Response method
 Government and regulatory authorities	<ul style="list-style-type: none"> Compliant operation Anti-corruption and integrity GHG emissions Industry cooperation and development 	<ul style="list-style-type: none"> Policy directives Work reports Information submissions On-site inspections
 Shareholders and investors	<ul style="list-style-type: none"> Compliant operation Corporate ESG governance Product quality and safety Product innovation and R&D 	<ul style="list-style-type: none"> Investor exchange conferences Reception of shareholder visits Response to shareholder hotline consultations
 Customers	<ul style="list-style-type: none"> Product quality and safety Product innovation and R&D Complaint mechanism and handling Information security and privacy protection 	<ul style="list-style-type: none"> Phone communications Periodic follow-ups
 Suppliers and partners	<ul style="list-style-type: none"> Supplier management Sustainable procurement Industry cooperation and development 	<ul style="list-style-type: none"> Tender meetings Supplier evaluation processes Collaborative exchanges Industry forums
 Employees	<ul style="list-style-type: none"> Occupational health and safety Talent training and development Employee rights and benefits Diversity, equality, and inclusion 	<ul style="list-style-type: none"> Internal communication platforms Employee satisfaction surveys Employee visits and care
 Local communities	<ul style="list-style-type: none"> Community development Water resources management Pollutant and waste management 	<ul style="list-style-type: none"> Community activities Volunteer services
 Media and public	<ul style="list-style-type: none"> Charity Transparent disclosure 	<ul style="list-style-type: none"> Company website Daily communications and responses Public opinion monitoring Information disclosures

Materiality assessment

In 2025, Hoshine Silicon conducted a double materiality assessment in accordance with the Shanghai Stock Exchange guidelines, including the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* and *Guidance No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report Preparation*. The Company prioritizes topics with high-impact materiality and discloses topics with financial materiality based on the four-pillar framework.



In 2025, we identified 21 material topics, including 4 that are of double materiality, 1 that is financially material only, and 7 that are impact material only.



Hoshine Silicon double materiality matrix diagram

Compliant Management

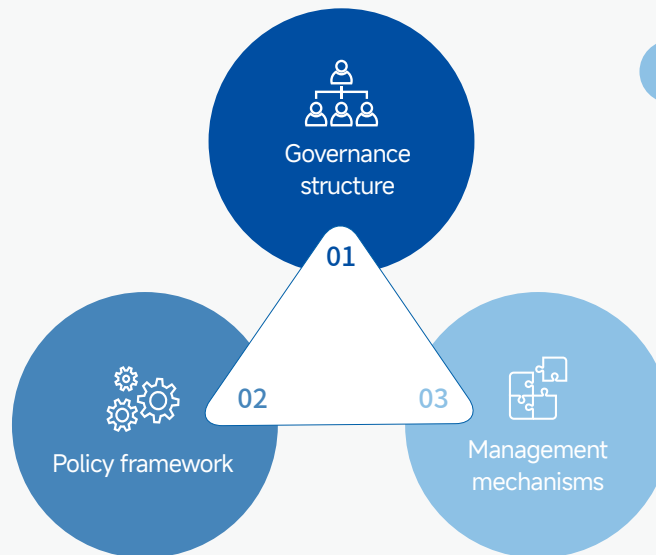
Hoshine Silicon adheres to a risk management philosophy of “prudent operations with integrated prevention and control”, with the Board of Directors serving as the core leadership body. The Company has established a three-line defense framework, supported by institutionalized management, regular risk identification and assessment, and audit oversight, to enhance the systematic and effective management of risks and safeguard stable operations.

Compliant operations

The Company has built a comprehensive compliance management framework that spans strategy, execution, and oversight. This system ensures that all business activities comply with applicable laws, regulations, industry standards, and internal policies, providing a strong foundation for sustainable development.

Compliance management system

- 01 ♦ Define the roles of the Board, management, risk control center, and business sectors in compliance management
 - ♦ The Audit and Supervision Department acts as an independent oversight body, handling whistleblowing reports, investigating violations, and reporting to the Board
- 02 ♦ Establish a comprehensive system of policies based on the *Guidelines for Policy Management*, which covers anti-fraud, management on conflict of interest and accountability, and internal control evaluation, providing clear behavioral guidelines for employees

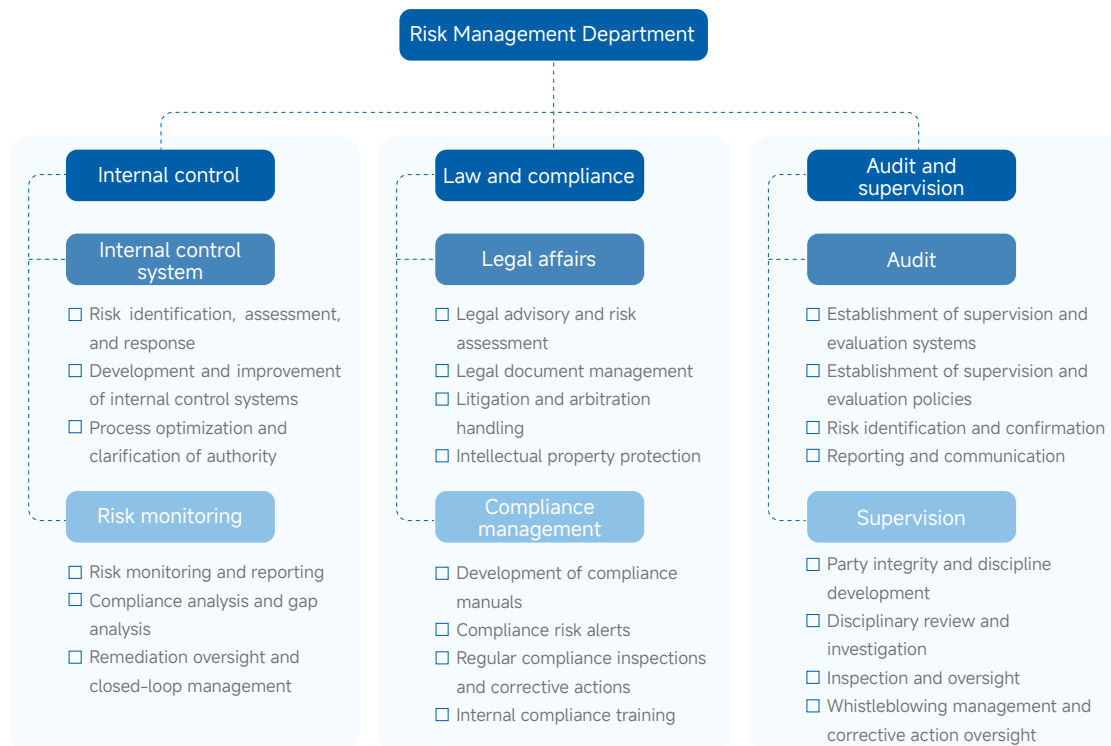


- 03 ♦ Implement regular self-assessment and evaluation through the *Internal Control Evaluation Promotion System*, ensuring compliance requirements are updated and effectively implemented alongside business changes
 - ♦ Enforce the *Regulations on Disciplinary Punishment*, with graded actions including warnings, financial penalties, termination, and legal referral



Risk management

We continue to enhance our top-level design on risk management and improve the overall framework, identifying and evaluating major risks by assessing both the likelihood of occurrence and the potential impact on corporate objectives. For identified significant risks, the Company formulates response strategies and conducts ongoing monitoring. In 2025, no disruptive risk events occurred. Internal controls showed no material or significant deficiencies.



Hoshine Silicon risk management structure

Risk management measures in 2025

Risk identification

- ◆ Departments and plants conduct annual self-assessments using tools such as risk evaluation and process analysis; identify operational, market, and compliance risks; complete the *Risk Investigation Checklist* and develop control measures
- ◆ Internal control and audit departments conduct independent reviews to ensure full coverage

Closed-loop remediation

- ◆ Address identified internal control deficiencies and violations in accordance with *Regulations on Disciplinary Punishment and Accountability Management Measures*, enforce strict accountability, and track the implementation of corrective actions, establishing a closed-loop management cycle covering identification, assessment, response, monitoring, and continuous improvement

Internal audit

- ◆ Implement a dual-level evaluation mechanism combining “headquarters review” and “department/plant self-assessment”
- ◆ Conduct annual audits across key areas, including exit audits for key personnel, OA shared account management, quality feedback, loan management, fixed asset management in Luzhou Hoshine, outsourced contracts in the Energy Business Department, and workplace safety in the Shihezi industrial park

Business Ethics

The Company is committed to fostering a culture of integrity, where honesty is valued and misconduct is rejected. We firmly oppose corruption, bribery, and unfair competition through our robust governance structure, well-established policies, comprehensive training, and accessible supervision channels. These efforts support a transparent, fair, and ethical business environment.

Whistleblowing management

Whistleblowing channels that are effective, secure, and accessible play a critical role in identifying internal issues and addressing misconduct. They also protect the Company’s interests and employees’ rights. We encourage employees and stakeholders to speak up with confidence and ensure that every report is handled carefully, fairly, and promptly.



Multi-channel reporting

DingTalk direct reporting

Official WeChat account: “Clean Hoshine”

Hotline: 183****0929

WeChat: hstousu

Email: hs_tousu@hoshinesilicon.com

Mailing address: Floors 23-24, Tower A, Hoshine Building, No. 1988 East Beisanhuan Road, Cixi, Ningbo, Zhejiang Province

Whistleblowing channels and handling procedures

- 
 Investigation process

- ◆ The Audit and Supervision Department receives all reports, conducts preliminary reviews, and assigns investigations; investigations shall follow principles of objectivity and fairness to ensure procedural compliance

- 
 Whistleblower protection

- ◆ Strictly protect the confidentiality of whistleblowers, with materials stored separately and accessible only to the investigation team and Board members
 - ◆ Formulate the *Regulations on Anti-Fraud Management* in prohibiting retaliation; any verified retaliation will lead to immediate termination of employment; criminal cases will be referred to judicial authorities

- 
 Handling malicious reports

- ◆ Take appropriate disciplinary action against malicious or unfounded reports, based on the severity, to maintain a healthy reporting environment

Anti-corruption and anti-bribery

Hoshine Silicon adopts a zero-tolerance approach to corruption and bribery in any form. The Company has established a comprehensive anti-corruption framework supported by strong policies, strict controls, continuous training, and transparent oversight. Relevant information is shared, as required, with the China Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance.

Anti-corruption and anti-bribery requirements

Strict conduct prohibitions



Formulate the *Regulations on Anti-Fraud Management* in prohibiting all forms of misconduct, including accepting bribes from suppliers or abusing positions for personal gain

Gift and hospitality management



Enforce strict rules on gifts and hospitality: employees must not accept gifts from business partners; if refusal is unavoidable, the item, regardless of value, must be reported and handed over to the Audit and Supervision Department within 24 hours



Business partner management



Extend anti-corruption requirements across the value chain by requiring partners to sign the *Commitment Letter for Integrity Cooperation* and the *Honest Bidding Commitment*, and by establishing a supplier credit evaluation system

Strict disciplinary measures



Impose strict disciplinary actions on verified cases of corruption and bribery in accordance with the *Regulations on Disciplinary Punishment*, including termination of employment, recovery of illicit gains, compensation for economic losses, and referral to judicial authorities in serious cases



Case | Hoshine Silicon conducted multi-location integrity and anti-fraud training

Hoshine Silicon conducted integrity and anti-fraud training across multiple places, including Shanshan, Luzhou, and Shihezi, from September to November 2025. The program covered all business segments and involved more than 1,000 employees. Through case analysis and regulatory interpretation, the training enhanced employees' understanding of fraud risks and consequences, and strengthened compliance awareness and professional conduct.



Anti-fraud training and promotional activities

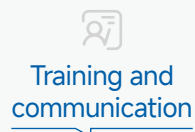
Anti-unfair competition

Hoshine Silicon strictly complies with China’s *Anti-Monopoly Law* and the *Law Against Unfair Competition*. The Company competes by advancing product and service quality, technological innovation, and management practices. The Company firmly opposes all forms of unfair competition.

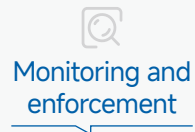
Management requirements against unfair competition



Formulate the *Regulations on Disciplinary Punishment* and follow principles of fact-based judgment, rule-based enforcement, balanced discipline, fairness, and education, providing a basis for addressing violations, including unfair competition



Reinforce fair competition principles through monthly onboarding and ongoing training, guiding employees, especially those in sales and marketing, to engage with competitors in a compliant manner and strictly prohibiting practices such as commercial defamation and trade secret infringement



Monitor compliance in competitive practices, initiate investigations into suspected violations of fair competition, and enforce strict disciplinary actions in accordance with relevant regulations through routine supervision and targeted audits

Information Security

Hoshine Silicon adheres to a guiding principle of “security as the foundation, prevention as the priority, technology as the safeguard, and governance as the framework”. The Company has established a three-tier governance structure for cybersecurity and data security, comprising a senior management-led Leading Group for Network Information Security for overall coordination, the Digital Intelligence Center for day-to-day security operations and technical support, and the Internal Control Department for oversight and accountability.

We implemented policies such as the *Information System Security Management Regulations*, *Regulations on IT Equipment Management*, and the *Emergency Response Plan for Network and Information Security*. These measures ensure the safe and reliable operation of IT systems and infrastructure.

Key information security measures in 2025



Data security management

- ◆ **Production and R&D:** protect sensitive data such as raw material formulas, process parameters, equipment operation data, quality reports, core R&D formulas, and patented technologies related to silicon metal, silicone, and silicon carbide
- ◆ **Operation management:** strictly manage employee personal data, financial data, contract records, and strategic plans
- ◆ **External collaboration:** ensure information security regarding supplier qualifications, procurement pricing, customer orders, and credit records



Cybersecurity protection

- ◆ **Basic protection:** prohibit unauthorized device access to office networks, deploy antivirus and encryption software, and implement strict controls over USB ports
- ◆ **Access control:** implement role-based access control (RBAC) and full-process audit tracking for critical systems and sensitive data
- ◆ **Targeted initiatives:** conduct vulnerability management campaigns with 201 security vulnerabilities resolved during the year; strengthen industrial control system (ICS) cybersecurity to support smart manufacturing
- ◆ **Emergency preparedness:** develop detailed response plans covering scenarios such as network outages, cyberattacks, data failures, and fire incidents, and conduct regular drills



Information security awareness

Enhance employee awareness through campaigns, specialized training, and case studies; conduct five cybersecurity drills and three training sessions during the year, improving employees’ ability to identify and respond to common threats



O2

Advancing with Green Momentum to Strengthen the Ecological Baseline

Material topics

Environmental compliance management, Climate change response, Pollutant and waste management, Energy use, Resource management, Circular economy, Ecosystem and biodiversity protection, Chemical management

Aligning with the SDGs



Environmental Governance

Built on the ISO 14001 environmental management systems, Hoshine Silicon has established a comprehensive environmental compliance framework across four dimensions: governance structure, institutional system, oversight mechanism, and performance assurance. This integrated approach aligns environmental management with risk control and strategic development. As of the end of the reporting period, 12 subsidiaries have obtained the ISO 14001 environmental management system certification. Two subsidiaries, namely Western Silicon Industry and Alpha Semiconductor, have been awarded green factory certification. In 2025, the Company reported no material environmental violations.

Environmental management framework

Governance structure

Establish a three-tier governance structure led by the Board, managed by general managers of business divisions, and executed by heads of the Safety and Environment Departments of each subsidiary; clearly define roles and responsibilities at each level to ensure effective top-down coordination and execution

Institutional system

Establish a three-tier institutional system comprising foundational policies, specialized procedures, and emergency response mechanisms:

- ◆ Define management objectives and responsibilities through foundational policies such as the *Environmental Protection Management System*
- ◆ Provide operational guidance through specialized procedures, including the *Environmental Protection Facility Operation System* and *Monitoring and Measurement Management Procedures*
- ◆ Specify response workflows and corrective actions through emergency plans such as the *Emergency Response Plan for Environmental Emergencies*

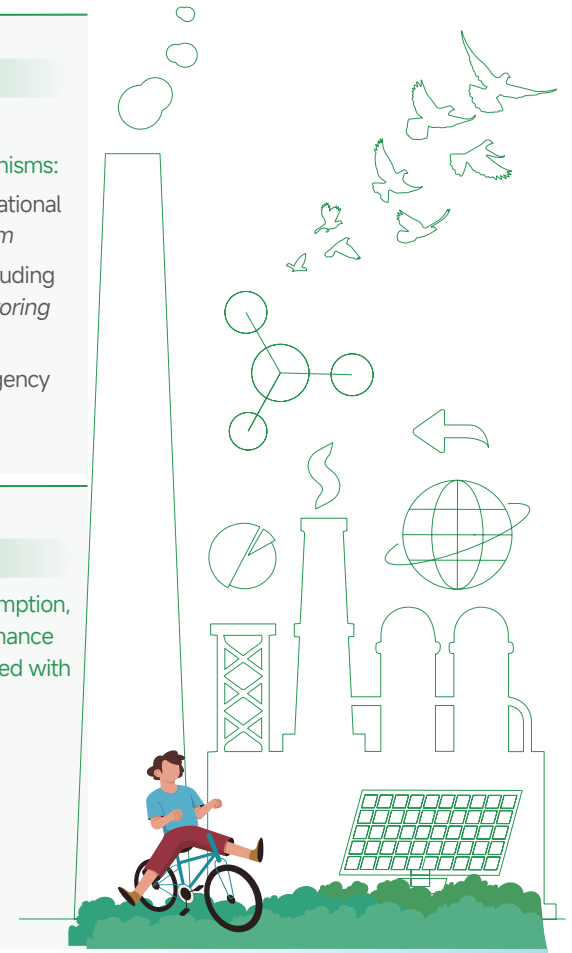
Oversight mechanism

Build a multi-layered oversight system integrating routine supervision, targeted audits, and external review:

- ◆ Conduct routine inspections and on-site checks to ensure compliant operations and effective environmental facility performance
- ◆ Carry out quarterly/annual audits to review policy implementation, target achievement, and risk response
- ◆ Engage third parties for environmental monitoring and disclose ESG information to enhance transparency and accountability

Performance assurance

Incorporate key environmental indicators—including energy consumption, water-processing efficiency, and pollutant emissions—into performance assessment with a weighting of no less than 20%, with results linked with compensation and promotion



Environmental management initiatives in 2025



Environmental risk control

Establish an environmental risk database integrating real-time meteorological, water quality, and air data; apply AI-based analytics to predict risks and issue alerts up to 72 hours in advance



Emergency management

Conduct regular environmental risk inspections and emergency drills; complete six emergency drills during the year covering scenarios such as leaks, fires, and wastewater exceedances



Digital management platform

Launch a production digital management platform to visualize full-process energy consumption and emissions data, supporting scheduling optimization and cost reduction



Awareness and capability building

Organize compliance training for senior management to strengthen risk awareness at the decision-making level
Deliver targeted training on energy conservation, carbon reduction, cleaner production, and compliant operations to enhance professional capabilities

Throughout operations, we adhere to the principle of “respecting nature and prioritizing protection”. All production sites are located away from biosphere reserves and operate under strict environmental controls, with no material impact on surrounding ecosystems or communities. Meanwhile, we shoulder our responsibilities in ecological conservation by promoting restoration through vegetation planting and the closure of idle landfill areas. We also conduct regular environmental monitoring across plant sites and surrounding areas to ensure ecological safety.

