



西子洁能
XIZI CLEAN ENERGY

SINCE 1955

2024

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) REPORT

XIZI CLEAN ENERGY EQUIPMENT MANUFACTURING CO., LTD.

Contents

About this Report	01
Letter from the Chairman	02
About Us	03

01 Standardized Governance Safeguards Steady Development

Promoting Sustainable Management	08
Strengthening Governance Foundations	10
Strengthening Compliance and Risk Control	14
Commitment to Business Ethics	18

02 Green and Low - Carbon Development Collaborative Construction of Ecological Civilization

In-depth Environment Management	20
Pollution Compliance Management	22
Optimizing Resource Utilization	24
Response to Climate Change	28

Appendix

Looking Ahead	56
Table of ESG KPIs	57
ESG Topic Index Table	62

03 Quality as the Core Co-creating Industry Value

Product Quality and Safety	31
Technological R&D and Innovation	36
Customer Rights Protection	40
New Ecosystem of Collaborative Development	41

04 People First Building a Harmonious Society

Protecting Employee Rights	45
Growing with Employees	49
Strengthening Safety Defenses	52
Fulfilling Social Value	55



About this Report

Report Notes

This report is the 2024 Environmental, Social, and Governance (ESG) Report released by XIZICE Equipment Manufacturing Co., Ltd. (formerly Hangzhou Boiler Group Co., Ltd.). This report, guided by the principles of objectivity, standardization, transparency, and comprehensiveness, details the Company's responsible practices and performance across business operations, environmental stewardship, social responsibility, and corporate governance. It aims to facilitate effective communication with all stakeholders and systematically address their expectations and requirements.

Report Scope

This annual report covers the period from January 1 to December 31, 2024. To enhance comparability and completeness, selected content may include historical data from earlier years or extend beyond this period.

Basis of Compilation

This report is prepared in line with the following guidelines: the SZSE Self-Regulatory Guidelines for Listed Companies No. 1—Compliance Operation of Main Board Listed Companies (Revised December 2023) and the SZSE Self-Regulatory Guide for Listed Companies No. 1—Business Operations (2024 Revision), the SZSE Self-Regulatory Guidelines for Listed Companies No. 17—Sustainability Report (Trial), and the Self-Regulatory Guide for Listed Companies No. 3—Sustainability Report Compilation. It also references the following standards and frameworks: the GRI Standards, the Ministry of Finance's Exposure Draft of Basic Standards for Corporate Sustainability Disclosure, the International Sustainability Standards Board (ISSB)'s IFRS S1—General Requirements for Sustainability-related Financial Information Disclosure and IFRS S2—Climate-related Disclosures, the United Nations Sustainable Development Goals (UN SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD)'s GUIDANCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

Data Sources Statement

The data and cases presented in this report are sourced from the company's official documents and statistical reports, which have been verified by the relevant internal departments. All financial data included in this report are denominated in Renminbi (RMB).

Explanation of Terms

This report covers data pertaining to XIZICE Equipment Manufacturing Co., Ltd. and its wholly-owned and controlled subsidiaries. For clarity and readability, the full name XIZICE Equipment Manufacturing Co., Ltd. will be referred to as "XIZICE", "the Company", or "we" throughout this report.

Abbreviation	Selected Subsidiary Name
Hangzhou Boiler Industrial Boiler	Hangzhou Boiler Industrial Boiler Co., Ltd.
Xizi United Engineering	Zhejiang Xizi United Engineering Co., Ltd.
Xizi New Energy	Xizi (Zhuji) New Energy Equipment Co., Ltd.
Century New Energy	Hangzhou New Century Energy Environmental Protection Engineering Co., Ltd.

Access to and Response to this Report

This report is issued in an electronic format. Readers and various stakeholders can download and read the full report on the official website of XIZICE (<http://www.xizice.com>). This report is released in both Chinese and English versions. In case of any ambiguity or conflict between the two language texts, the Chinese version shall take precedence.

Contact Information

ADDRESS: NO. 1216 DANONGGANG ROAD, HANGZHOU CITY, ZHEJIANG PROVINCE, CHINA

TEL: 0571-85387288 (SWITCHBOARD), 0571-85373947 (MARKETING)

FAX: 0571-85377991-660

POSTCODE: 310021

EMAIL: 002534@XIZICE.COM

Letter from the Chairman

“

As the seasons change, time leaves indelible marks of our shared efforts. Reflecting on the transformative year of 2024, we have witnessed unprecedented global challenges and opportunities, with the energy revolution accelerating and a green wave reshaping our shared future. In this year marked by both opportunities and challenges, XIZICE has steadfastly adhered to its core value of “Customer Focus”, demonstrating unwavering commitment to global expansion. As a frontrunner in the Belt and Road Initiative, our presence now extends across more than 100 countries and regions worldwide. Through extensive collaboration with international partners and the integration of digital trade, we are pioneering a robust new energy ecosystem that empowers the industry and delivers energy solutions that redefine efficiency and intelligence for our global clients. Leveraging our deep technological expertise and exceptional service capabilities, we continue to achieve breakthroughs in the fields of new energy, energy storage, and intelligent manufacturing. In doing so, we are committed to contributing to a sustainable global future through our innovative approaches and insights.