Climate Action

Hoshine Silicon actively responds to national goals of carbon peaking and carbon neutrality. Guided by the task force on climate-related financial disclosures (TCFD) framework, we integrate climate-related considerations into operations and risk management, leveraging the whole value chain and circular development foundation to optimize carbon management and advance the low-carbon transition, contributing to high-quality green development across the industry.

Governance

In the face of climate change, we have established a three-tier governance structure, covering decision-making, organizational, and execution levels. By defining clear roles, responsibilities, and coordination mechanisms, we enhance the scientific rigor of decision-making and the efficiency of execution, ensuring the orderly implementation of climate-related actions and continuous improvement in governance.





Hoshine Silicon climate change governance structure



We regularly update our management regulations, including the *Administrative Measures of Carbon Emissions and Energy Consumption Verification*, to guide full-process carbon emissions control and strengthen resilience to extreme weather risks. We implement a supervision and reporting mechanism that combines routine internal monitoring with third-party verification, alongside regular reporting and dedicated review meetings, to ensure effective execution and timely progress of climate-related initiatives.

Strategy

We systematically assess climate-related physical and transition risks across the full value chain, drawing on industry research, regulatory developments, peer benchmarking, and external data analysis. We capture policy and market opportunities while mitigating risks through technological innovation, advancing initiatives such as energy mix optimization and low-carbon product development. By dynamically aligning with evolving policy and technology trends, we strengthen climate resilience and balance economic and social value, enhancing our core capabilities against climate change.



Risk category		Risk description	Financial impact	Time scope	Influenced value chain	Response measures
 Physical risk	Acute	<ul style="list-style-type: none"> Disrupted production/logistics continuity due to extreme weather (snowstorms, sandstorms, heavy rainfall) 	Higher direct production costs	Short term	Upstream value chain Own operations	<ul style="list-style-type: none"> Strengthen emergency response at production sites; enhance supply chain resilience Optimize resource reserves; diversify supply channels
	Chronic	<ul style="list-style-type: none"> Constrained capacity expansion due to long-term energy consumption policies; water scarcity in certain regions affecting operations 	Higher direct/indirect production costs	Long term	Own operations	<ul style="list-style-type: none"> Upgrade to low-energy technologies to meet consumption requirements Track and assess water scarcity risks on a regular basis
 Transition risk	Policy and legal	<ul style="list-style-type: none"> Increased compliance costs due to policies such as carbon trading and dual control of energy Affected short-term capacity release due to industry regulations (capacity control, price discipline) 	Higher compliance costs	Medium term	Own operations	<ul style="list-style-type: none"> Adapt to evolving policies; optimize capacity and product mix Implement energy-saving and carbon reduction measures; reduce compliance costs
	Technology	<ul style="list-style-type: none"> Increased transition pressure and product competitiveness challenges due to industry shift toward low-carbon technologies Lag in high-end product development relative to market demand 	Higher R&D costs	Medium to long term	Own operations	<ul style="list-style-type: none"> Increase R&D investment; collaborate with research institutions and industry partners on low-carbon technologies Accelerate commercialization of technologies; align with high-end market demand
	Market	<ul style="list-style-type: none"> Revenue volatility due to cyclical price fluctuations of key products (silicon metal, silicone, etc.) 	Reduced revenue	Long term	Downstream value chain	<ul style="list-style-type: none"> Expand diversified downstream applications; mitigate demand fluctuations
	Reputation	<ul style="list-style-type: none"> Affected brand image due to environmental or compliance-related public opinions, influencing orders and partnerships 	Brand damage leading to order loss	Medium term	Downstream value chain	<ul style="list-style-type: none"> Strengthen compliant operations and information disclosure; proactively manage public opinion Enhance ESG management; reinforce positive brand image

Opportunity category	Opportunity description	Financial impact	Time scope	Influenced value chain	Response measures
 Policy and legal	<ul style="list-style-type: none"> Policy support for green and low-carbon industries; adoption of low-carbon technologies eligible for subsidies, supporting business growth 	Lower operating costs	Medium term	Own operations	<ul style="list-style-type: none"> Proactively apply for policy-supported programs
 Market	<ul style="list-style-type: none"> Rising downstream demand creates expansion opportunities 	Lower operating costs; increased revenue	Medium term	Downstream value chain	<ul style="list-style-type: none"> Expand production capacity; increase market share

*Note: Short term refers to 1-3 years; medium term refers to 3-10 years; long term refers to more than 10 years

Impacts, risks, and opportunities management

We have established a management process—encompassing identification, analysis, evaluation, and response—based on our business characteristics, internal and external conditions, and expert input. Climate risks are progressively integrated into the existing risk management framework, enhancing resilience and reducing potential operational impacts.

Climate risk management process

Identification 01

Identify climate-related risks and opportunities across core business activities through analysis and research based on the TCFD framework and peer practices, and compile comprehensive assessment inventories

Analysis 02

Quantify key attributes of identified risks and opportunities with reference to industry characteristics, stakeholder input, and expert insights, developing risk and opportunity inventories

Evaluation 03

Apply scenario analysis to assess impact and likelihood, evaluate the Company's adaptability and resilience, and define management priorities

Response 04

Develop targeted response plans for identified risks, implement specific measures, and regularly monitor the progress of key climate risk mitigation actions

We conduct in-depth life cycle assessment (LCA) studies of product environmental impacts, covering all stages from raw material sourcing and manufacturing to distribution, use, and end-of-life disposal, to comprehensively assess and reduce carbon footprint and overall environmental impacts in response to climate-related risks.

Products with LCA assessment and carbon footprint certification





Business segment	Subsidiary	Product	Carbon footprint certification
Silicone	Jiaxing Hoshine	HS-5360 silicone rubber	ISO 14067 carbon footprint certification
		Methyl hydrogen silicone fluid	LCA assessment based on ISO 14040
		Room temperature vulcanized silicone rubber (OH Polymer)	LCA assessment based on ISO 14040



Carbon footprint certification of HS-5360 silicone rubber products

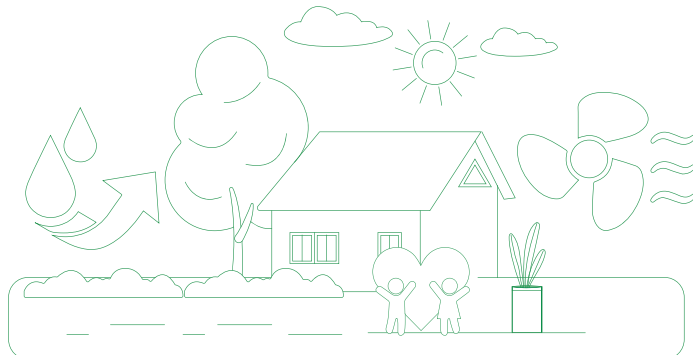
Metrics and targets

The Company sets tailored energy consumption goals at the business division level based on the operational status of each business line and incorporates climate-related KPIs into the performance evaluation of core management personnel. We regularly review progress against these targets and promote energy conservation and emissions reduction through process upgrades, equipment upgrades, energy substitution, and circular utilization, to enhance our competitiveness in green development.

Category	Unit	2024	2025
 Scope 1 GHG emissions	tCO ₂ e	11,789,117.03	11,221,841.79
 Scope 2 GHG emissions	tCO ₂ e	8,739,283.65	4,493,288.57
 Total GHG emissions	tCO ₂ e	20,528,400.68	15,715,130.37
 GHG emission intensity	tCO ₂ e/RMB 10,000	7.69	7.67

*Note:

1. The main sources of GHG emissions include direct GHG emissions from the combustion of fuels such as gasoline, diesel, coal, and natural gas, as well as indirect GHG emissions from the purchased electricity
2. The main types of GHG emissions include carbon dioxide (CO₂), methane (CH₄), and fluorinated gases
3. The scope of GHG emissions statistics includes Hoshine Silicon Industry Co., Ltd. and all stable production subsidiaries



Resource Utilization

Hoshine Silicon regards efficient resource utilization as a core driver of sustainable development. Through systematic strategic planning and technological innovation, we have established a refined, full-value-chain management system covering energy, water, materials, and packaging, providing strong support for the green and low-carbon transition.

Energy management

Energy management system

The Company has established a unified energy management system. The headquarters oversees overall strategy, policies, and target setting, while business divisions are responsible for implementation, forming a closed-loop management approach of target setting, plan execution, performance evaluation, and continuous improvement, covering the full process of energy procurement, consumption, and assessment. As of the end of the reporting period, five subsidiaries including Shanshan Silicon, Xinjiang Silicon Industry New Materials, Western Hoshine, Jiaying Hoshine, and Luzhou Hoshine have obtained ISO 50001 Energy Management System certification.

Policies and procedures

- ◆ Establish policies and procedures including the *Energy Management Manual*, *Energy Conservation Management System*, and *Energy Review Procedures*, covering full-process requirements for energy procurement, utilization, metering, and statistical reporting

Oversight and assessment

- ◆ Establish energy management data ledgers; enable real-time tracking and anomaly alerts through monitoring systems
- ◆ Conduct at least one internal audit of the energy management system annually; combine third-party verification and special inspections to ensure effective system operation

Energy utilization initiatives

We advance cleaner production across all operational stages. Through energy audits, technological upgrades, process optimization, and refined management, we improve efficiency and reduce overall consumption and emissions.

Process and technology upgrades

- ◆ **Silicon metal business segment**
Eliminate energy waste from idle furnace burning, flare loss, and material collapse through targeted rectification
- ◆ **Silicone business segment**
Reduce high-boiling content in purified monomers to 15% by upgrading cracking and distillation systems; cut annual steam consumption by 963 tons and save costs by hundreds of thousands of yuan
- ◆ **Energy business segment**
Complete capacity expansion of coal mills; improve blending and combustion of low-grade coal; save over RMB 2 million in raw coal costs annually



Process and equipment optimization

- ◆ **Silicon metal business segment**
Replace 42 main blowers with units certified grade 1 under China Energy Label (CEL)
- ◆ **Silicone business segment**
Upgrade reactor oil pump system, with three 200 kW pumps replaced by one 400 kW unit, saving over 300,000 kWh of electricity annually
- ◆ **Energy business segment**
Replace high-pressure heaters as a whole, saving over 2,000 tons of standard coal with direct energy savings exceeding RMB 1 million
Retrofit boiler air preheater heat storage components and reduce flue gas temperature and coal consumption, saving over 1,000 tons of standard coal annually
- ◆ **Photovoltaic business segment**
Optimize air compressor system for silicon core reprocessing, reducing operating power by 92 kW and saving an estimated over 600,000 kWh of electricity annually






Refined management of energy efficiency

- ◆ **Energy business segment**
Conduct energy benchmarking; leverage third-party expertise and mature technologies; optimize system configuration and equipment efficiency to unlock energy-saving potential

Clean energy utilization

The Company promotes energy structure optimization and actively explores the integrated use of renewable and alternative energy. We continue to increase the share of clean energy in total consumption, supporting the transition to low-carbon operations.

 <p>Silicon metal business segment</p>	<p>Promote green electricity procurement through market-based mechanisms</p>
 <p>Energy business segment</p>	<p>Advance the Shanshan 2.1 GW photovoltaic project, with plans to utilize local solar resources to supply green power</p>
 <p>Photovoltaic business segment</p>	<p>Prioritize renewable energy consumption from the incremental distribution network within the industrial park, achieving 90.32% renewable energy share, including 46.11% solar, 9.11% wind, 36.62% energy storage, and 8.16% hydropower</p>

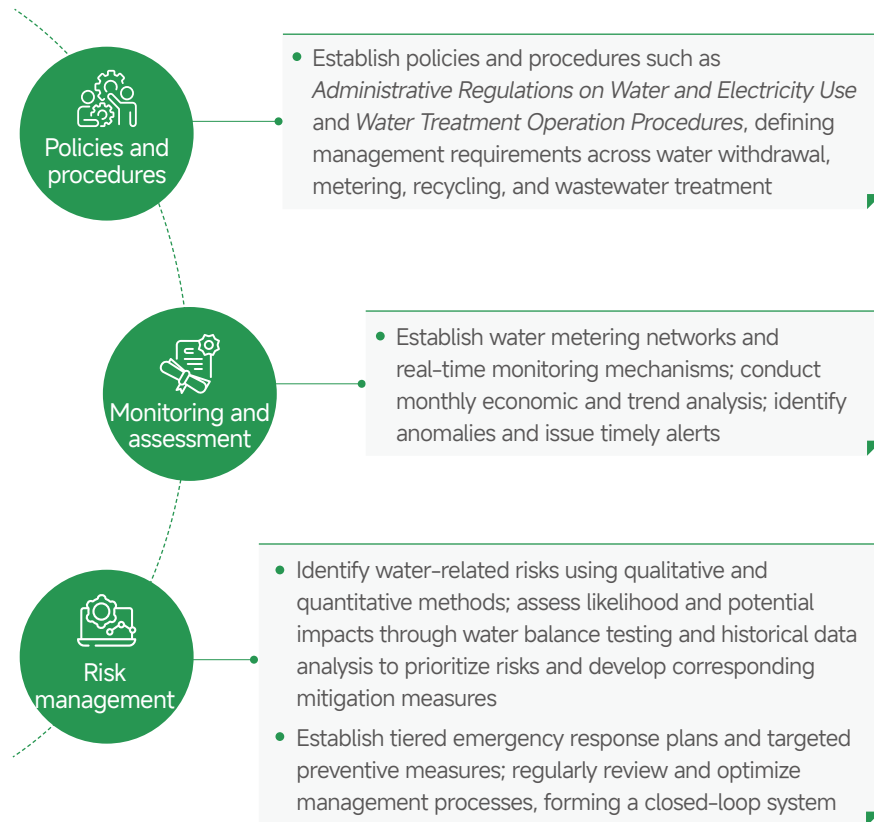
Clean technology opportunities

We place full-process green upgrading at the core of clean technology development and implement our strategy through three key actions: promote low-carbon energy such as photovoltaics to replace coal-fired power and reduce emissions; optimize smelting processes and develop circular economy systems, leveraging technologies such as waste refractory recycling to improve resource efficiency; integrate intelligent systems to enable precise management of energy use and pollutant emissions. At the same time, we increase R&D investment, focusing on demonstration projects, equipment upgrades, and new material development to capture clean technology opportunities.

Water resource management

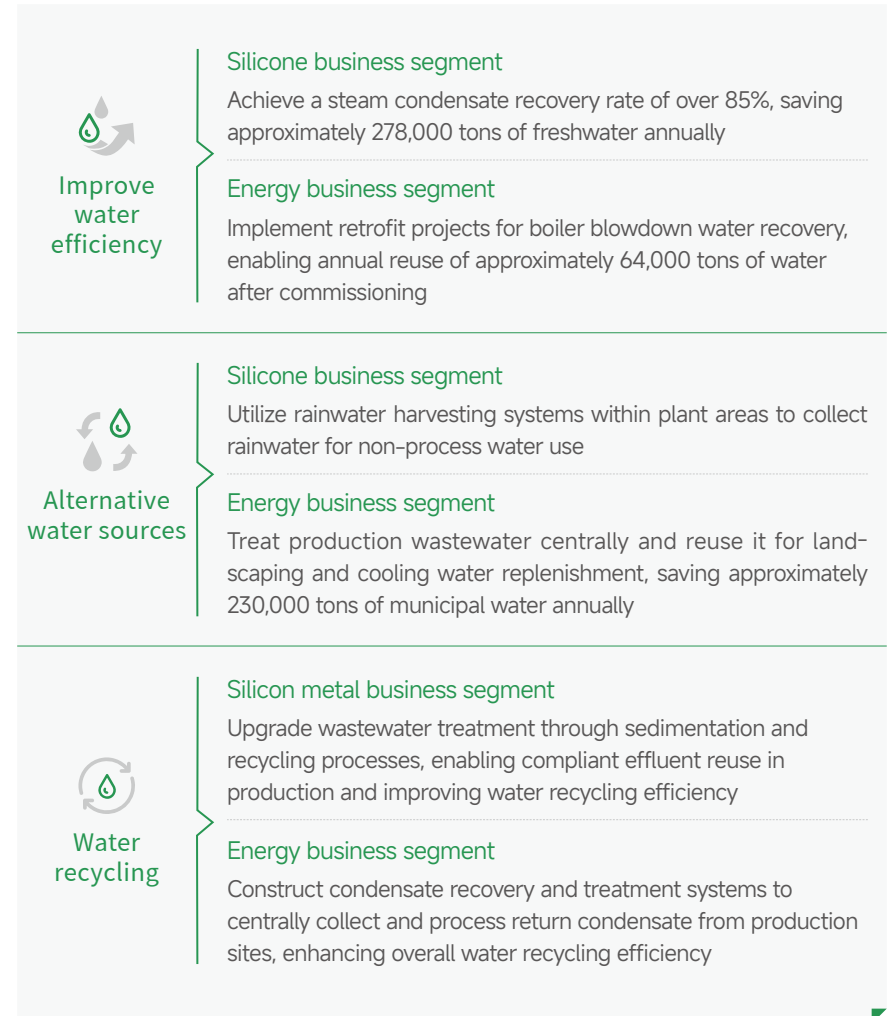
Water resource management system

The Company has established a systematic system for water resource management. Water is primarily sourced from water treatment plants and municipal supply networks, with some sites using surface water, rainwater harvesting, and recycled wastewater. All water withdrawal and discharge activities comply with regulatory requirements and have no material impact on water sources.



Water resource utilization initiatives

We follow the principle of conservation first and circular utilization. Through technological innovation, process optimization, and resource reuse, we improve water use efficiency, strictly control total water withdrawal, ensure compliant discharge, and enhance overall water management performance.



Materials and packaging management

The Company standardizes the procurement and use of materials and packaging. We establish policies and procedures, such as the *Administrative Rules on Product Packaging Protection* and the *Administrative Rules on Product Packaging*. Through design optimization, material innovation, and circular mechanisms, we reduce material consumption, promote environmentally friendly and recyclable packaging, and enhance the standardization, sustainability, and efficiency of materials and packaging management.

Material and packaging management initiatives in 2025



Material recycling

Silicone business segment

- ◆ Sort and purify solid waste such as silicon slag and dust; recover valuable elements including silicon and copper
- ◆ Convert by-products such as hydrochloric acid generated during production into raw materials through technological processes, enabling closed-loop recycling



Reduce material consumption

Silicon metal business segment

- ◆ Optimize production processes, raw material selection, and crushing/screening systems, reducing consumption of quartz, coal, and wood chips
- ◆ Establish recycling systems for raw materials and production, recovering and reusing scrap, waste, and residual heat

Silicone business segment

- ◆ Commission idle distillation column retrofit projects to remove high-boiling components from purified monomers, reducing material circulation losses and steam consumption

Energy business segment

- ◆ Retrofit plasma ignition systems for two generating units to replace conventional oil-fired ignition systems, saving approximately 120 tons of fuel annually and reducing material costs by over RMB 900,000



Packaging reuse

Silicon metal business segment

- ◆ Prioritize bulk bag circulation and complete discharge of residual materials based on product specifications to reduce the use of new bags

Silicone business segment

- ◆ Promote the reuse of packaging materials, including reusing intermediate bulk containers and replacing bagged transport with tank truck delivery

Product environmental impact

We conduct in-depth studies on product environmental impacts, identifying environmental factors across the full lifecycle—from raw material sourcing, equipment and process design to manufacturing, use, and end-of-life disposal. We assess environmental risks associated with our products and reduce impacts through eco-design, chemical reduction and substitution, recycling, and circular utilization. These efforts minimize environmental impacts throughout the product lifecycle and safeguard consumer health and safety.

We also take active steps to reduce environmental impacts at the end of the product and packaging lifecycle. Through collaboration with customers, we promote recycling, reduce packaging size, and lower packaging weight, minimizing environmental impact.



Pollution Prevention and Control

Hoshine Silicon fulfills its primary responsibility for ecological and environmental protection. Leveraging its integrated “coal–power–silicon” circular economy model, the Company has established a full-process pollution control system. Environmental principles are embedded across operations, driving continuous improvement in environmental performance and enabling a balance between economic and ecological value through technological innovation.

Pollutant management

Governance

The Company has established a three-tier pollutant management governance structure comprising decision-making, organizational, and execution levels. We clearly define roles and responsibilities at each level and delineate end-to-end management boundaries across decision-making, coordination, and implementation. This structure ensures the standardized and orderly advancement of pollutant management and provides a solid foundation for strengthening environmental governance and supporting green development.






Hoshine Silicon pollutant governance structure

The Company establishes policies such as the *Wastewater Management System*, *Exhaust Gas Emission Management System*, *Hazardous Waste Management System*, and *Pollutant Discharge Permit Management System* to guide full-process pollutant control. We monitor emissions in real time through online systems and implement a closed-loop supervision mechanism combining routine inspections, periodic audits, and external verification.

Strategy

The Company adopts a core strategy of “source reduction, resource recovery, compliant disposal, and intelligent control”. We reduce waste generation at source through cleaner production and process optimization; promote resource utilization through closed-loop practices such as waste acid recovery, wastewater reuse, and waste residue recycling; ensure full compliance with environmental regulations and establish end-to-end management systems; leverage digital platforms to enable lifecycle monitoring and traceability, ensuring compliant pollutant discharge.



Risk category		Risk description	Financial impact	Time scope	Influenced value chain	Response measures
 Physical risk	Acute	<ul style="list-style-type: none"> ◆ Excessive exhaust gas emission caused by equipment failure or process disruptions ◆ Malfunctions at wastewater treatment facilities leading to operational abnormalities 	Increased direct treatment costs	Short term	Own operations	<ul style="list-style-type: none"> ◆ Strengthen equipment inspection and maintenance, and conduct regular emissions testing ◆ Provide environmental compliance training to standardize operational practices
	Chronic	<ul style="list-style-type: none"> ◆ Improper storage of hazardous waste leading to soil and water contamination ◆ Delayed disposal of general waste causing space occupation, odor issues, and environmental impacts 	Increased direct treatment costs	Short term	Own operations	<ul style="list-style-type: none"> ◆ Establish strict waste classification, collection, and disposal systems; ensure hazardous waste is handled by qualified contractors with full traceability ◆ Ensure timely removal of general waste and strengthen management of storage areas
 Transition risk	Policy and legal	<ul style="list-style-type: none"> ◆ Risk of non-compliance due to inability to adapt to increasingly stringent regulations 	Increased operating costs	Short term	Own operations	<ul style="list-style-type: none"> ◆ Closely monitor regulatory developments and continuously optimize production processes
	Technology	<ul style="list-style-type: none"> ◆ Increased capital investment required for environmental technology upgrades and management system improvements 	Increased operating costs	Long term	Own operations	<ul style="list-style-type: none"> ◆ Increase R&D investment and collaborate with research institutions and industry partners to develop low-carbon and environmentally friendly technologies
Opportunity category		Opportunity description	Financial impact	Time scope	Influenced value chain	Response measures
 Policy and legal		<ul style="list-style-type: none"> ◆ Stricter emission standards accelerate the phase-out of high-pollution, outdated capacity, enabling the Company to capture additional market share through its mature pollutant management system 	Increased revenue	Long term	Downstream value chain	<ul style="list-style-type: none"> ◆ Continuously enhance environmental management practices and actively participate in environmental initiatives to strengthen brand reputation

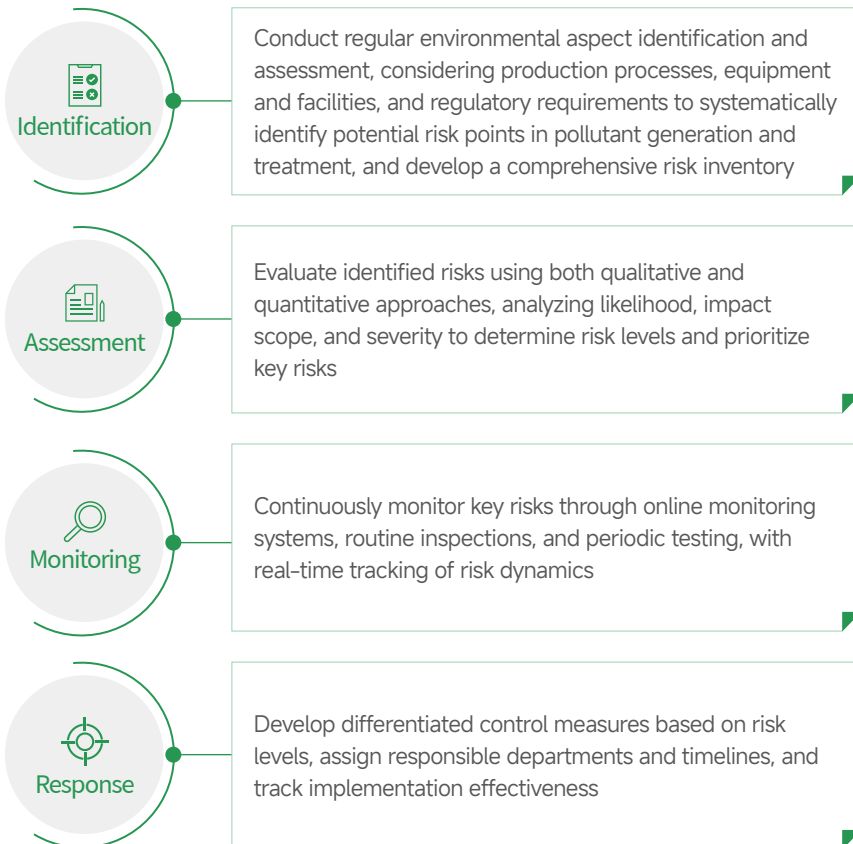
*Note: Short term refers to 1-3 years; medium term refers to 3-10 years; long term refers to more than 10 years



Impacts, risks, and opportunities management

The Company has established a pollutant risk management process covering identification, assessment, monitoring, and response, taking into account the operational characteristics of each business division and internal and external regulatory requirements. We integrate pollutant risk control into the overall risk management framework, enhancing risk anticipation and response capabilities, and steadily reducing the impact of pollutant-related risks on business operations and development.

Pollutant risk management process



Metrics and targets

The Company sets differentiated and actionable pollutant control targets at the business division level based on actual emissions of exhaust gas, wastewater, and solid waste. We regularly review and assess target performance to continuously improve the precision of pollution management.






Category	Indicator	Unit	2024	2025
Exhaust Gas	Nitrogen oxide emission	ton	5,399.66	2,825.21
	Sulphur oxide emission	ton	1,050.72	913.43
	VOC emissions	ton	6.63	2.27
	Particulate matter (PM) emissions	ton	868.11	400.49
	Total exhaust gas emission	10,000 m ³	11,078,808.80	8,592,994.38
Wastewater	COD	ton	260.49	128.71
	Ammonia nitrogen	ton	12.73	4.53
	Total wastewater discharge	10,000 tons	2,147,434.59	1,652,920.97
Waste	Hazardous waste recycled and reused	ton	39,157.37	70,803.09
	Non-hazardous waste collected (recyclable)	ton	520,731.86	698,782.93
	Hazardous waste treated by other method	ton	63,354.92	12,988.34
	Non-hazardous waste collected (non-recyclable)	ton	43,899.91	20,507.20

Pollutant treatment


The Company follows the principles of “systematic management, targeted measures, efficient circular use, and full compliance” in pollutant treatment. We implement classified management and scientific treatment for different types of pollutants. Digital monitoring and traceability platforms further enhance standardization and precision, ensuring both environmental and economic benefits.

Exhaust gas treatment

Major exhaust gas emissions include furnace flue gas from silicon metal production; VOCs and hydrogen chloride from silicone production; sulfur dioxide, nitrogen oxides, and particulate matter from coal-fired power generation; as well as acid/alkaline gases, ammonia, and odor gases.

Pollutant	Treatment measures	Result	Discharge type
 Silicon metal exhaust gas	Treated through “cyclone gravity dust removal+baghouse filtration”, followed by denitrification and wet desulfurization systems	Compliant discharge	Organized
 Silicone exhaust gas	Treated through integrated processes including condensation recovery, incineration, SNCR denitrification, dust removal, water/alkaline scrubbing, and activated carbon adsorption		
 Acidic/alkaline exhaust gas	Neutralized through multi-stage scrubbing technologies (e.g., two-stage and four-stage scrubbing)		
 SO ₂ , NO _x Particulate matter	Treated through processes such as “selective catalyst reduction method for flue gas denitrification (SCR)+electrostatic precipitator+limestone gypsum wet desulfurization” and “baghouse filtration+desulfurization and denitrification”, as well as “dry desulfurization using hydrated lime+integrated denitrification and dust removal via ceramic filter tubes”		
 VOCs	Treated by technologies such as two-stage activated carbon adsorption with catalytic combustion, and RTO incineration		

Initiatives for exhaust gas emission reduction in 2025



Monitoring and control

- Install continuous emissions monitoring systems (CEMS) at major emission outlets and connect them to regulatory authorities for real-time data transmission, enabling routine monitoring and early warning of emission data



Process upgrades

- Establish leak detection and repair (LDAR) systems; conduct regular inspections of static and dynamic sealing points, reducing fugitive emissions
- Apply low-NO_x combustion technologies to reduce nitrogen oxide generation at source
- Expand the application of membrane separation technologies to increase chloromethane recovery rates to 99%



Facility upgrades


- Upgrade exhaust gas treatment facilities and optimize operating parameters for adsorption and incineration systems
- Conduct regular equipment inspection and maintenance, implement predictive maintenance, and reduce leakage risks

Wastewater treatment

Wastewater mainly includes domestic sewage and industrial wastewater. Industrial wastewater consists of acidic, alkaline, high-salinity, and process wastewater, with key pollutants including COD, ammonia nitrogen, suspended solids, and salts.


Pollutant	Treatment measures	Result	Discharge type
Domestic sewage	Treated via dedicated wastewater treatment systems	Compliant discharge	Treated to compliance standards before discharge to municipal systems
Industrial wastewater	Treated via dedicated wastewater treatment systems		

Wastewater reduction initiatives in 2025




Water reuse and conservation

- Reuse treated wastewater for production water replenishment and landscape irrigation, reducing freshwater consumption
- Implement rainwater and sewage diversion to prevent rainwater contamination



Process upgrades

- Apply combined treatment processes such as "A/O biological treatment+secondary sedimentation" and "water scrubbing+alkaline scrubbing", with dedicated treatment solutions for high-salinity wastewater
- Develop salt recovery technologies from wastewater to reduce hazardous waste generation



Facility upgrades




- Deploy zero-liquid-discharge (ZLD) systems at key plants, treating wastewater to meet circulating water intake standards for reuse

Case | Vaporizer condensate drain retrofit at Jiaying Hoshine to reduce wastewater discharge

To address increased wastewater discharge from vaporizer condensate during maintenance, Jiaying Hoshine upgraded the drainage system by redirecting condensate directly into the rainwater pipeline. This prevents mixing with acidic trench water and reduces wastewater generation from the source. The project reduces wastewater discharge by approximately 60 tons annually and lowers treatment costs, delivering both environmental and economic benefits.

Waste management

The Company's waste mainly includes general solid waste and hazardous waste. Some of the silicon slag and used intermediate bulk containers in general solid waste can be recycled and reused. For non recyclable general solid waste and hazardous waste, qualified third parties will handle them separately.

Category	Name	Treatment measures	Storage
 General solid waste	Including fly ash, desulfurization ash, slag, packaging materials, office waste, and domestic waste	Collected and disposed of by municipal sanitation services or qualified contractors on a timely basis	Collected separately and stored in designated areas
 Hazardous waste	Including waste mineral oil, spent contact materials, waste catalysts, high-boiling residues, waste activated carbon, and laboratory waste liquids	Managed under a manifest system; treated by qualified contractors or through in-house facilities for recycling, incineration, or compliant landfill; tracked throughout the lifecycle via the hazardous waste management system (HWS)	Stored in dedicated temporary storage facilities, and classified and labeled by hazard characteristics
 Recyclable waste	Including silicon slag, filter residue, used intermediate bulk containers, and waste RO membranes	Collected separately and recycled through reuse, material recovery, or supplier take-back programs	Set up a dedicated storage area for storage

Waste reduction initiatives in 2025



Monitoring and control

- Enhance the hazardous waste management system (HWS) to enable full lifecycle tracking
- Establish comprehensive management records, and conduct regular environmental audits and compliance training



Process upgrades

- Expand resource recovery technologies such as copper extraction from high-boiling residues and concentration of waste sulfuric acid



Facility upgrades

- Upgrade hazardous waste storage facilities, including video surveillance and anti-seepage systems
- Promote the development of circular economy industrial parks to improve waste recycling efficiency

Chemical Management

Chemical management system

Hoshine Silicon adheres to the principles of safety, compliance, low carbon, and efficiency. The Company establishes policies and procedures such as *Chemical Safety Management Policy*, *List of Chemical Categories and Management System*, and *Hazardous Chemicals Management System*. We maintain a comprehensive chemical inventory covering inspection, usage records, and routine checks in accordance with regulatory requirements. A full lifecycle management system ensures compliant control and continuous improvement in chemical management.