From our humble entrepreneurial beginnings to forging strategic alliances with Fortune Global 500 companies, and now embarking on a new journey towards high-quality development, XIZICE's success is not solely attributed to our exceptional products and services. Rather, it is profoundly rooted in our corporate DNA of lean excellence and the core values of “Customer Focus, Value-driven Contributors, Quality Supremacy, and Continuous Improvement”. In 2024, we made significant advancements in our lean management practices, accelerating process optimization and achieving remarkable improvements in management efficiency, all while delivering maximum value with minimal resources. This pivotal year has been marked by the unwavering dedication of every XIZICE employee, culminating in two noteworthy achievements: we received the esteemed “2024 Most Impactful Enterprise in China's Energy Storage Industry Award” and celebrated our 21st consecutive year of recognition among China's Top 500 Private Enterprises. I firmly believe that only through a relentless pursuit of excellence can we maintain our competitive edge in the fierce market landscape and continue to create new achievements for XIZICE!

” **Chairman: Wang Shuifu**
March 2025



Leading in Science and Innovation and Expanding New Patterns of Energy Development

We have always regarded technological innovation as the core driving force behind our corporate development. In 2024, XIZICE has continued to enhance its investment in research and development, accelerating our transformation from traditional boiler products to a diversified portfolio that includes photothermal energy storage, vanadium flow batteries, lithium-ion power solutions, and hydrogen energy. With cutting-edge technological reserves in supercritical boiler technology and molten salt heat storage solutions for the steel industry, we have achieved significant technological breakthroughs. We are actively driving cross-industry development of industrial innovations, encompassing various fields from coal-to-chemicals conversion to advanced coal pyrolysis and gasification. Looking ahead, XIZICE will maintain its focus on the new energy market by leveraging its core technological advantages. We aim to expand applications in areas such as photovoltaic power generation, energy storage, and zero-carbon parks. By capitalizing on policy opportunities and promoting further technological breakthroughs and market expansion, we are committed to injecting robust momentum into the company's high-quality development for a sustainable future.

Low-carbon Empowerment: Driving a New Vision of Green Development

“Improving the environment for humanity” is the unwavering mission of XIZICE. In alignment with China's “carbon peaking and carbon neutrality” strategy, we are accelerating our green transition and achieving significant milestones in energy conservation and renewable energy sectors. In the solar thermal energy storage sector, XIZICE boasts a remarkable market share of 44%, with our technology and equipment implemented in 16 solar thermal power stations. This contributes significantly to the establishment of a clean, low-carbon, safe, and efficient energy system. Furthermore, we are actively expanding our efforts in the integration of wind power, load storage solutions, flexible transformation of thermal power generation, and independent molten salt energy storage. These initiatives are part of our ongoing commitment to advancing the development of a zero-carbon industry. Looking ahead, we will continue to enhance our investment in innovation and expand energy application scenarios. By empowering industrial upgrades with cutting-edge technologies, we aim to contribute even more to the global transition towards a green and low-carbon future.

In this pivotal era of energy revolution and industrial transformation, XIZICE will regard the 'Dual Carbon' mission of carbon peaking and carbon neutrality as our guiding beacon, with scientific and technological innovation driving our efforts. We are committed to boldly leading in the wave of green intelligent manufacturing. With favorable winds, we are poised to set sail and ride the waves; with a long and arduous journey ahead, we must redouble our efforts and forge ahead with urgency and resolve. Let us lay the foundation in green development and wield intelligence as our brush to collectively script XIZICE's defining chapter in the global energy revolution.

Lean Management: Driving Our High-Quality Development

We are steadfast in our belief that strong corporate governance serves as the foundation for high-quality development. By advancing the “Three Meetings and One Tier” governance framework and enhancing our Party-building leadership, we are committed to effectively safeguarding the legitimate rights and interests of our investors. Through the establishment of the XOS Excellence Ecosystem (X-celence Orchestration System), we are pioneering a strategy-driven governance model that integrates technology-powered innovation with lean-quality excellence as our foundation. This framework actively promotes our strategic imperatives of “Zero-Carbon Dual Excellence” and “Triple Innovation & Quadruple Modernization”. We are dedicated to becoming a trusted partner for our clients, a platform that instills pride in our employees, and a socially respected responsible entity. Concurrently, we have established a multidimensional communication system that actively listens to the voices of both internal and external stakeholders. We fully respect their expectations and opinions, incorporating them into our strategic planning and continuously refining our management practices. By taking efficient and practical actions, we respond to the needs of all parties, driving the common growth of the enterprise and its stakeholders while achieving a win-win situation for all involved.