Procurement



- Verify qualifications of chemical suppliers, including regulatory-compliant SDS and declarations of compliance; admit materials only after sample testing and trial use, and conduct regular compliance assessments of hazardous chemical suppliers and carriers
- Obtain approvals from local public security authorities and relevant regulators for controlled chemicals (e.g., nitric acid) prior to procurement, and register such approvals in designated regulatory systems

Storage



- Store chemicals by category and segregate based on their properties in strict accordance with MSDS requirements
- Store hazardous chemicals in dedicated warehouses equipped with ventilation, leak prevention, temperature and humidity control, and emergency facilities, with clear warning signage; apply “dual-control” management for controlled chemicals
- Establish full-process traceability records through SAP systems and chemical management platforms, and implement a first-in, first-out (FIFO) issuance system

Transportation



- Enter into *Transportation Safety and Environmental Protection Agreements* with licensed hazardous goods logistics providers, specifying operational requirements for transport, parking, handling, sampling, and unloading
- Define fixed routes for internal transfer and avoid peak personnel periods to ensure transportation safety

Use



- Issue chemicals only to authorized personnel with approved requisition forms
- Require operators to wear appropriate personal protective equipment (PPE) and conduct operations in fume hoods or designated areas in strict compliance with safety procedures

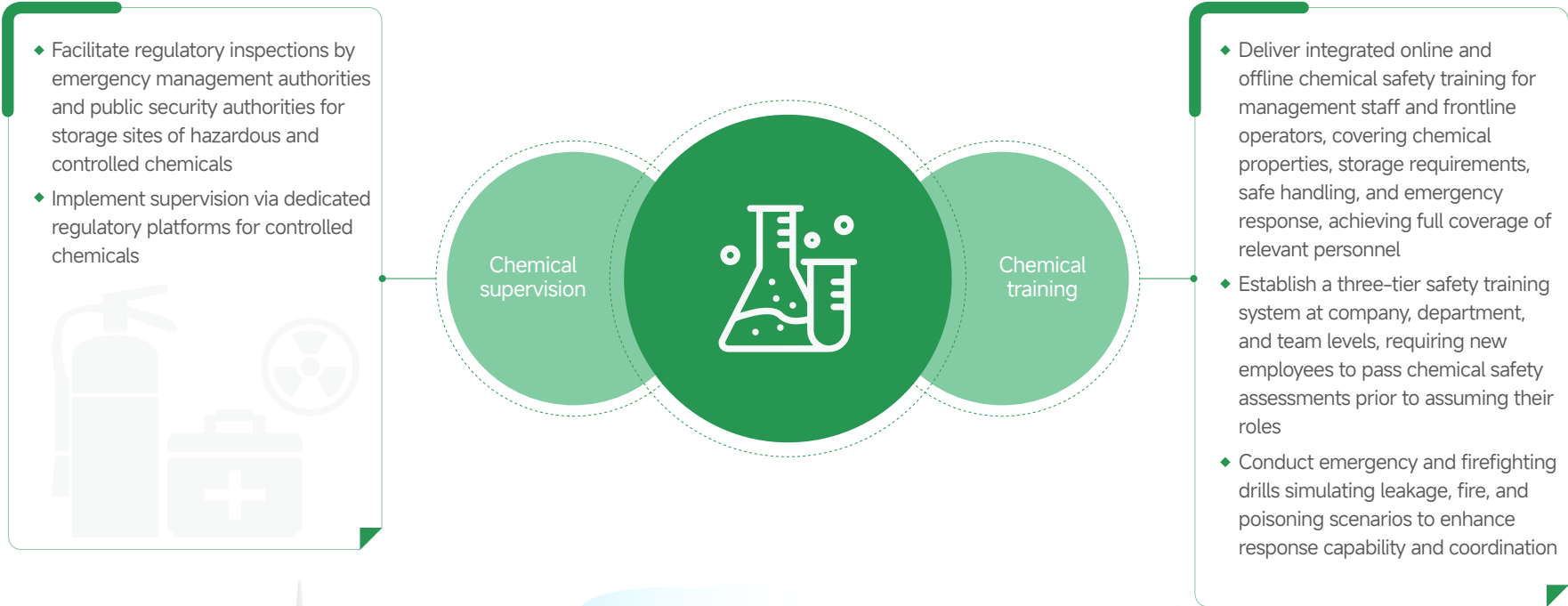
Disposal



- Segregate and collect waste chemical packaging and chemical waste, entrust disposal to licensed hazardous waste contractors, execute formal disposal contracts, and retain full transfer documentation to ensure traceability

Chemical management initiatives

The Company strengthens full-process risk control and green, efficient operations. We enhance employee awareness through systematic training, reduce environmental impacts through technological upgrades, and ensure supply chain compliance through standardized procedures, improving overall effectiveness and sustainability in chemical management.





03

Leveraging the “Silicon” Chain to Empower Value Co-Creation

Material topics

Product and service safety and quality, Supply chain management, R&D and innovation

Aligning with the SDGs



Product Quality

Hoshine Silicon strictly abides by such laws as China's *Law on Product Quality* to continuously improve its quality management system. By optimizing our quality management systems and standards, leveraging technological empowerment, and deploying dedicated quality teams, we have achieved full-process quality control spanning from R&D to after-sales service. The Company dedicates to high-end upgrading and transition to integrated services, and leverages stringent standards and optimized measures to ensure product quality and competitiveness. As of the end of the reporting period, 16 subsidiaries have obtained ISO 9001 quality management system certification, and Ningbo Guanghe has obtained IATF 16949 automotive industry quality management system certification.



Governance

Hoshine Silicon's quality management system is built upon ISO 9001 Standard. Meanwhile, the Company has introduced the LIMS (Laboratory Information Management System), integrated IoT technologies into its production system, and established the "One Code for One Item" traceability system, achieving full-process quality control and data traceability.

The Company has established a hierarchical product quality governance structure of three tiers, with specific rights, duties, and professional capabilities clarified for each tier. We have formulated such regulations as the *Product Quality Management System* and the *Unqualified Product Control Procedure*, building a comprehensive system across basic management, process control, risk and compliant management, etc. We have nailed down the quality requirements for each link, the operating specifications, and assessment standards, supporting the overall quality control.

Decision-making level

The General Manager acts as the head of quality management, and the representatives of the management assist in system construction

Review and approve quality strategies and targets, decide major quality issues, and optimize the allocation of quality resources

Management level

Members of the professional quality management team are proficient with industry standards and internal norms, and hold certificates for key positions

Formulate quality plans and systems, carry out full-process quality inspection, organize system audit, and conduct non-conforming product control and quality data analysis

Execution level

All departments are responsible for the control of raw material quality, process quality, and new product quality

Implement quality control requirements, carry out process regulations and inspection standards, report quality abnormalities, and participate in quality inspection and rectification






Hopson Silicon product quality governance structure



Strategy

The Company is dedicated to building itself a global quality benchmark in the field of silicon-based materials. To this end, we have formulated corresponding product quality strategies, and we implement the idea of "quality comes from design" throughout R&D and carry out supplier access and unannounced audit across the supply chain. In addition, we have introduced statistical process control and batch traceability throughout production, and we provide standard analysis certificates and full-process services at the delivery side, achieving quality control throughout the value chain. While transitioning from pure product sales to an integrated solution of "materials + process + services", we are responding to the quality demand of high-end manufacturing and new energy sectors, facilitating the upgrading of business models.



Risk category	Risk description	Financial impact	Time scope	Influenced value chain	Response measures
 Product risk	<ul style="list-style-type: none"> Unqualified products or foreign matters may lead to administrative penalties, customer complaints or claims 	Increased operating costs; decreased operating income	Short term	Own operations Downstream value chain	<ul style="list-style-type: none"> Implement strict foreign matter control in production, establish full-process quality inspection standards, and ensure product compliance with national standards
 Supplier risk	<ul style="list-style-type: none"> Unqualified supplier materials or damaged packaging may result in terminal product quality problems 	Increased operating costs; decreased operating income	Short term	Upstream value chain Own operations Downstream value chain	<ul style="list-style-type: none"> Strengthen supplier quality audit and inspection of incoming materials, improve packaging management standards, and tighten daily supervision over outsourcing transportation parties
 Market risk	<ul style="list-style-type: none"> With rapid changes in market demand and technological upgrading, sluggish product iteration may lead to slow sales 	Decreased operating income	Medium term	Own operations Downstream value chain	<ul style="list-style-type: none"> Establish a dynamic monitoring mechanism for market demand, increase spending on research, accelerate product iteration, and advance the R&D of high-end and differentiated products
Opportunity category	Opportunity description	Financial impact	Time scope	Influenced value chain	Response measures
 Technology opportunity	<ul style="list-style-type: none"> Leading or participating in the formulation of national and industry standards can demonstrate our technological and quality advantages and can lead the quality improvement of the industry 	Increased operating income	Medium term	Own operations	<ul style="list-style-type: none"> Deeply engage in the discussion and formulation of industry standards, transform technological advantages into standard clauses, and strengthen the guidance of quality control
 Market opportunity	<ul style="list-style-type: none"> With the rise of the new energy material market, high quality requirements provide opportunities for technological upgrading and quality control 	Increased operating income	Long term	Upstream value chain Own operations Downstream value chain	<ul style="list-style-type: none"> Highlight R&D of new energy products, optimize production process and quality control system, and build a high-end new energy material product matrix

*Note: Short term refers to 1-3 years; medium term refers to 3-10 years; long term refers to more than 10 years

 Impacts, risks, and opportunities management

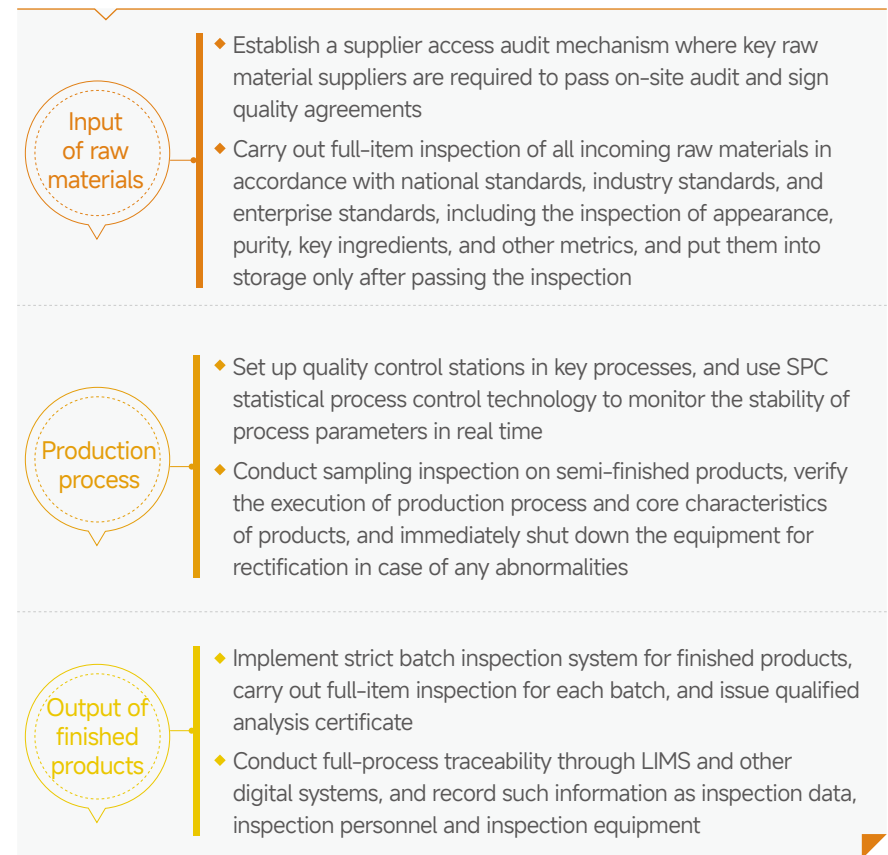
Each production base of the Company has established a closed-loop management system for the impacts, risks, and opportunities on product quality covering the entire value chain. Through comprehensive management, full-process control measures, and continuous optimization, we have achieved systematic control of the impacts, risks, and opportunities on product quality.

Product quality risk management process



The Company has built a full-chain inspection system for products. Through standard inspection procedures, advanced technologies and multi-level reviews, we ensure that the product quality of each batch is controllable and traceable. Meanwhile, we have established a quality training system for different levels of employees to enhance their quality capabilities and compliance awareness, whether they are managers or frontline workers.

Product quality inspection process



The Company has formulated the *Product Recall Control Procedure* to clarify the recall initiation conditions, division of responsibilities, and handling mechanism. Through rapid response and effective rectification, we endeavor to minimize the impact of quality problems on customers, and improve the collaborative response efficiency across departments.

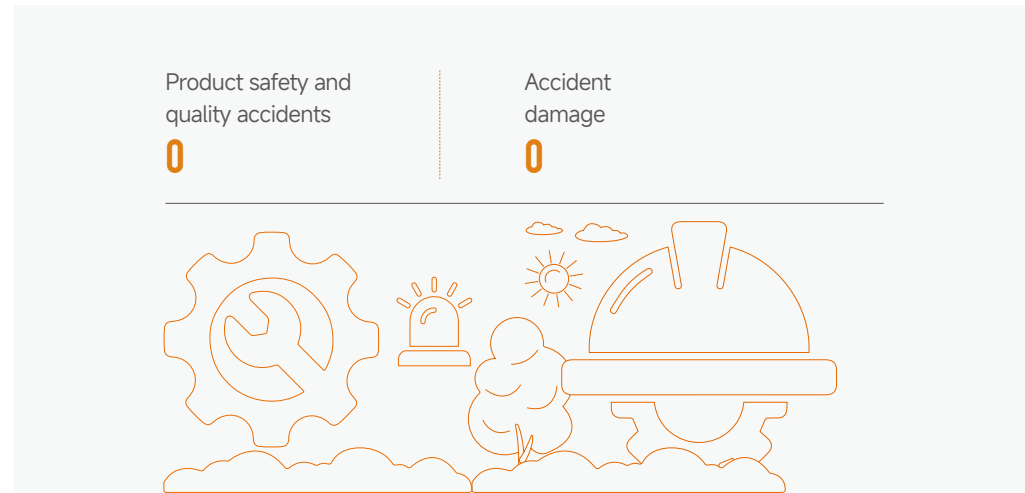
Product recall process



Metrics and targets

To continuously improve the stability and reliability of product quality, the Company fully considers the needs of market customers, industry standards and specifications, and its own production and operation practices and sustainability strategies. We aim to enhance our market competitiveness and maintain a fine brand image, and are committed to building and improving the full-process quality management system, continuously improving product and service quality, and preventing major quality and safety incidents.

2025 key performance



Customer Service

To address customer needs throughout product lifecycle, Hoshine Silicon has standardized its service system, and built a whole-chain customer rights protection mechanism. Through full-process services, smooth communication, and standard customer complaint handling, we have significantly improved our service quality, and empowered marketing under the principles of compliance, transparency, and environmental protection. We have consolidated customer information security relying on bulletproof systems and technologies, and coordinately improved customer satisfaction and sustainability value.

Optimized service experience

Following a customer-centered principle, the Company strives to build a standard and process-oriented service system. To address customer needs and improve service experience, we have established an all-round service management mechanism covering pre-sales, in-sales, and after-sales, and are steadily enhancing customer satisfaction through diverse communication channels, efficient problem handling processes and continuous improvement measures.

Improving customer service quality



Full-process service system

- Ensure accurate product selection and transparent transaction information in pre-sales
- Achieve automatic document processing and on-time delivery through CRM, SAP, TMS, and other systems
- Establish a cross-departmental collaboration mechanism after sales, quickly collaborate with relevant business departments to conduct traceability analysis, and provide solutions such as returns and exchanges according to customer demands after troubleshooting



Diverse communication channels

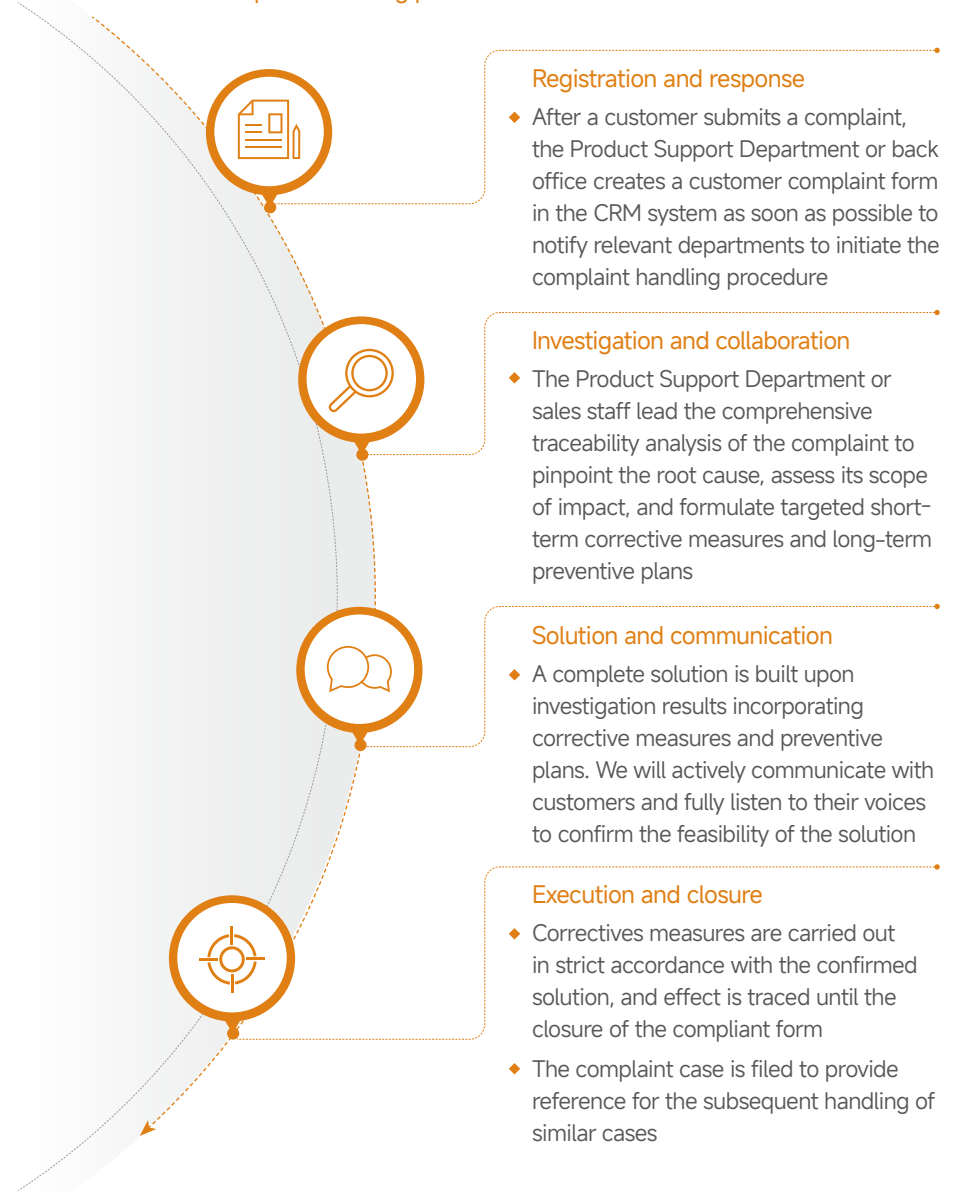
- Establish regular, efficient communication with customers through telephone, visit, WeChat official account, email, video conference, and other



Customer satisfaction survey

- Conduct regular customer satisfaction surveys through telephone, visit, business meeting, etc.