Building a People-Centered Ecology of Diversity and Inclusion

We are committed to embracing diversity and ensuring equal opportunities within our organization. By fostering an open and inclusive corporate culture and providing clear pathways for career growth, we strive to support each individual in realizing their personal values. In 2024, our recognition as a Zhaopin Annual Best Employer Nominee reflects our ongoing efforts to prioritize employee well-being. Meanwhile, the company places a high priority on production safety management. Through outstanding management practices, we have been awarded the “National First Prize for Employee Safety Culture Innovation” and recognized as a national model enterprise for safety culture construction. In addition, XIZICE actively engages in public welfare initiatives and supports educational development. By leveraging the Xizi Intelligent Industrial Park, we have established the “Xizi Spring Cultivation Society” platform. This initiative promotes resource sharing among enterprises and provides robust support for the growth of young talents. We firmly believe that the responsibility of an enterprise extends beyond efficient management; it also encompasses contributing to society and fostering social harmony and progress.

About Us

Company Overview

XIZICE Equipment Manufacturing Co., Ltd. (hereinafter referred to as "XIZICE"; Stock Code: 002534.SZ) was founded in 1955. Its predecessor, Hangzhou Boiler Group Co., Ltd., was a leading enterprise in China's waste heat boiler industry. Now, XIZICE is affiliated with XIZI UHC, one of the top 500 private enterprises in China. The Company is dedicated to becoming a globally leading provider of clean energy equipment and comprehensive solutions.

In 2021, XIZICE was honored with the Zhejiang Provincial Government Quality Award. Moreover, its Chairman, Mr. Wang Shuifu, received the Nomination Award of the Fourth China Quality Award, becoming the sole Zhejiang entrepreneur to be bestowed with such an esteemed honor. In 2024, the Company passed the public announcement of the nomination award of the 5th China Quality Award. XIZICE boasts a series of prestigious qualifications. It is listed among China's Top 100 Machinery Industry Enterprises, serves as a National R&D and Manufacturing Base for Waste Heat Boilers, and is recognized as a National High-Tech Enterprise. Furthermore, it has established a State-Recognized Enterprise Technology Center and a National Postdoctoral Research Station.

XIZICE, a member of the Energy Industry Waste Heat Utilization Equipment Standardization Technical Committee, champions the management philosophies of "Quality Management as the Utmost Priority" and "Every Year is a Quality Year, and Every Employee Embraces the Quality Ethos". Adhering to the principles of "Meticulousness at Every Starting Point" and "Ensuring Infallibility", we are committed to providing customers with comprehensive full-life-cycle energy solutions and state-of-the-art intelligent energy equipment and services, all underpinned by the core value of "Customer Focus". XIZICE's core business spans consultation, Research and Development (R&D), production, sales, installation of waste heat, biomass, circulating fluidized bed (CFB) boilers, gas-fired boilers and shield tunneling machines (TBM), alongside Engineering Procurement Construction (EPC), boiler maintenance, upgrading, smart boiler, and smart factory services. We also deliver intelligent services across the new energy lifecycle and have ventured into new energy investment and operations. Notably, XIZICE has pioneered China's first aviation zero-carbon factory using new energy technologies and co-invested in China's first large-scale operational solar-thermal energy storage power plant. The storage technology deployed has been recognized in the 2021 National Catalogue of First (Set) Major Technical Equipment for the Energy Sector. Our active involvement in the Belt and Road Initiative has expanded our business reach to over 100 countries and regions globally.

Committed to the mission of "Improving the Environment for Humanity", XIZICE actively supports the "30·60" carbon peaking and neutrality goals, strategically plans for green development, and boosts investment in new energy to accelerate our corporate transformation and upgrading. To date, we have manufactured over 3,000 energy-saving waste heat boilers, which, once operational, will significantly cut domestic carbon emissions and contribute to achieving the carbon peaking and neutrality goals, while fostering global green development.