Customer complaint handling process



Responsible marketing

Guided by the principles of compliance, transparency, and low-carbon development, the Company integrates sustainability into the entire marketing process. Through eco-friendly product iteration, standard information disclosure, and green operations, we provide customers with safe and environmentally responsible products and services, promoting coordinated sustainability across the value chain.

Practice of responsible marketing



- Hazardous waste control**
 - Optimize the production processes of core products such as dimethyl silicone oil, reduce the content of cyclic volatile siloxanes, and ensure compliance with international environmental standards including the EU REACH Regulation
- Compliance statements**
 - Ensure that all product technical parameters and performance specifications are jointly reviewed by the R&D and quality departments, with some verified by third-party institutions, and maintain consistency of product names, models, and batch numbers across internal systems and external documentation
 - Prohibit exaggerated, false, or misleading claims, and ensure that all compliance statements are supported by authoritative testing reports
- Standard product identification**
 - Provide comprehensive material safety data sheets and internationally compliant MSDS for all products, and specify key information such as composition, physiochemical properties, environmental impact, and biodegradability
 - Ensure all shipped products are properly labeled with GHS markings, transport labels, and environmental hazard warnings, and fulfill safety disclosure obligations

Customer privacy protection

Hoshine Silicon attaches great importance to customer privacy protection. To this end, we have established end-to-end security controls for the collection, storage, and use of customer information. Through institutional policies, technical protection, and company-wide training, we effectively protect customer data and privacy. In 2025, the Company recorded no incidents or complaints related to customer privacy infringement, or the leakage, theft, or loss of customer data.

Customer Privacy protection initiatives



- Standardizing information acquisition and use**
 - Obtain customer information through publicly available sources and other lawful and compliant channels, including with customer consent
 - Use information solely for contract fulfillment, customer service, and compliance analysis, and commit not to use it for any other purposes without customer consent
- Improving privacy protection awareness**
 - Conduct training on data privacy to continuously strengthen risk prevention and employees privacy protection awareness
- Enhancing information storage and protection**
 - Store customer records centrally on Silicon Cloud Online and the CRM system, and implement strict access controls and permission verification
 - Enhance remote access security through multi-factor authentication to ensure the safety of information storage



R&D Innovation

Hoshine Silicon employs an integrated “coal – power – silicon” circular economy industrial park development model, and has established a core layout for its silicon industry chain. The Company’s current technological research covers the comprehensive utilization of upstream silicone by-products, studies on catalytic and neutralization systems for (functional) silicone oils, and the development of downstream silicone products. Our research spans diverse sectors including construction waterproofing, electronics and electrical appliances, textiles, automotive, and machinery. Through technological innovation, the Company has extended the industry chain value and enhanced its core competitiveness.



Governance

The Company has established a R&D center as the centralized management department for innovative technologies, which is responsible for overseeing the innovation projects throughout lifecycle, including project initiation, implementation, modification, termination, acceptance assessment, and patent applications. We have also built a high-performing R&D team with strong exploratory capability and high professional competence, whose members are from diverse disciplines such as polymer materials, materials processing, chemistry, mechanical engineering, and computer science. As of the end of 2025, there are 3,088 research and development personnel, including 26 personnel with master’s degrees or above.

R&D management system

- ◆ We have formulated the *General Principles of Project Management System*, and the *Management System for Application of External Projects*, to encourage R&D teams to overcome technical challenges with rewards
- ◆ We have formulated the *Project Management System - R&D Projects*. The Project Management Committee reviews projects, and allocates more resources to those with substantial contributions to the Company, society and sustainability, thus stimulating the enthusiasm of the R&D team
- ◆ We have formulated the *Intellectual Property Right Management System* to protect the Company’s innovation achievements by standardizing the creation, submission, maintenance, and application of intellectual property rights, and by carrying out risk investigation and infringement response measures

R&D platform

- ◆ We have established such R&D platforms as the Hoshine High-tech Silicon-Based Materials Provincial R&D Center, Zhejiang Hoshine Silicon New Materials Research Institute, Zhejiang Hoshine Silicon-Based Materials Key Enterprise Research Institute, Zhejiang Provincial Enterprise Technology Center, Zhejiang Provincial Postdoctoral Workstation, and Provincial Academician and Expert Workstation




R&D project assessment



- ◆ Quarterly assessment targets are set for each R&D project, and the assessment is undertaken by the assessment team of the R&D center. The assessment results are highly relevant to the annual project bonus of R&D personnel to ensure the quality of R&D projects



Strategy

Following the mission of “concentrate on materials to create the silicon-based a wonderful life”, the Company is committed to synthesizing resources, restructuring its organization, promoting independent innovation, cultivating and introducing talents, and growing industry clusters. Industry advantages are what underline our research and innovation strengths. Through project research, mechanism innovation and talent training, we aim for key technology breakthroughs commonly desired in the industry, and continuously improve product performance, optimize industrial structure, and build a technological innovation system in the silicon industry, thus emerging as a leading innovation enterprise through our R&D and innovation management strategies.

Risk category	Risk description	Financial impact	Time scope	Influenced value chain	Response measures
 <p>Technology risk</p>	<ul style="list-style-type: none"> R&D projects are uncertain, greatly affected by technical challenges and reserves, and poor experimental results can result in the loss of early investment Due to rapid technological iteration, the existing technologies can easily fall behind and result in weakened market competitiveness 	Increased operating costs	Long term	Own operations	<ul style="list-style-type: none"> Diversify the R&D team by recruiting professionals in various fields, and strengthen technical exchanges and collaboration to enhance the troubleshooting ability Require R&D engineers to track industry technology trends, and adjust R&D direction in time
 <p>Market risk</p>	<ul style="list-style-type: none"> Low market acceptance or insufficient demand for new products, or the influence of other alternatives for new products, may lead to slow sales and failure to achieve the expected economic benefits 	Increased operating costs, decreased operating income	Long term	Own operations Downstream value chain	<ul style="list-style-type: none"> Carry out in-depth market research in the early stage of R&D, analyze the needs, preferences, and market trends of target customers to support product positioning and design Establish a market feedback mechanism to collect customer opinions, and quickly optimize product performance and functions based on the feedback
 <p>Talent risk</p>	<ul style="list-style-type: none"> Enterprises cannot attract and retain high-performing professionals, affecting the stability and innovation ability of R&D teams, and restricting the R&D and innovation progress 	Increased operating costs, decreased operating income	Long term	Own operations Downstream value chain	<ul style="list-style-type: none"> Develop a competitive remuneration and benefits system, and provide salary packages higher than the industry average, comprehensive benefits, and performance bonus Foster a good corporate culture and working environment, highlight employee career development, provide abundant training and promotion opportunities, and prepare for talent replenishment

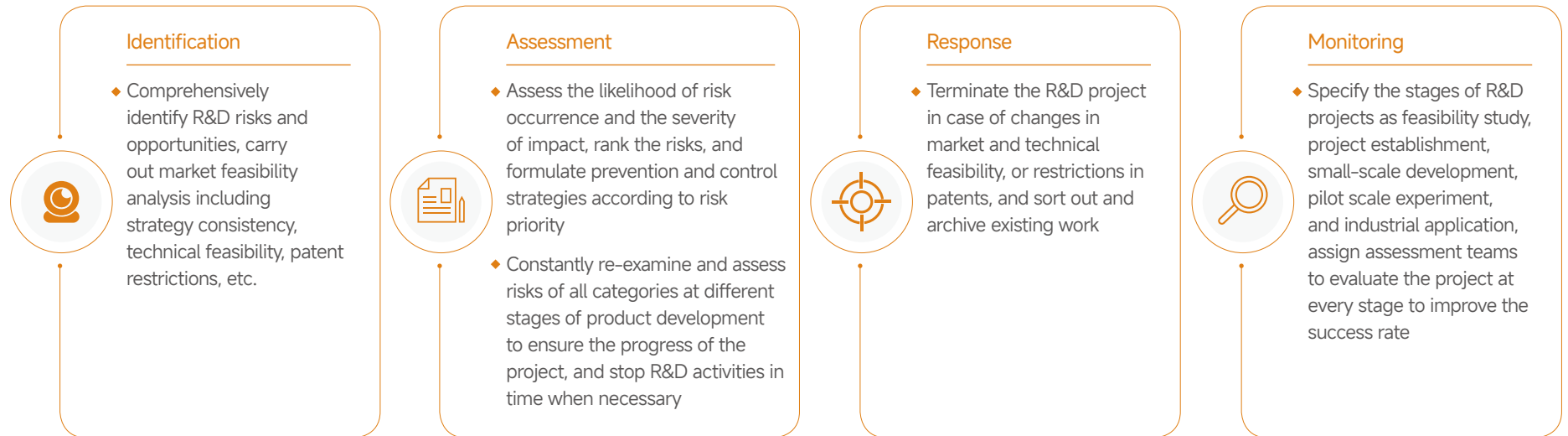
Opportunity category	Opportunity description	Financial impact	Time scope	Influenced value chain	Response measures
 <p>Product upgrade opportunity</p>	<ul style="list-style-type: none"> Increase spending on research to develop higher-end and more value-added products, expand to emerging fields such as new energy and electronic materials, and search for performance growth 	Increased operating income	Medium term	Downstream value chain	<ul style="list-style-type: none"> Increase spending on research, encourage internal innovation, and cooperate with research institutions to develop cutting-edge technologies
 <p>Industrial convergence opportunity</p>	<ul style="list-style-type: none"> Strengthen integration with emerging industries, develop customized products, expand business areas, and achieve coordinated development 	Increased operating income	Long term	Downstream value chain	<ul style="list-style-type: none"> Strengthen cooperation and exchange with downstream enterprises, establish industry alliances, and jointly carry out technology R&D and marketing projects

*Note: Short term refers to 1-3 years; medium term refers to 3-10 years; long term refers to more than 10 years

 Impacts, risks, and opportunities management

The Company continuously optimizes the management of risks and opportunities of R&D and innovation. We carry out risk control throughout R&D, and have reduced the likelihood of occurrence of such risks to ensure the continuity of innovation by revising the *Introduction Process of New Silicone Products*, strengthening market demand analysis and technological risk assessment, etc.

R&D and innovation risk management process



2025 innovative R&D progress

◆ It was found that acidic resin effectively catalyzes the reaction of ViSi2 with cyclics. Investigating its reusability can significantly reduce solid waste, simplify the preparation of vinyl polymer, and obviate high-temperature deactivation or neutralization

◆ The reusability of the acid-activated clay was experimentally investigated. The clay can be reused over 20 times, drastically minimizing hazardous waste and significantly alleviating the associated environmental burden

◆ Under tetramethylammonium hydroxide catalysis, the relationship between reaction rate and energy efficiency in the preparation of vinyl silicone gum was investigated, allowing for a significantly lower reaction temperature at an unchanged reaction time, thereby ensuring energy efficiency without sacrificing control over the polymer architecture



◆ By switching from cyclics to PMDS as the raw material, the yield was raised from the conventional 87% to over 97%

◆ A high-viscosity Me-siloxane emulsion was prepared at room temperature from PMDS using a surface-active catalyst. The resulting emulsion is suitable for textile finishing and personal care fields, offering advantages such as improved energy efficiency, reduced packaging material usage, and simplified production process

2025 industry-university-research collaboration

Partner institution	Collaborative project	Research outcome
Shihezi University	◆ Industrial Development and Demonstration of an Integrated Smart Energy System for Carbon Reduction in Siloxane	◆ An energy-cascading thermal integration strategy was implemented to couple multi-stage distillation columns into multi-effect distillation. This enabled energy cascade utilization, delivering significant energy savings and markedly improved dimethyldichlorosilane purity during the rectification of 400000 tonnes of crude methylchlorosilane
	◆ Development of High-Value Utilization Technology for High-Boiling Silicone Oil	◆ A technology for the high-value utilization of crude high-boiling silicone oil was developed to improve its overall quality
	◆ Development of a Conti-line for Me-siloxane	◆ A Conti-line for Me-siloxane was developed. By screening high-efficiency catalysts, the production efficiency and product quality were improved, leading to a 30% increase in single-line throughput and a significant reduction in residual impurities
East China University of Science and Technology, Xinjiang University	◆ R&D of Key Technologies for Silicon Carbon Negative Electrode Materials	◆ New silicon carbon negative electrode materials were developed to effectively enhance the energy density and cycling stability of batteries, enabling high-performance lithium-ion batteries with a robust material foundation
	◆ R&D of Key Technologies for 5000 ton/year Low-Volatility Me-siloxane	◆ Key technologies for the synthesis and purification of low-volatility Me-siloxane were developed, enabling the stable and large-scale production of high-quality material. This addresses the pressing demand in high-end chemical and cosmetic fields for low-odor and high-stability siloxane
	◆ R&D of Key Technologies for 5000 ton/year Hardness-Controlled Mixsilicone Rubber	◆ A manufacturing process was developed for mixsilicone rubber with precisely tunable hardness. The products exhibit excellent mechanical properties and weathering resistance, suitable for applications in aerospace, automotive manufacturing, and medical devices

 Metrics and targets

Aligned with the national innovation-driven development strategy, the company places technological innovation at the heart of our pursuit for high-quality growth. We have established a set of clear and ambitious innovation goals. Strengthening our talent pipeline by recruiting innovative R&D professionals and expanding our research workforce, thereby continuously attracting high-caliber expertise from across the industry. Increasing the number of R&D projects to broaden our innovation footprint and intensify technology breakthroughs, thereby driving deeper integration between our R&D system and industry needs. Enhancing our public profile by reinforcing shared value across the innovation ecosystem, thereby highlighting the company's leadership role in industrial innovation.

2025 key performance

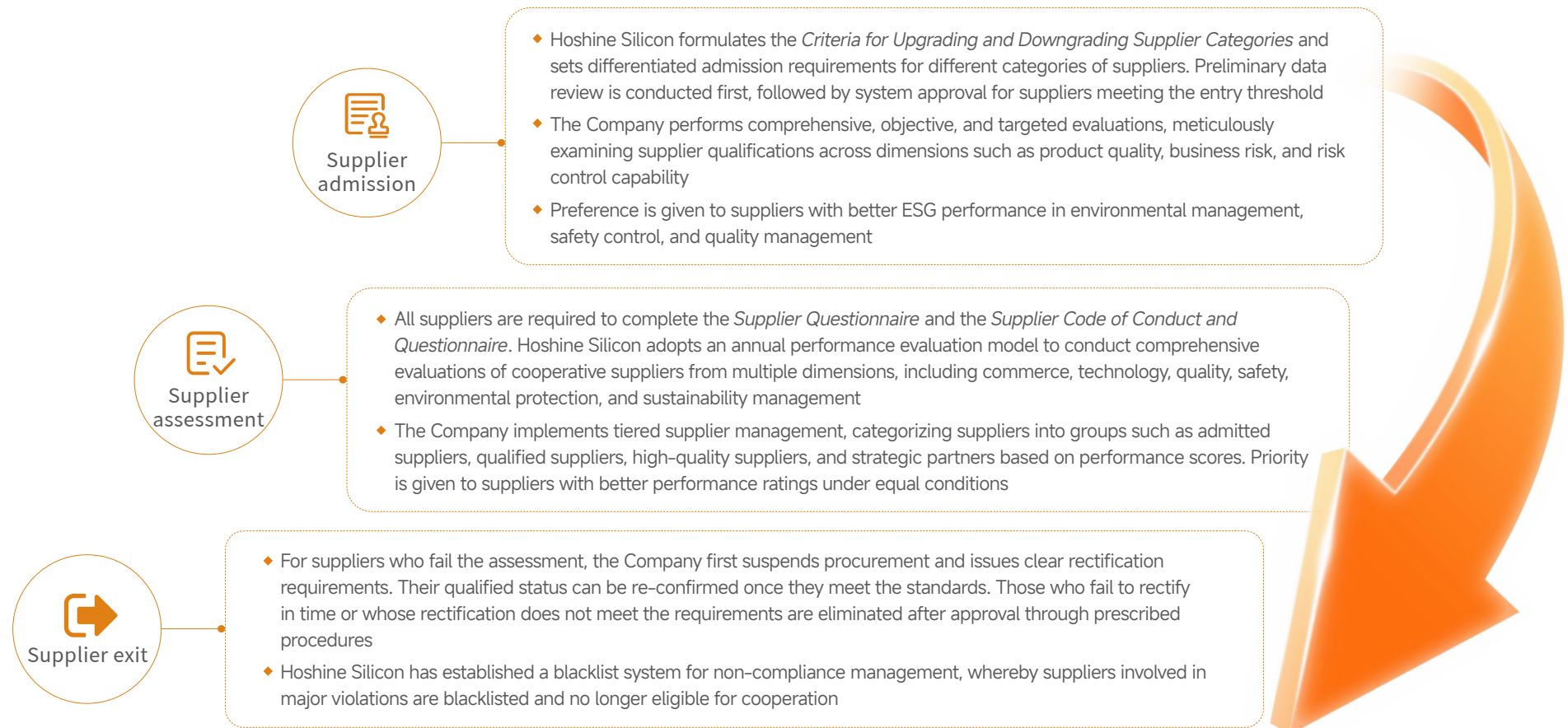
Patent application	Total 302	Invention patent 124	Utility model patent 178	Design patent 0
Authorized patent	Total 105	Invention patent 11	Utility model patent 94	Design patent 0
Valid patent	Total 770	Invention patent 98	Utility model patent 670	Design patent 2



Sustainable Supply Chain

Supplier management

The Company has formulated the *Detailed Rules for Supplier Management* and established the Supply Chain Management Center to carry out supplier development, supervision, assessment, and management in an open, fair, and impartial manner. We exercise full-process control over supplier admission, assessment, and exit, integrating supplier sustainability assessment and investigation into the entire management process.



Supply chain risk management

The Company strictly guards against supply chain risks to prevent major risk events such as supply chain disruptions. We continuously optimize our management process for supply chain risks and opportunities. Starting with the admission of new suppliers and the routine management of qualified suppliers, we comprehensively screen and identify potential environmental and social risks in the supply chain, to strive for win-win partnership based on stable supply chains.