KEY PERFORMANCE

Business Presence

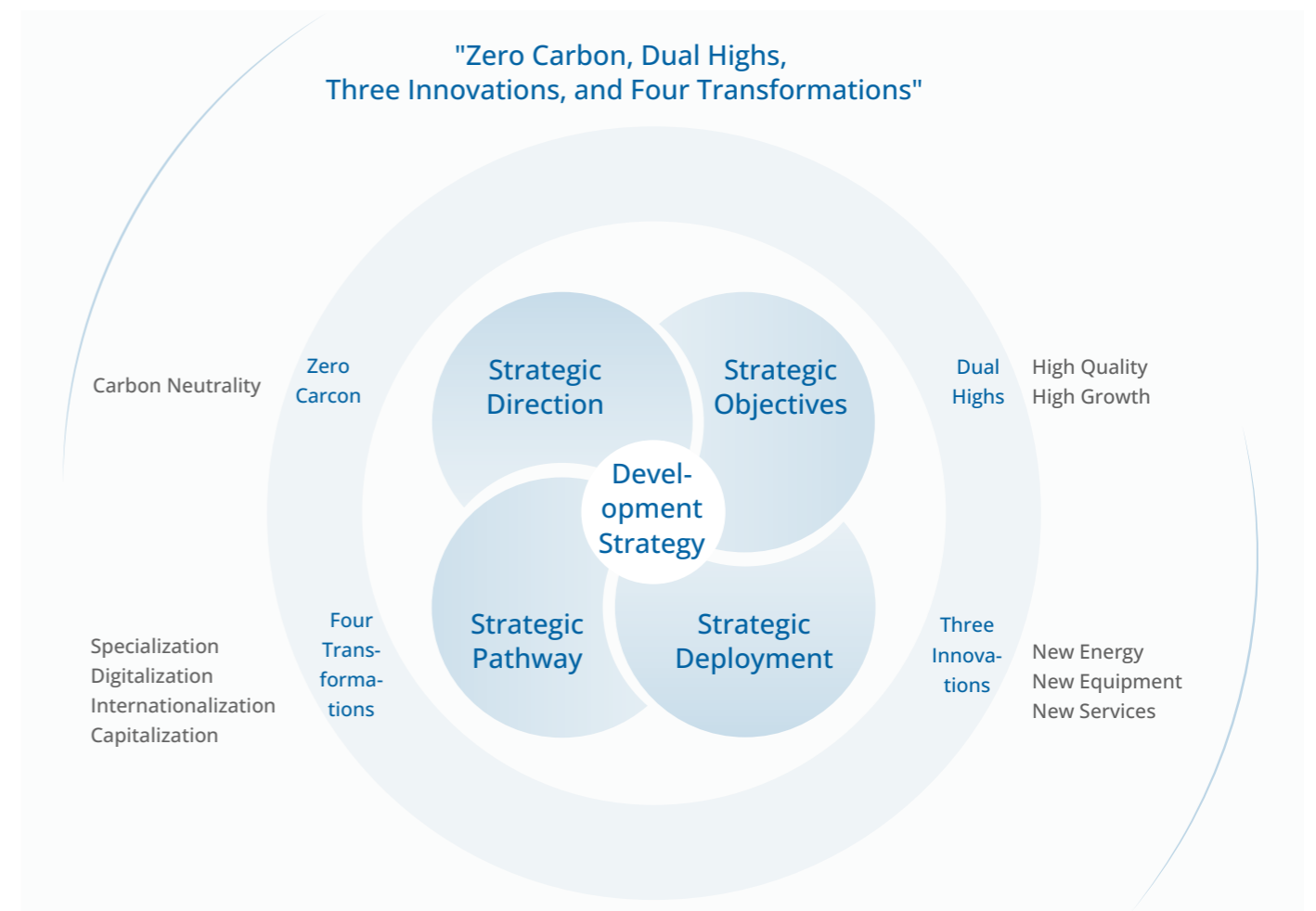
More than **100** countries and regions globally

Annual Standard Coal Savings

More than **66** million tons

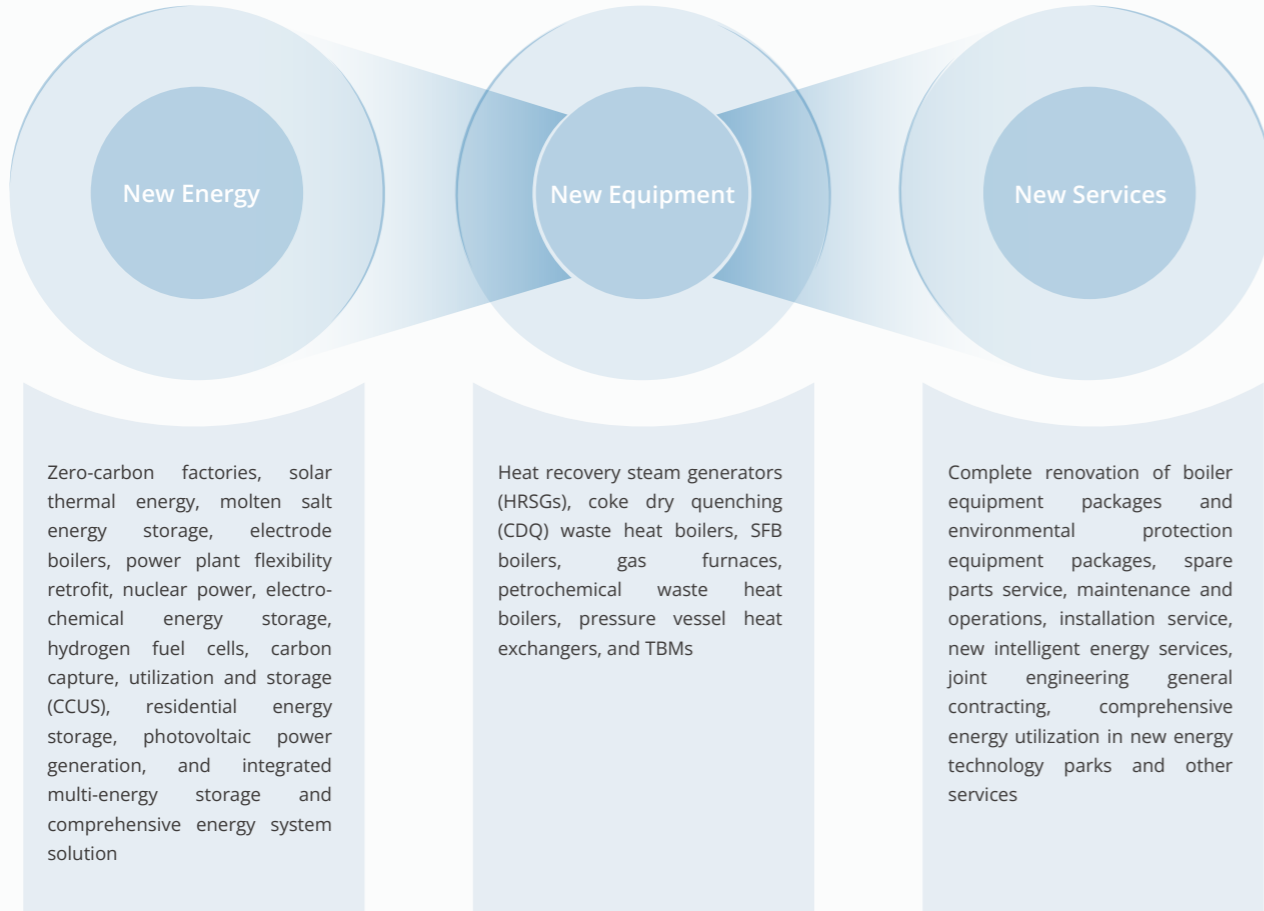
Carbon Dioxide Emissions Reduction

160 million tons



Industrial Layout and Business Development

XIZICE is strategically positioned across three major sectors—new energy, new equipment, and new services



Business Development

XIZICE first acquired the Class A boiler manufacturing license for special equipment in 1989. From 2018 to 2023, the Company was honored consecutively with the title of "National First (Set) of Major Technical Equipment" for six years. We have maintained a leading position in the domestic market for waste heat boilers. In December 2018, we also obtained manufacturing qualifications for Class 2 and Class 3 vessels and heat exchangers used in nuclear power. As a prominent domestic enterprise in the field of waste heat boilers and a global leader in HRSGs, our HRSGs achieve an impressive waste heat utilization rate of 90.5%. This performance significantly surpasses the international advanced benchmark of 85%, positioning our company at the forefront of global industry standards. The market share of our leading products maintains a leading market share in niche markets. Notably, our HRSGs and CDQ waste heat boilers have consistently held the top position in domestic market share for many years.

Deeply Rooted in "Low-Carbon" DNA

XIZICE has consistently focused on the efficient utilization of secondary energy, embedding low-carbon principles into its corporate development ethos, and dedicating 69 years to advancing waste heat utilization. In 1958, we successfully developed our first power generation unit. By 1974, we established China's first and only Waste Heat Boiler Research Institute, approved by national authorities. In 1994, we independently developed the nation's first waste incineration heat recovery boiler in Shenzhen and received the National Major Scientific & Technological Achievement Prize during the "Eighth Five-Year Plan". Furthermore, in 1998, we pioneered the domestic production of a 210-ton/hour OG converter waste heat boiler for steelmaking exported to Kawasaki Heavy Industries in Japan.

Focusing on "Carbon Reduction" Technologies

XIZICE leverages the concept of "carbon reduction" to continually innovate industrial energy solutions that drive transformation across sectors. We have addressed numerous bottleneck issues related to core waste heat boiler technologies and achieved localization for our 9F-class HRSGs. Our independently developed 9H-class HRSG technology—currently the highest standard worldwide—fills a significant gap within Asia. Our achievements have garnered recognition including one National Science and Technology Progress First Prize for "Key Technologies and Industrialization of Shield Machine Independent Design and Manufacturing", three Second Prizes for innovations such as "Municipal Solid Waste Incineration Technology", a "Large-scale Localized Production Facility for Annual Sulfuric Acid Output", and "Complete Process Technology for Pure Low-Temperature Waste Heat Power Generation in Cement Kilns". We also received accolades such as one First Prize for Collaborative Innovation between Industry and Academia as well as one Second Prize from China's Machinery Industry Science and Technology sector. To date, we hold a total of 564 patents and software copyrights, and 3 overseas invention patents, while also having formulated 59 national and industry standards—31 of which are national standards.