Localized procurement

The Company implements localized and nearby procurement strategies to prevent and mitigate potential adverse impacts of our supply chain and enhance supply chain stability



Diversified sourcing

Hoshine Silicon actively expands supplier channels and promotes a diversified supplier layout to ensure the continuity and stability of raw material supply from the source, reducing the risk of reliance on a single supplier



Full-process control

The Company establishes strict supplier admission and evaluation mechanisms. Relying on the quality information management system, we achieve full-process quality monitoring from raw materials to finished products, avoiding supply risks from the source

Sustainable procurement

The Company strictly abides by the *Bidding Law* and other Chinese laws and regulations. We work to build a sustainable supply chain, and continuously strengthen our supplier management system. In supplier relations, we improve supplier evaluation mechanisms, regulate supplier ESG performance, and introduce more high-quality strategic partners to build a responsible and sustainable supply chain.



Sunshine procurement

All suppliers are required to sign the *Supplier Commitment Letter on Integrity* and the *Ten Rules for Supplier Relations*. These documents explicitly prohibit violations such as bribery, benefit transfer, and insider trading, building a solid foundation for honest cooperation



Green procurement

The Company incorporates environmental protection requirements into the supplier evaluation system, giving priority to green, low-carbon raw materials and suppliers that meet environmental standards to help reduce carbon emissions in the supply chain



Empowerment training

Hoshine Silicon organizes empowerment training for suppliers focusing on core topics such as anti-forced labor, health and safety, environmental protection, business ethics, and labor standards. Such initiatives help suppliers improve their ESG management level and compliance performance



C4

Fostering People-Centered Growth to Build a Better Community Together

Material topics

Employee rights and interests protection, Employee development, Diversity and inclusion, Occupational health and safety, Community engagement and philanthropy

Aligning with the SDGs



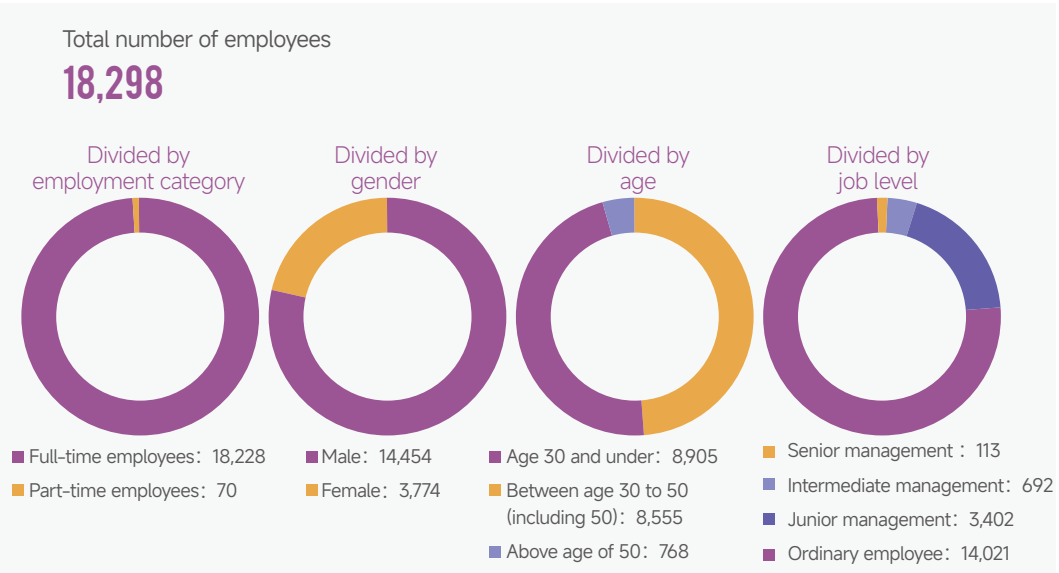
Employee Rights and Interests

In accordance with laws and regulations such as China’s *Labor Law* and the *Special Provisions on Labor Protection for Female Employees*, Hoshine Silicon has established core policies, including the *Employee Handbook*, to safeguard fundamental employee rights. These policies ensure that all employees—including women, ethnic minorities, and employees with disabilities—enjoy equal rights in recruitment, compensation and benefits, working hours, and leave entitlements.

Equal employment

Following a people-oriented management philosophy, the Company has established policies such as the *Recruitment Management System* and the *Internal Talent Referral Incentive System* to regulate recruitment, hiring, appointment, and performance evaluation processes. We prohibit discrimination based on race, ethnicity, gender, religion, or physical condition, sign legally compliant labor contracts with all employees, and clearly define the rights and obligations of both parties. We integrate principles of gender equality and diversity and inclusion throughout the entire HR management process, including recruitment and job assignment, to foster an open and inclusive workplace.

2025 key performance



*Note: The total number of employees classified by type is the number of full-time employees

The Company firmly opposes any form of child labor use and any form of forced labor. We fully respect employees’ rights to employment, resignation, overtime choice, and freedom of movement.

Basic employee rights protection



Avoidance of child labor

- ◆ Verify employee age during onboarding through effective procedures to prevent underage employment due to falsified information
- ◆ Implement remediation measures for underage workers, including immediate removal from work, medical examination, prompt reporting to local labor authorities, safe return home, and provision of financial or other necessary support where appropriate



Prohibition of forced labor

- ◆ Implement a standard working hour system with an average of no more than 8 working hours per day, 40 hours per week, and at least one rest day per week
- ◆ Require prior consent from employees or their representatives for overtime work
- ◆ Prohibit any practices that restrict personal freedom or impose work against employees’ will

Compensation and benefits

The Company adopts a role-based and performance-based compensation system, consisting of base salary, performance-based pay, allowances, bonuses, and commissions. Employee benefits complement the compensation system and cover both statutory and company-sponsored programs, providing stable and comprehensive protection.

We have established long-term incentive mechanisms, including employee stock ownership plans in compliance with relevant laws and regulations. Funded through incentive reserves, these plans form part of variable compensation and cover mid-level management, key technical personnel, and core business staff, aligning rewards with performance and strengthening employee accountability.

Employee benefits system



◆ **Five social insurances and one housing fund** : pension, medical, unemployment, work-related injury, maternity insurance, and housing provident fund

Statutory benefits



◆ **Financial benefits**: transportation, communication, meal and housing allowances, heat subsidies, holiday benefits, year-end benefits, etc.

◆ **Protection benefits**: group accident insurance, supplementary medical insurance, critical illness insurance, employee health check-ups, etc.

◆ **Lifestyle benefits**: employee cafeterias, dormitories/housing subsidies, etc.


Company-sponsored benefits



Democratic management


The Company has established the *Employee Complaint Handling Procedure* and provides multiple reporting channels, including online mailboxes, physical suggestion boxes, and hotlines. These channels allow employees to raise concerns related to working conditions, unfair treatment, or labor rights violations. We will investigate all complaints thoroughly and handle them in accordance with applicable laws and regulations. Confidentiality is strictly maintained throughout the process to ensure the protection of employee rights.


Employee communication channels



Employee symposiums


Organize regular meetings involving employees, department heads, and HR representatives to discuss and address issues related to working conditions, compensation, and logistics support






HR service stations

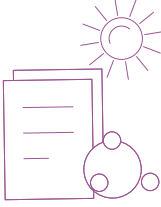
Provide daily HR consultation services and handle employee concerns related to recruitment, training, attendance, and compensation, including labor rights complaints






General Manager mailbox

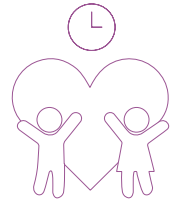
Install physical suggestion boxes in office areas to facilitate written feedback and improve internal management





Satisfaction surveys

Continuously conduct employee satisfaction surveys, develop and disclose action plans based on results



Employee care

The Company has established a diversified employee care system that promotes work-life balance and encourages employees to pursue personal interests. During public holidays such as the Spring Festival, International Women’s Day, Labor Day, and Mid-Autumn Festival, we organize cultural and sports activities, including singing contests, tug-of-war, badminton, and fun sports events, to strengthen team cohesion and support employees’ physical and mental well-being.

Protection of female employees’ rights

- ◆ **Facilities support:** establish dedicated rest areas for female employees to ensure privacy; provide lactation rooms to meet the daily needs of breastfeeding employees
- ◆ **Health protection:** offer regular gynecological examinations and breast cancer screenings to comprehensively safeguard women’s health
- ◆ **Maternity benefits:** implement comprehensive maternity insurance policies covering prenatal check-ups, childbirth, and postnatal care expenses
- ◆ **Festive care:** organize International Women’s Day activities annually, including thoughtfully prepared gifts and engagement events, demonstrating care and recognition for female employees



Events on International Women’s Day

Support for ethnic minority employees

- ◆ **Dietary accommodation:** provide halal food windows in canteens at industrial parks and factories to respect dietary customs
- ◆ **Skills development support:** enhance job competencies through tailored programs, including extra bilingual training materials and instruction by bilingual trainers; implement one-on-one pairing between Han Chinese and ethnic minority employees to support professional development and improve Mandarin communication skills
- ◆ **Respect for cultural practices:** allow employees from ethnic minority groups to observe traditional festivals such as Eid al-Adha and Eid al-Fitr in accordance with applicable leave policies

Support for employees with disabilities

- ◆ **Employment support:** employed 209 employees with disabilities across Jiaxing, Luzhou, Ningbo, Xinjiang, and Inner Mongolia in 2025, assigning roles with appropriate labor intensity to ensure stable employment
- ◆ **Flexible working arrangements:** offer flexible working hours, allowing employees to choose suitable schedules based on their conditions; support remote work to reduce commuting burdens

Employee support during key life events

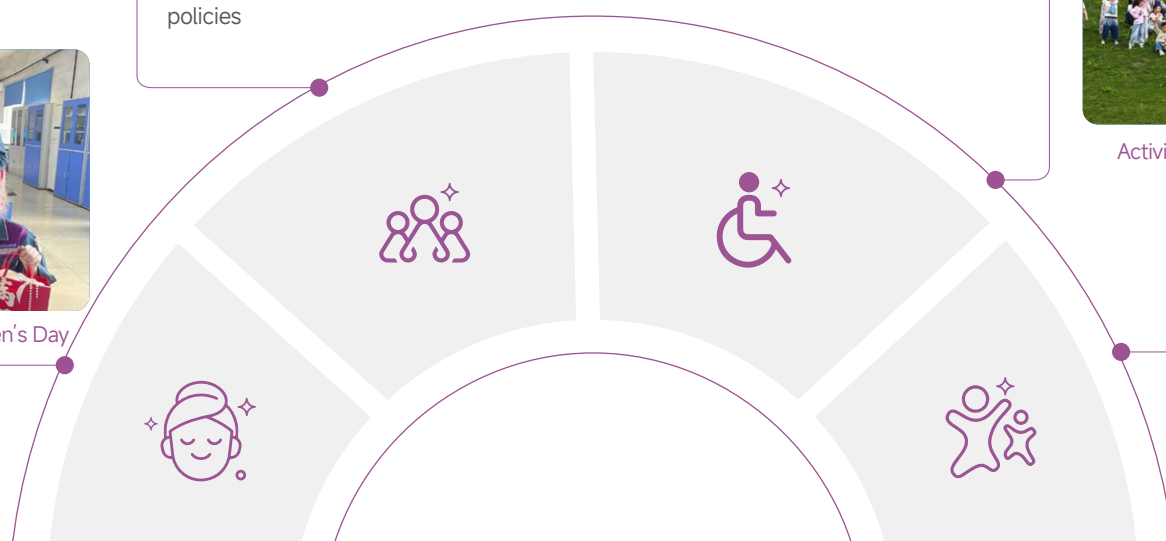
- ◆ Provide financial assistance and care for major life events, including marriage, childbirth, hospitalization, and bereavement



Basketball club activities



Activities on Employee Family Day

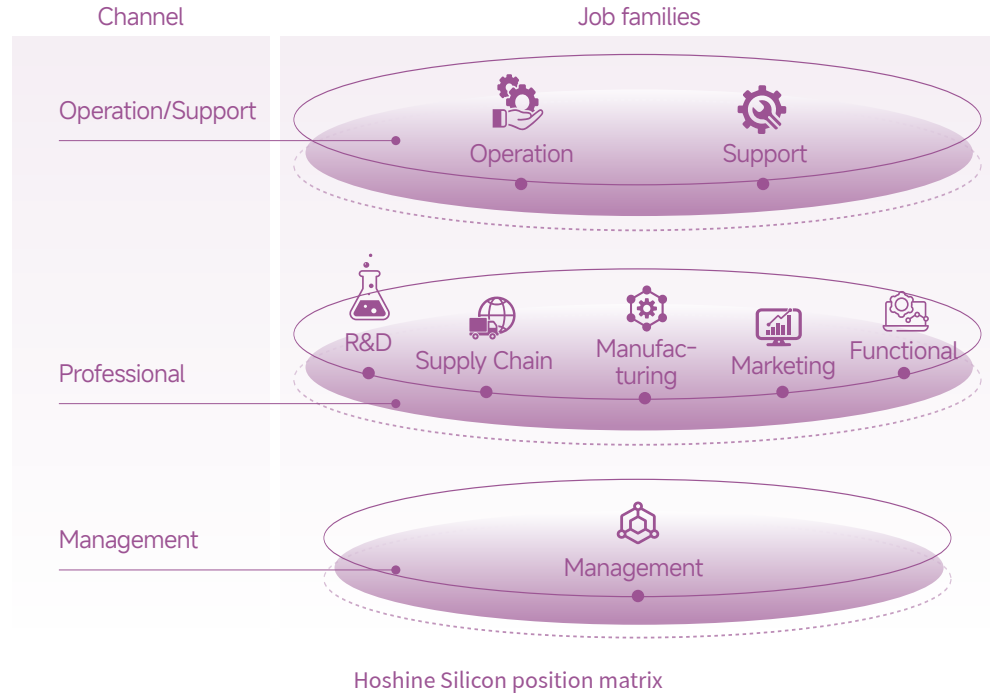


Training and Development

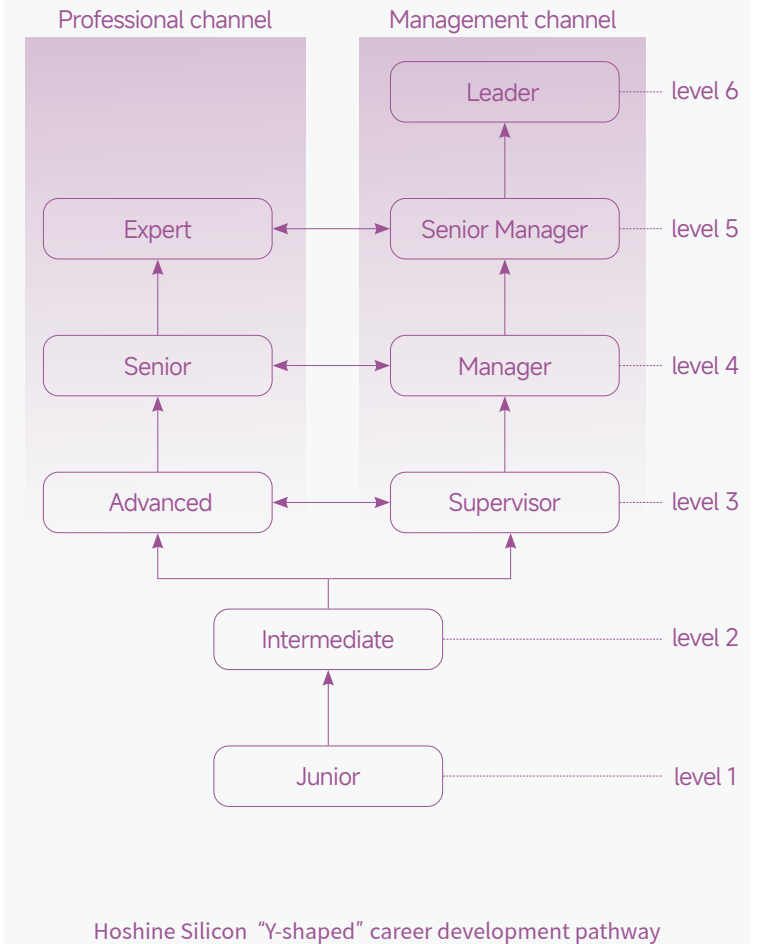
Hoshine Silicon regards talent as the core driver of sustainable development. To align employee growth with corporate strategy, the Company has optimized its talent management system, refined career advancement pathways, and established a diversified training and development platform. These efforts empower employees to grow and progress, and promote mutual achievement between talent and the enterprise, strengthening the competitiveness of the workforce.

Career development pathways

We are committed to building a systematic, diversified, and transparent ecosystem favorable to employees' career development. In accordance with factors such as functional alignment, competency requirements, strategic orientation, organizational scale, and market practices, all positions are horizontally categorized into three major channels, eight job families, and 33 sub-families. Within each job family, positions are further vertically structured according to role responsibilities, job complexity, difficulty, and competency requirements. This structure reflects the relative value and impact of each position within the organizational framework.



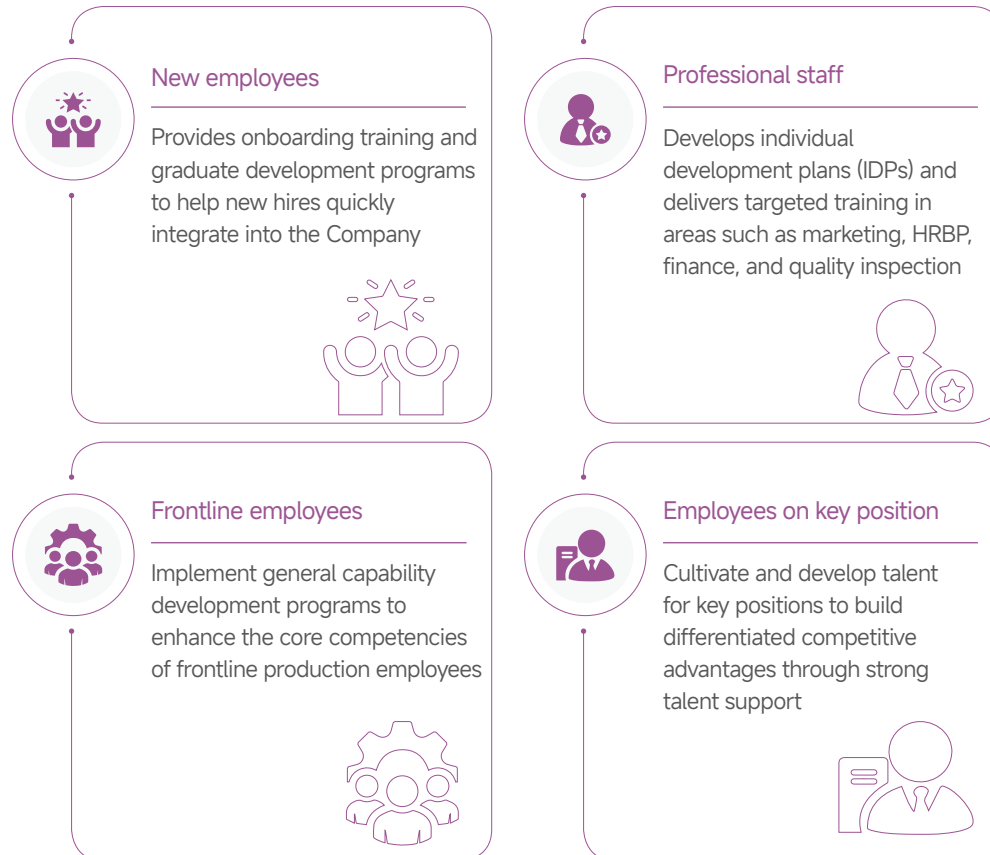
We place strong emphasis on employee career development and continue to optimize our internal job grading system, introducing a “Y-shaped” career development pathway. The management channel focuses on enhancing team and organizational leadership capabilities, while the professional channel emphasizes deep specialization in technical or functional domains. This dual-channel system provides clear and diversified growth directions for all employees.



Employee training

The Company has established a comprehensive training system covering all employees throughout their entire career lifecycle. Through a combination of offline training, online learning platforms, and skills competitions, we continuously enhance our professional development system, providing differentiated and systematic learning resources tailored to employees across different job categories and levels. We also offer reskilling and upskilling support for employees affected by business adjustments, enabling them to adapt to rapid workplace changes.

Tiered training system



Case | Hoshine Silicon launches “Newcomer Training Camp” to accelerate employee development

In 2025, the Company launched a six-month “Newcomer Training Camp” program to support 497 newly recruited university graduates in transitioning into their roles and building a pipeline of key talent. The program included physical training, corporate culture and general knowledge sessions, one-on-one mentoring with experienced instructors, and research projects guided by management mentors. These initiatives enabled new employees to quickly adapt to the workplace and acquire essential professional skills.



Case | Hoshine Silicon implements frontline essential knowledge and compliance training program

In 2025, the Company implemented an essential knowledge and compliance training program to systematically enhance workforce capabilities. The program centered on identifying competency requirements for each position, establishing comprehensive competency matrices, and developing annual training plans. To ensure effective execution, dedicated project teams were formed at the factory level, covering key areas such as process, equipment, environment, safety, and quality. Senior management participated in joint inspections, creating a direct communication channel between frontline employees and executives and strengthening overall governance. During the reporting period, the program delivered 211,440 training sessions, significantly enhancing employees’ professional knowledge and job capabilities.

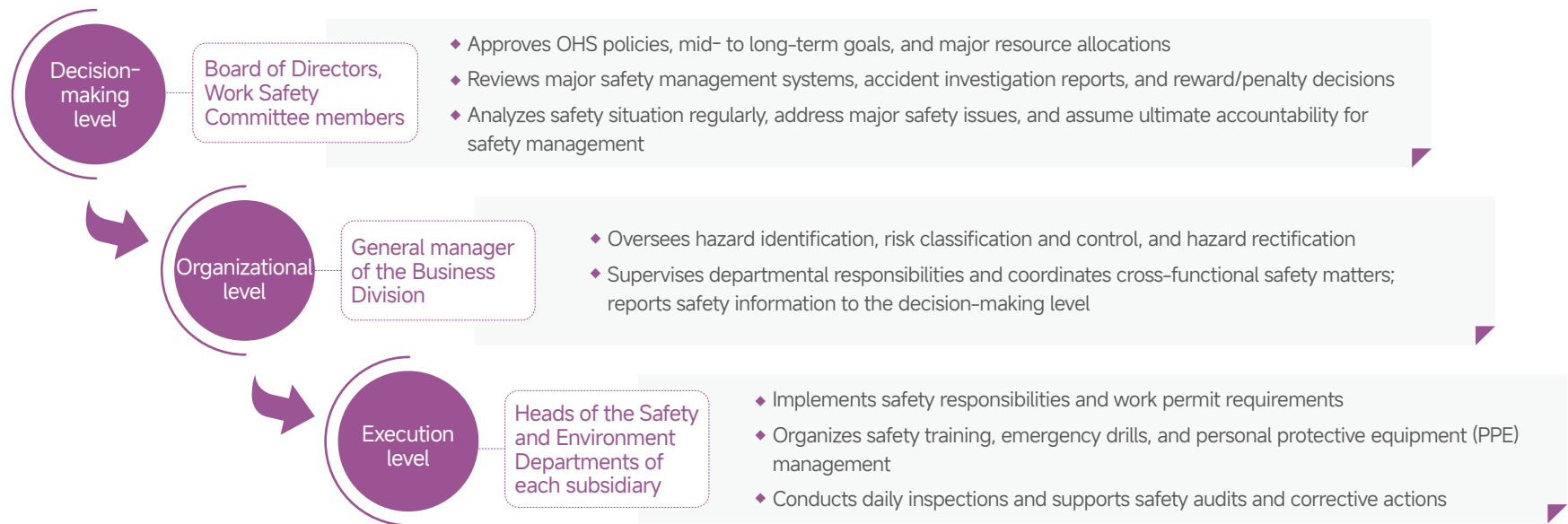


Occupational Health and Safety

Hoshine Silicon strictly complies with relevant laws and regulations, including China’s *Work Safety Law* and the *Law on the Prevention and Control of Occupational Diseases*. The Company has established a comprehensive safety management system and institutional framework, strengthened employee safety risk prevention and control mechanisms, and actively promoted a strong safety culture. Through regular emergency drills and systematic hazard identification and mitigation initiatives, we safeguard employees’ occupational health and ensure production safety, building a robust safety defense. As of the end of the reporting period, 14 subsidiaries had obtained ISO 45001 Occupational Health and Safety Management System certification.

Governance

All business divisions have established organizational structures with clear hierarchies and well-defined roles and responsibilities. Building on this foundation, the Company has developed a three-tier occupational health and safety (OHS) governance structure, comprising the decision-making, management, and execution levels. The framework clearly defines the authority and responsibilities at each level, and streamlines cross-level and cross-departmental collaboration, forming an efficient, closed-loop management system.








Hoshine Silicon occupational health and safety governance structure

The Company has established a series of management systems, including the *Work Safety Management System*, the *Hazardous Work Permit System*, the *Standards for Personal Protective Equipment Allocation*, and the *Occupational Health Management System*. These systems cover the full spectrum of safety management requirements, including safety accountability, risk classification and control, hazard identification and mitigation, and emergency management. Supervision is strengthened through internal monitoring, routine inspections, periodic audits, and third-party certification. OHS performance indicators are incorporated into departmental and individual performance evaluations and are directly linked to compensation and promotion, supported by both incentive and accountability mechanisms to ensure the effective implementation of all OHS measures.

 Strategy

The Company adheres to the strategic principle of “safety first, prevention-oriented, full participation, and continuous improvement”, positioning OHS as a core driver of human capital value creation. At the leadership level, safety performance is embedded into strategic decision-making and executive evaluations to ensure alignment between resource allocation and strategic priorities. At the management level, a dual prevention mechanism—comprising risk classification and control as well as hazard identification and mitigation—is implemented, leveraging data-driven approaches to enable differentiated and tailored improvements across roles. At the technical level, the Company advances initiatives such as mechanization to replace manual labor, automation to reduce workforce exposure, and the deployment of intelligent monitoring systems to mitigate operational risks at the source. At the employee level, training and incentive mechanisms are applied to strengthen safety awareness and foster a company-wide safety culture, reinforcing the foundation for sustainable development.

Risk category	Risk description	Financial impact	Time scope	Influenced value chain	Response measures
 Health risk	<ul style="list-style-type: none"> ◆ Long-term exposure to dust, toxic gases, and noise may lead to occupational diseases such as pneumoconiosis and respiratory illnesses 	Increased operating costs	Medium term	Own operations	<ul style="list-style-type: none"> ◆ Optimize production processes to reduce exposure to hazardous substances ◆ Conduct regular occupational health examinations and workplace hazard monitoring ◆ Implement job rotation to reduce prolonged exposure in specific roles
 Safety risk	<ul style="list-style-type: none"> ◆ Complex processes in chemical production and equipment operation may lead to injuries, electric shocks, or hazardous incidents 	Increased operating costs	Short term	Own operations	<ul style="list-style-type: none"> ◆ Improve safety operating procedures and strengthen training ◆ Perform regular equipment maintenance and install safety protection devices ◆ Strictly enforce hazardous work permit and supervision systems
 Management risk	<ul style="list-style-type: none"> ◆ Inadequate OHS systems or weak execution, as well as insufficient employee awareness, may reduce effectiveness 	Increased operating cost	Long term	Own operations	<ul style="list-style-type: none"> ◆ Establish and improve OHS management systems and specialized policies ◆ Incorporate safety performance into departmental and individual evaluations, with reward and accountability mechanisms ◆ Carry out ongoing safety awareness campaigns and skills training

Opportunity category	Opportunity description	Financial impact	Time scope	Influenced value chain	Response measures
 Technology opportunity	<ul style="list-style-type: none"> ◆ Intelligent technologies enable remote equipment monitoring and automated operations, reducing the likelihood of on-site accidents ◆ Green technologies reduce the use of hazardous chemicals, improving the working environment at the source 	Lower operating costs	Medium term	Own operations	<ul style="list-style-type: none"> ◆ Increase R&D investment and introduce or independently develop intelligent and green production technologies ◆ Provide relevant technical training to employees to facilitate effective implementation and application
 Policy opportunity	<ul style="list-style-type: none"> ◆ Strengthened national regulation on occupational health and safety encourages enterprises to improve management practice 	Lower operating costs, higher brand value	Long term	Own operations	<ul style="list-style-type: none"> ◆ Proactively respond to regulatory requirements and improve OHS management standards ◆ Participate in relevant certifications and ratings to gain policy support

*Note: Short term refers to 1–3 years; medium term refers to 3–10 years; long term refers to more than 10 years



Impacts, risks and opportunities management

The Company has established a continuous improvement management cycle for OHS that covers all operational processes. This framework enables systematic and standardized management of OHS-related impacts, risks, and opportunities. The process operates on an annual cycle and is also activated promptly in response to significant changes such as business adjustments or process upgrades, ensuring that employees' occupational health and personal safety are fully protected.

Occupational health and safety management process

Identification 01 »»

Integrate multiple sources of information—including regulatory requirements, historical incident data, employee feedback, third-party testing reports, and on-site inspection records—to comprehensively identify OHS-related impacts, risks, and opportunities across all operations and stakeholders

Assessment 02 »»

Evaluate risks based on likelihood and severity, analyzing their impact on employee health, business operations, and financial costs, as well as their time horizon, to support prioritization

Prioritization 03 »»

Give priority to high-level risks that may result in severe injuries or occupational diseases, while advancing opportunities that enhance safety management efficiency, reduce costs, and strengthen corporate reputation

Response 04 »»

Implement targeted measures across technical, managerial, and cultural dimensions based on risk and opportunity levels

Monitoring 05 »»

Establish a full-process dynamic monitoring mechanism, with regular reviews and optimization to ensure system effectiveness and adaptability

The Company places the highest priority on OHS. Leveraging digital platforms to strengthen risk management and control, we reinforce our safety defenses through a three-tier inspection system and closed-loop hazard remediation. We deliver tiered and targeted safety training alongside practical drills, ensure the full provision of personal protective equipment and emergency resources, and enhance our occupational health monitoring framework, firmly upholding the bottom line of safe production and employee well-being.



Occupational health and safety initiatives in 2025

Safety risk control



- ◆ Systematically identify workplace risks such as dust, noise, and chemical exposure; map and classify risk distribution, and implement supervisory controls for major hazards with management oversight
- ◆ Promote “mechanization to replace manual labor and automation to reduce workforce exposure”, minimizing personnel exposure in high-risk positions; install engineering controls such as soundproof enclosures and dust removal systems
- ◆ Establish a three-tier inspection system featuring “monthly company-level inspections, weekly departmental inspections, and daily team inspections”; utilize digital platforms to achieve full closed-loop management of hazard reporting, rectification, verification, and closure, with a 100% on-time rectification rate

Safety culture development



- ◆ Achieve a 100% pass rate for new employee “three-level safety training”; ensure certification for personnel engaged in special operations; conduct annual safety retraining and specialized training on occupational disease prevention and emergency response
- ◆ Establish incentive mechanisms such as “safety points” and “hazard reporting rewards,” encouraging employees to report hazards with redeemable points recognizing their engagement
- ◆ Organize initiatives such as “Work Safety Month”, “safe team evaluation”, and “safety letters to families”, and promote safety awareness through bulletin boards, meetings, and other communication channels

Emergency management



- ◆ Develop comprehensive, specialized, and on-site emergency response plans for scenarios such as fires, chemical leaks, and poisoning/asphyxiation, and file them with regulatory authorities
- ◆ Equip workplaces with first-aid kits, eyewash stations, and emergency lighting; establish part-time firefighting or emergency response teams; allocate protective and medical emergency resources
- ◆ Conduct regular comprehensive and scenario-based emergency drills, including fire evacuation and hazardous chemical leak response, to enhance emergency response and coordination capabilities

Occupational health protection



- ◆ Establish individual occupational health records for employees exposed to hazards; ensure 100% coverage of pre-employment, in-service, and exit health examinations, with timely job reassignment or treatment for abnormal cases
- ◆ Develop *Standards for Personal Protective Equipment Allocation*, provide sufficient compliant protective equipment such as dust masks and earplugs, and supervise proper usage



Metrics and targets

Each production base establishes OHS performance indicators tailored to industry risk characteristics, historical management gaps, production processes, and workforce structure, with clearly defined annual and phased targets. Through regular audits and dynamic tracking mechanisms, the Company improves performance and management practices, effectively preventing and mitigating various safety risks.

Indicator	2025 Target	Progress
Medical examination coverage rate for employees in occupational hazard positions	100%	Achieved
Qualified rate of occupational hazard factor testing	100%	Achieved
Rectification rate of identified hidden hazards on schedule	100%	Achieved
Completion rate of emergency drills	100%	Achieved
Certificate holding rate for special operation personnel	100%	Achieved



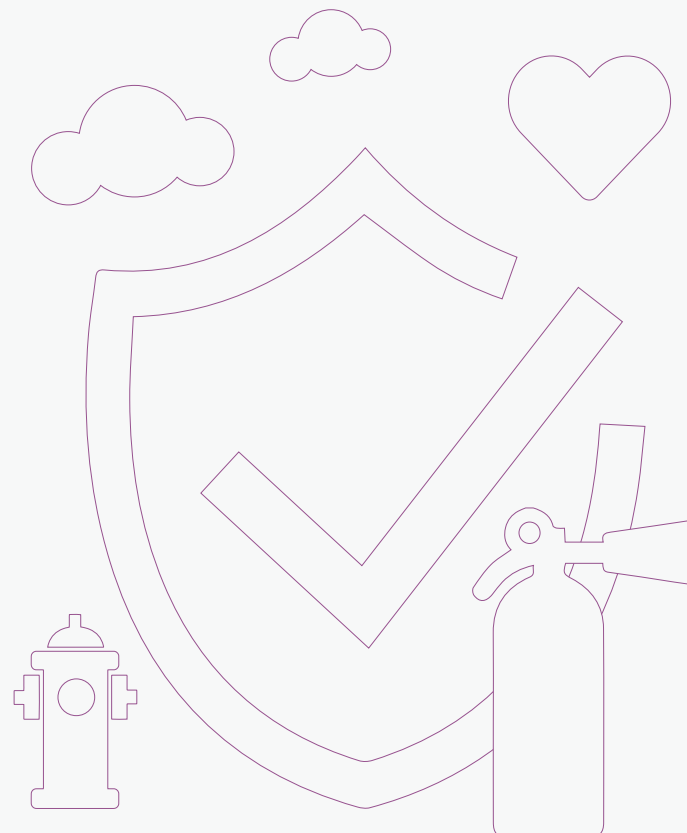
2025 key performance

Employee coverage of work-related injury insurance

100%

Employee coverage of work safety liability insurance

100%



Social Contribution

Grounded in its core competencies and technological expertise, Hoshine Silicon actively responds to China’s rural vitalization strategy through practical measures and integrates the promotion of ethnic unity into its fulfillment of social responsibilities. We establish various interactive platforms to deeply engage in community development and participate in social good initiatives to empower high-quality community development and ensure that the outcomes of our growth are shared with the community. Through these efforts, we strive to foster a mutually beneficial relationship with local communities, embodying the responsibility and commitment expected of enterprises in the new era.

Rural vitalization

In line with China’s strategy of boosting rural vitalization and laying a solid foundation for common prosperity, we focus on addressing the bottlenecks of rural industries and the needs of farming households. We mobilize employees to participate in agricultural support activities and work to resolve key challenges such as imbalances between production and market demand and limited resource availability. Through targeted actions, we help expand the distribution channels of agricultural products, increase farmers’ income, and improve rural production and living conditions. By strengthening the connection between rural communities and the larger market, we have built a bridge of shared development with rural areas, striving for a virtuous cycle of bigger social impact and greater corporate brand value as part of our contribution to rural development.