Exploring the "Zero-carbon" Path

XIZICE is actively deepening its engagement with a dual focus on "new energy + energy storage" initiatives as it endeavors into industrial transformation along a "zero-carbon" pathway. Our technology reserves within solar thermal energy span over 13 years. We participated in the construction of the world's third and China's first large-scale operational solar thermal energy storage power station. The applied energy storage technology has been recognized under China's National First (Set) Major Technological Equipment Project within the Energy Sector (2021), evaluated by German engineering firm Fichtner to achieve world-leading levels among similar power stations. Notably, XIZICE is also distinguished as the first domestic enterprise to export fully self-owned intellectual property solar thermal technology to the European Union; over 95% of our equipment has been successfully localized.

In 1998, XIZICE ventured into the nuclear power sector, supplying equipment to numerous nuclear power plants, including Ling'ao, Yangjiang, Taishan, Fuqing, Fangjashan, and Fangchenggang. In 2018, XIZICE became the first private enterprise to obtain the manufacturing license for nuclear-grade pressure vessel heat exchangers compliant with civil standards. Since then, we have provided critical nuclear island equipment for projects like Taipingling and Lufeng Nuclear Power Plants.

Contributing to the "Carbon Peaking and Carbon Neutrality" Strategy

XIZICE leverages its inherent strengths in "low carbon", "carbon reduction", and "zero carbon" initiatives to fully support the nation's achievement of its "carbon peaking and carbon neutrality" goals. In 2010, XIZICE (formerly Hangzhou Boiler Group) began collaborating with Zhejiang University on the research and development of molten salt energy storage technology. This partnership has laid a crucial foundation for the Company's integration into the "30-60" strategy for carbon peaking and neutrality, enabling its advancement into the clean energy sector while maintaining a commitment to sustainable high-quality development. In November 2023, XIZICE and Zhejiang University jointly established the Zhejiang University-Xizi Joint Research Institute. By utilizing resources from the National Key Laboratory of Energy Efficient and Clean Utilization located in Qingshanhu, this collaboration aims to accelerate breakthroughs in core technologies for clean energy equipment, thereby cultivating more robust new quality productive forces. XIZICE's commitment to clean energy is further evidenced by our role as a provider of combined cycle waste heat power generation equipment for the 2008 Olympic Games. In 2022, we were appointed as an Official Clean Energy Products and Services Supplier for both the 19th Asian Games Hangzhou 2022 and the 4th Asian Para Games. We provided green electricity-powered illumination solutions for guidance signage on the south side of the Asian Games Main Media Center (MMC).

Corporate Milestones in 2024

We were invited to participate in National Safety Culture Construction Training, where we delivered a keynote presentation



We entered into a strategic cooperation agreement with China Construction Group along with a cooperation agreement regarding Abuja Project in Nigeria



May 2024

Unit 1 of the Ziyang Gas-fired Power Station New Construction Project, in which we participated, was successfully put into commercial operation



July 2024

Unit 1 of the Guangyuan 9H-class Gas Turbine Combined-Cycle Power Plant, in which we participated in the construction, successfully completed a 168-hour trial run



Our Thermal Power Cogeneration Project was launched after we signed an agreement with Zhejiang Jiapudong Thermal Power Co., Ltd.



October 2024

The "Steam Extraction Energy Storage" Molten Salt Thermal Storage Flexible Peaking Technology Demonstration Project, which we co-constructed at Guoneng Hebei Longshan Power Plant, officially entered its trial run phase

We officially held the groundbreaking ceremony for our EPC-contracted Vietnam Cheng Loong Phase III Cogeneration Project



Our applied "Large-scale Molten Salt Energy Storage Technology" was successfully listed in the Green Technology Promotion Directory (2024 Edition) issued by the National Development and Reform Commission (NDRC)



December 2024

March 2024



We signed a project agreement for Nigeria's largest natural gas captive power plant – encompassing twelve units of 9E HRSG.



Additionally, we signed a cooperation framework agreement with Beijing Shougang International Engineering Technology Co., Ltd.