Foster ethnic unity

Hoshine Silicon recognizes that ethnic unity is the lifeline of Xinjiang’s development and the bedrock of our sustainable growth. Guided by the principle of forging a strong sense of community for the Chinese nation, the Company has established three platforms dedicated to diversity, inclusion, mutual respect, and shared growth. We recruit ethnic minority employees to take on key roles and regularly organize culturally themed activities that celebrate ethnic diversity. Through sustained humanistic care, we have promoted closer bonds among employees of different ethnic groups and have been honored as an Exemplary Enterprise for Ethnic Unity.



Case | Hoshine Silicon committed to ethnic unity and shared growth for seven decades

2025 marked the 70th anniversary of the establishment of the Xinjiang Uygur Autonomous Region. With a long-standing presence in Xinjiang, Hoshine Silicon has integrated forging a strong sense of community for the Chinese nation into its operations. Through a range of targeted measures, we bring different ethnic groups together and contribute to regional ethnic unity and shared growth.

Eastern Hoshine

- ◆ Empowering the career development of ethnic minority employees through multidisciplinary skills competitions and targeted one-on-one training programs
- ◆ Regularly holding culturally themed team-building activities, respecting ethnic minority customs, ensuring ethnic minority employees enjoy their statutory holiday entitlements, and organizing dedicated celebrations
- ◆ Providing ethnic minority employees with tailored support in areas including children’s education and housing, to address everyday life needs



In December 2025, Eastern Hoshine was awarded the title of Model Collective in Promoting Ethnic Unity and Progress (12th batch) by the Turpan Municipal Government

Western Hoshine

- ◆ Establishing an exhibition hall themed on forging a strong sense of community for the Chinese nation, featuring six sections that showcase our initiatives and achievements with documentary films and exemplary stories highlighting ethnic unity
- ◆ Setting up a committee to manage ethnic affairs to promote mutual support mechanisms, and conducting ethnic unity education regularly, thus embedding the sense of community for Chinese nation into corporate culture



Western Hoshine Exhibition Hall on Forging a Strong Sense of Community for the Chinese Nation

Corporate philanthropy

The Company actively engages in corporate philanthropy and implements diverse programs through the Cixi Hoshine Charity Foundation, including assistive device provision and charity partnerships, to help vulnerable groups participate more fully in society. We also organize regular employee volunteer activities and collaborate with external partners, to deliver practical, meaningful support and benefits to local communities.



Case | “Together with Me for Barrier-free Love” Free Assistive Device Rental Programme

Focusing on care for vulnerable groups and their greater inclusion in society, the Company, through the Cixi Hoshine Charity Foundation, has implemented the “Together with Me for Barrier-free Love” assistive device rental programme. The programme provides assistive devices such as wheelchairs and crutches to people with disabilities, the elderly, and other residents in need. To date, rental stations have been established across 10 towns and sub-districts and 15 villages with 370+ assistive devices distributed, benefiting 2,100+ registered persons with disabilities and 17,100+ seniors. By harnessing the power of philanthropy, the Company has strengthened the community welfare support and demonstrated its commitment to corporate social responsibility.



Case | “Together with Me for Caring for Elders” series of volunteer service activities

To promote the traditional virtues of respecting and honoring the elderly, Hoshine Silicon, through the Cixi Hoshine Charity Foundation, has worked with Party organizations across different regions to carry out the “Together with Me for Caring for Elders” series of volunteer service activities. These initiatives provide daily necessities to families in need and offer convenient services such as knife sharpening, haircutting, and blood pressure checking. In addition, we host public recreational events featuring age-friendly activities such as ring toss and bean bag games, offering seniors both material support and heartfelt companionship.



“Warm Hearts in Golden Autumn” Double Ninth Festival cultural activities for seniors



“Visit to Seniors at Shisan Community” Double Ninth Festival activities

Appendixes

Core Production Base

Name	Abbreviation	Location
Hoshine Silicon Industry Co., Ltd.	Hoshine Silicon	Jiaxing, Zhejiang
Hoshine Silicon (Shanshan) Industry Co., Ltd.	Shanshan Silicon	Turpan, Xinjiang
Xinjiang Hoshine Silicon Industry New Materials Co., Ltd.	Xinjiang Silicon Industry New Materials	Turpan, Xinjiang
Xinjiang Western Hoshine Silicon Industry Co., Ltd.	Western Hoshine	Shihezi, Xinjiang
Hoshine Silicon (Jiaxing) Industry Co., Ltd.	Jiaxing Hoshine	Jiaxing, Zhejiang
Hoshine Silicon (Luzhou) Industry Co., Ltd.	Luzhou Hoshine	Sichuan Pilot Free Trade Zone
Xinjiang Eastern Hoshine Silicon Industry Co., Ltd.	Eastern Hoshine	Turpan, Xinjiang
Xinjiang Western Hoshine Silicon Materials Co., Ltd.	Western Silicon Materials	Shihezi, Xinjiang
Shanshan Longsheng Carbon Manufacturing Co., Ltd.	Longsheng Carbon	Turpan, Xinjiang
Shihezi Western Ningxin Carbon Co., Ltd.	Ningxin Carbon	Shihezi, Xinjiang
Hoshine Electric Power (Shanshan) Co., Ltd.	Shanshan Electric Power	Turpan, Xinjiang
Hoshine (Shanshan) Energy Management Co., Ltd.	Shanshan Energy Management	Turpan, Xinjiang
Xinjiang Western Hoshine Thermal Electric Co., Ltd.	Hoshine Thermal Electric	Shihezi, Xinjiang
Shihezi Hoshine Green Energy Management Co., Ltd.	Xinjiang Green Energy	Shihezi, Xinjiang
Xinjiang Central Hoshine Silicon Industry Co., Ltd.	Central Hoshine	Urumqi, Xinjiang
Horgos Hoshine New Energy Technology Co., Ltd.	Horgos New Energy	Khorgos, Xinjiang
Shanshan Huayue Briquette Manufacturing Co., Ltd.	Shanshan Huayue	Turpan, Xinjiang
Shihezi Huaxin New Material Co., Ltd.	Huaxin New Material	Shihezi, Xinjiang
Xinjiang Hoshine Innovative Material Co., Ltd.	Xinjiang Innovation	Shihezi, Xinjiang
Ningbo Longsheng Silicon Industry Co., Ltd.	Ningbo Longsheng	Cixi, Zhejiang
Ningbo Alpha Semiconductor Co., Ltd.	Alpha Semiconductor	Cixi, Zhejiang
Ningbo Guanghe New Material Co., Ltd.	Ningbo Guanghe	Cixi, Zhejiang
Xinjiang Jinsong Silicon Industry Co., Ltd.	Jinsong Silicon	Huyanghe, Xinjiang
Heihe Hoshine Silicon Industry Co., Ltd.	Heihe Hoshine	Heihe, Heilongjiang
Inner Mongolia Saisheng New Materials Co., Ltd.	Inner Mongolia Saisheng	Hohhot, Inner Mongolia
Xinjiang Anneng Fire Protection Technology Services Co., Ltd.	Anneng Fire Protection	Turpan, Xinjiang
Xinjiang Huanxin Environmental Development Co., Ltd.	Huanxin Environment	Turpan, Xinjiang

Key Performance Table

Economic performance

Indicator	Unit	2024	2025
Revenue	RMB billion	26.692	20.499
Total assets	RMB billion	90.773	83.607
Total profit	RMB billion	2.229	-2.802
Net profit	RMB billion	1.702	-3.030
Net profit attributable to shareholders of the parent company	RMB billion	1.740	-2.991

Environmental¹

Indicator	Unit	2024	2025
Energy consumption²			
Direct energy consumption			
Diesel consumption	ton	9,230.88	8,666.46
Gasoline consumption	ton	39.38	40.03
Coal consumption	ton	4,927,538.51	4,767,749.06
Natural gas consumption	Normal cubic meter	145,423,896.94	55,538,983.99
Indirect energy consumption			
Purchased electric power consumption	MWh	16,683,618.66	7,836,241.55
Purchased steam	ton	381,397.00	323,114.00
Total energy consumption			
Total energy consumption (direct)	tce	3,693,215.30	3,479,382.83
Total energy consumption (indirect)	tce	2,099,464.39	1,004,626.55
Total energy consumption	tce	5,792,679.69	4,484,009.38
Integrated energy consumption intensity	tce/RMB one million	217.02	218.75

¹ In the initial preparation of the Company's 2024 Sustainability Report, the ESG data management system was not fully mature. In the current reporting period, the Company has retrospectively revised the 2024 diesel consumption data, and adjusted four affected indicators accordingly, including total energy consumption (direct), total energy consumption, integrated energy consumption intensity and Scope 1 GHG emissions. We also have retrospectively revised the 2024 Scope 2 GHG emissions, with corresponding updates to total GHG emissions (Scope 1 and Scope 2) and GHG emissions intensity. Meanwhile, the 2024 data on water withdrawal, total water consumption and water use intensity have been restated. The Company has unified accounting calibers and optimized data management mechanisms to ensure the authenticity, accuracy and comparability of disclosed information.

² The energy consumption calculation for operations in China is based on the *General Principles for Calculation of the Comprehensive Energy Consumption* (GB2589-2020) issued by the State Administration for Market Regulation and the Standardization Administration of China.

Indicator	Unit	2024	2025
Renewable energy consumption			
Renewable energy use	kWh	3,567,026,011.94	2,348,928,148.72
GHG emission³			
Total GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	20,528,400.68	15,715,130.36
Scope 1 GHG emissions	tCO ₂ e	11,789,117.03	11,221,841.79
Scope 2 GHG emissions	tCO ₂ e	8,739,283.65	4,493,288.57
GHG emission intensity	tCO ₂ e/RMB 10,000	7.69	7.67
Water resource consumption			
Tap water/municipal water withdrawal	ton	20,849,062.80	15,142,662.48
Total water consumption	ton	18,701,628.21	13,489,741.51
Water use intensity	ton/RMB one million	700.64	658.08
Use of packaging materials			
Total packaging materials used	ton	54,505.59	52,241.04
Plastics	ton	22,398.24	22,882.97
Paper	ton	15,405.44	15,404.23
Metal	ton	12,692.08	11,520.00
Other Categories	ton	4,009.83	2,433.84
Packaging material usage intensity	ton/RMB one million	2.04	2.55
Exhaust gas			
Total exhaust gas emission	10,000 m ³	11,078,808.80	8,592,994.38
Exhaust gas emission intensity	10,000 m ³ /RMB one million	415.06	419.20
Sulphur oxide emission	ton	1,050.72	913.43
Sulphur oxide emission intensity	kg/RMB one million	39.36	44.56
Nitrogen oxide emission	ton	5,399.66	2,825.21
Nitrogen oxide emission intensity	kg/RMB one million	202.29	137.82
VOC emissions	ton	6.63	2.77
VOC emissions intensity	kg/RMB one million	0.25	0.14
Particulate matter emissions	ton	868.11	400.49
Particulate matter emissions intensity	kg/RMB one million	32.52	19.54

³ Scope 1 GHG emissions are accounted for based on the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Other Industrial Enterprises (Trial)* issued by China's National Development and Reform Commission (NDRC). Scope 2 GHG emissions are accounted for based on the *Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors* issued by Ministry of Ecology and Environment of the People's Republic of China.

Indicator	Unit	2024	2025
Wastewater			
Total wastewater discharge	ton	2,147,434.59	1,652,920.97
COD	ton	260.49	128.71
Ammonia nitrogen	ton	12.73	4.53
Wastewater discharge intensity	ton/RMB one million	80.45	80.64
Waste			
Hazardous waste⁴			
Hazardous waste transferred	ton	102,512.29	83,791.43
Hazardous waste recycled and reused	ton	39,157.37	70,803.09
Hazardous waste treated by other method	ton	63,354.92	12,988.34
Hazardous waste intensity	ton/RMB one million	3.84	4.09
Non-hazardous waste			
Non-hazardous waste collected (non-recyclable)	ton	43,899.91	20,507.20
Non-hazardous waste collected (recyclable)	ton	520,731.86	698,782.93
Non-hazardous waste intensity	ton/RMB one million	21.15	35.09

Social

Indicator	Unit	2024	2025
Product quality and safety			
Number of product safety and quality accidents	case	0	0
Complaint resolution rate	%	100	100
Customer satisfaction (out of 100)	/	93.48	94.22
Customer privacy breach incidents	/	0	0

⁴ Hazardous waste transferred equals the sum of recycled and reused volume plus the quantity treated by other methods, including incineration, landfilling and other relevant approaches.

Indicator	Unit	2024	2025
R&D and innovation			
R&D expenses	RMB billion	0.575	0.521
Percentage of R&D investment	%	2.17	2.58
Number of national science and technology awards	/	0	0
Number of supplier collaborations in R&D	/	4	3
Number of patents granted to the Company	/	675	770
Number of invention patents applied to the main business	/	87	68
Number of various standards formulated or revised as a lead or participant	/	60	61
Supply chain management			
Total number of suppliers	/	6,708	7,528
Number of suppliers by region			
Number of mainland China suppliers	/	6,697	7,512
Northeastern China	/	219	233
Northern China	/	477	545
Central China	/	400	511
Northwestern China	/	1,594	1,771
Southwestern China	/	511	558
Eastern China	/	3,197	3,556
Southern China	/	299	338
Number of suppliers from Chinese Hong Kong, Macao and Taiwan	/	4	4
Number of foreign suppliers	/	7	12
Number of suppliers that have signed the supplier code of conduct	/	5,562	1,142 ⁵
Percentage of suppliers that have signed the supplier code of conduct	%	82.92	15.17
Number of suppliers conducting ESG/CSR assessments	/	-	850
Number of ESG/CSR-related training sessions for suppliers	time	1	1
Total duration of ESG/CSR-related training for suppliers	hour	884	800

⁵ Since 2023, Hesheng Silicon has required suppliers to sign the *Supplier Code of Conduct*. The Company launched the SRM procurement management system in 2024, while partial supplier data has not been fully migrated. Following the launch of the new system, all suppliers are mandated to sign the *Supplier Code of Conduct* during the admission process. The relevant data herein are statistically calculated after the official operation of the new system in 2025.

Indicator	Unit	2024	2025
Employee rights protection			
Union membership rate	%	100	100
Violations of labor rights such as child labor, forced labor, discrimination, and harassment	/	0	1 ⁶
Labour contract signing rate	%	100	100
Diversity, equality, and inclusion			
Total number of employees	person	21,994	18,298
Number of employees from ethnic minorities	person	8,687	8,677
Number of disabled employees	person	278	209
Number of women in management (both junior, middle and senior)	person	363	400
Proportion of women in management (both junior, middle and senior)	%	8.64	9.51
Employee development⁷			
Total full-time employees trained	person-times	410,465	211,937
Percentage of employee trained	%	100	100
Total hours of employee training	hour	over 40 million	2,150,184
Average training hours per employee	hour	-	117.96
Training and development expenses	RMB 10,000	416.95	437.05
Occupational health and safety			
Employee coverage of work-related injury insurance	%	100	100
Employee coverage of work safety liability insurance ⁸	%	100	100
Work injury insurance expenditure	RMB 10,000	1,060.39	858.20
Work safety liability insurance expenditure	RMB 10,000	7,712.10	5,845.99

⁶ In 2025, one workplace harassment incident occurred. The Company has imposed serious sanctions in accordance with relevant regulations and made disclosure accordingly.

⁷ The plants implement an essential knowledge and compliance training program with weekly sessions, leading to elevated aggregate figures in both participant volume and training duration.

⁸ In accordance with the *Measures for the Implementation of Work Safety Liability Insurance* and the disclosure requirements of the Shanghai Stock Exchange, work safety liability insurance is mandatory for high-risk production entities. This indicator is calculated based only on employees of production subsidiaries, excluding staff of non-high-risk trading subsidiaries.

Indicator	Unit	2024	2025
Community development and charity			
Total funds of social contribution	RMB 10,000	224.3	75.0
Total funds for rural vitalization	RMB 10,000	33.8	0
Total participation in charity cause	person-times	Nearly 200	80
Total volunteer service hours	hour	About 800	About 300

Governance⁹

Indicator	Unit	2024	2025
Business ethics			
Total training hours of directors' trained in anti-corruption	hour	24	30
Participation of directors' trained in anti-corruption	person-times	3	5
Total training hours of management trained in anti-corruption	hour	102	87
Participation of management trained in anti-corruption	person-times	102	87
Total hours of anti-corruption training attended by employees	hour	835	1,326
Participation of anti-corruption training attended by employees	person-times	835	1,440
Number of corruption and bribery cases	/	1 ¹⁰	0
Litigation or major administrative penalties arising from unfair competition practices	/	0	0
Number of information security incidents	/	0	0

⁹ During the initial preparation of the Company's 2024 Sustainability Report, the ESG data statistical system was not fully mature. In the current reporting period, the Company has retrospectively revised the 2024 data of three indicators, namely total training hours of directors' trained in anti-corruption, total training hours of management trained in anti-corruption, total hours of anti-corruption training attended by employees. The Company has unified accounting calibers and optimized data management mechanisms to ensure the authenticity, accuracy and comparability of disclosed information.

¹⁰ The Company has issued the announcement of Hoshine Silicon on receiving the *Criminal Judgment* and the *Litigation Progress* on August 16, 2024.

Indicator Index Table

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

Category	Issue	Corresponding Article	Page
Environment	Climate Change Response	Articles 21 to 28	23-26
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	Ecosystem and Biodiversity Conservation	Article 32	22
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	Science and Technology Ethics ¹	Article 43	Not applicable
	Supply Chain Security	Article 45	49-50
	Equal Treatment of Small and Medium-sized Enterprises ²	Article 46	Not applicable
	Safety and Quality of Product / Service	Article 47	38-43
	Data Security and Customer Privacy Protection	Article 48	19, 43
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	Stakeholder Communication	Article 53	13
	Anti-Commercial Bribery and Anti-Corruption	Article 55	17-18
	Anti-Unfair Competition	Article 56	19

¹The Company's main business does not involve scientific research, technological development, or other activities related to ethical sensitive fields such as life sciences and artificial intelligence.

²At the end of the reporting period, the balance of accounts payable (including notes payable) of the Company did not exceed RMB 30 billion yuan, and the proportion did not exceed 50% of the total assets.

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