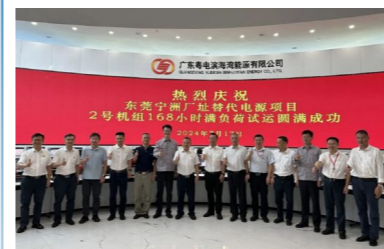
June 2024



Our National Postdoctoral Research Workstation was officially inaugurated

We successfully passed Sinopec's Quality Management Evaluation Audit

We signed a strategic cooperation framework agreement with Yokogawa Sichuan Instrument Co., Ltd.



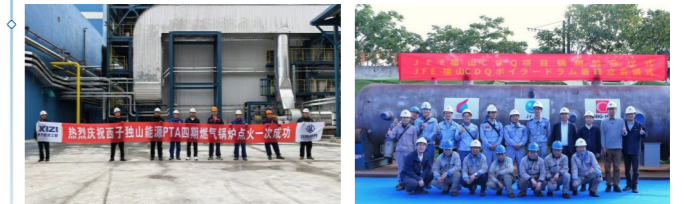
The second heavy-duty gas turbine unit of the Dongguan Ningzhou Gas-Steam Combined-Cycle Cogeneration Project, where we were involved in the construction, finished a 168-hour trial run and began commercial operation

August 2024



We signed an EPC contract for the Phase II (90 MW) waste gas power generation project with Xinjiang Guoxin Jiyeu Environmental Power Generation Co., Ltd.

November 2024



We hosted the 5th "Improving the Environment for Humanity" Zero-Carbon Summit in Hangzhou

The CDQ boiler we manufactured for Nippon Steel Engineering's Fukuyama Plant in Japan passed the final inspection

We achieved one-time ignition success for 1×180 t/h Gas-fired Boiler Unit 3 for the public utilities and auxiliary facilities of Dushan Energy's 5.4-million-ton annual PTA project.

Honors and Awards

Xizi Smart Industrial Park was listed among "Zhejiang Province's 7th Batch of Integrated Domestic and International Trade Reform Pilot Bases"
August 2024



Xizi United Holdings was ranked among China's Top 500 Private Enterprises for the 21st Consecutive Year
October 2024

We were awarded "Most Influential Enterprise in China's Energy Storage Industry 2024"
March 2024

We were recognized as a National Safety Culture Construction Demonstration Enterprise
April 2024

We were included in the "2024 Global Zhejiang Business ESG Classic 100"
September 2024



附件
2024年浙江省制造业质量标杆名单

21	西子清洁能源装备制造股份有限公司	以客户为中心的企业卓越管理系统XOS的实践经验	质量管理体系升级
----	------------------	-------------------------	----------

Our subsidiary Industrial Boiler Division was designated as a National-Level Specialized, Sophisticated, Innovative, and Emerging "Little Giant" Enterprise
July 2024

We were honored with the "First Prize in National Workplace Safety Culture Excellence Cases"
August 2024

Our subsidiary Engineering Company certified as a Zhejiang Provincial Grade-A "Contract & Credit Compliance" Enterprise
December 2024

We were named a Zhejiang Provincial Manufacturing Quality Benchmark
December 2024

01 Standardized Governance Safeguards Steady Development

• Governance

XIZICE has established a comprehensive three-tier governance structure consisting of the Board of Directors, the Supervisory Board, and the Shareholders' Meeting, complemented by Executive Management. This structure integrates ESG principles into strategic decision-making through the Strategic Investment & ESG Committee. The Company strengthens its risk management through an internal control mechanism known as the "Three Lines of Defense" and advances its cybersecurity management system. These measures ensure that all operational activities are executed within a scientific, stable, and efficient governance framework.

• Strategies

Embracing its corporate mission of "Improving the Environment for Humanity", XIZICE continues to advance its development strategy focused on "Zero-Carbon Dual Highs (High Quality and High Growth), Three New Pillars (New Energy, New Equipment, New Services), and Four Modernizations (Digitalization, Intelligence, Green Transition, Globalization)". The establishment of the Xizi Operational Excellence System (XOS) is aimed at enhancing management efficiency and quality. Furthermore, the Company emphasizes integrity compliance and high-standard oversight to drive high-quality growth.

• Objectives

Continuously enhance the quality of information disclosure to ensure transparency and integrity in corporate communications

Improve market capitalization management levels while actively promoting shareholder return growth

Foster ongoing progress in the Company's ESG performance

To achieve

0

major corporate information security incidents

To achieve

0

customer information leakage incidents

• Impact, Risks, and Opportunities

XIZICE actively addresses various risks, including heightened information disclosure requirements, incomplete risk identification, and potential data breaches. Furthermore, the Company seizes opportunities related to Party building for integration and technological upgrades. We have standardized the operations of our general meetings of shareholders, board of directors, and board of supervisors (collectively referred to as the "Three Meetings") to enhance governance practices. XIZICE is committed to upholding high standards of business ethics while strengthening our risk management and compliance efforts, and advancing cybersecurity initiatives, all to solidify the foundation for the company's sustainable and high-quality development.



Promoting Sustainable Management

XIZICE has embedded sustainable development concepts into its strategic management framework at the group level. The Company continuously refines its ESG management structure while establishing diverse stakeholder communication mechanisms. Through concrete actions, XIZICE fulfills its commitment to sustainable development and aims to create long-term value for society.

ESG Management System

Guided by its corporate mission of "Improving the Environment for Humanity", XIZICE is dedicated to advancing a development strategy centered on "Zero-Carbon Dual Highs (High Quality and High Growth), Three New Pillars (New Energy, New Equipment, New Services) and Four Modernizations (Digitalization, Intelligence, Green Transition, Globalization)". Our goal is to be a trusted partner for customers, a source of pride for employees in their workplace environment, and a responsible enterprise respected by society.

XIZICE is committed to advancing its ESG system construction and improving the ESG management mechanism. We have established an ESG governance framework with the Board of Directors as the supreme governing body. Under this framework, the Strategic Investment and ESG Committee provides decision-making support to the Board in defining ESG development directions, strategic plans, and objectives. Responsibilities are clearly delineated across all levels and departments to ensure efficient ESG operations, thereby strengthening the Company's management and accountability in fulfilling ESG commitments.



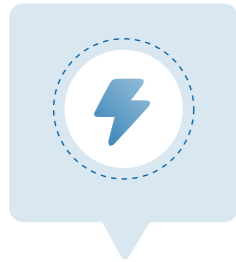
Communication with Stakeholders

XIZICE proactively builds a diverse array of communication channels, attentively listening to the voices of both internal and external stakeholders, and fully respecting their expectations and opinions. By focusing on the core issues that stakeholders care about, the Company continuously optimizes its management practices. We respond to the needs of all parties with efficient and practical actions, striving to achieve common development and mutual benefits for both the Company and its stakeholders.

Stakeholders	Key Topics of Concern	Communication Channels
 Governmental/Regulatory authorities	<ul style="list-style-type: none"> Technology R&D and innovation Waste management Information security and privacy protection Pollutant management Efficient utilization of energy Response to climate change Business ethics Compliant operations 	<ul style="list-style-type: none"> Acceptance of supervision and evaluation Implementation of regulatory policies Participation in research and deliberative meetings Information disclosure
 Shareholders/Investors	<ul style="list-style-type: none"> Compliant operations Business ethics Product quality and safety management Technology R&D and innovation Circular economy Communication with stakeholders 	<ul style="list-style-type: none"> General meeting of shareholders Regular reports and interim announcements Investor exchange meetings Performance briefing Hotline Email Responses to SZSE Interactive Ease Platform (Investor Interaction and Information Exchange System)
 Suppliers/Partners	<ul style="list-style-type: none"> Occupational health and safety Product quality and safety management Information security and privacy protection Supply chain management 	<ul style="list-style-type: none"> Supplier conferences Industry forum Hotline WeChat official account Regular visits
 Customers	<ul style="list-style-type: none"> Product quality and safety management Customer services Information security and privacy protection 	<ul style="list-style-type: none"> Email WeChat official account Company's official website Client visits Satisfaction surveys Customer care activities
 Employees	<ul style="list-style-type: none"> Occupational health and safety Protection of employees' rights and interests Talent training and development 	<ul style="list-style-type: none"> Employee activities and symposia Bulletin boards Employee suggestion boxes Employee representative meeting
 Community/Non-governmental organizations	<ul style="list-style-type: none"> Communication with stakeholders Social contribution Ecological harmony 	<ul style="list-style-type: none"> Public welfare activities Media coverage Public open days Cultural exchange activities Community service activities

Materiality Assessment

XIZICE views the expectations and requirements of stakeholders as a critical factor in formulating its ESG strategy. Through regular reviews of sustainability issues and their impact, the Company comprehensively considers national macro-policy directions, key focus areas of the capital market, ESG-related standards, and peer-benchmarking analyses. By integrating feedback from internal employees, investors, customers, partners, and other stakeholders with its strategic direction, we systematically identify and adjust materiality issues to develop the 2024 materiality matrix.



Identification of Materiality Issues

Based on its business development strategy and unique strengths, XIZICE identified 19 key ESG issues closely related to the Company through peer-benchmarking analysis, external policy research, and industry development trend studies.



Stakeholder Survey

We established a link between impact materiality and financial materiality by designing research questionnaires and interview outlines tailored to gather insights from stakeholders.

We prepared an online questionnaire for ESG materiality assessment to collect stakeholders' suggestions regarding the Company's ESG management practices.



Materiality Assessment

Based on feedback from stakeholder surveys—while considering industry best practices as well as stakeholders' concerns about the Company's business direction—we evaluated the issues along two dimensions: "financial materiality" and "impact materiality".

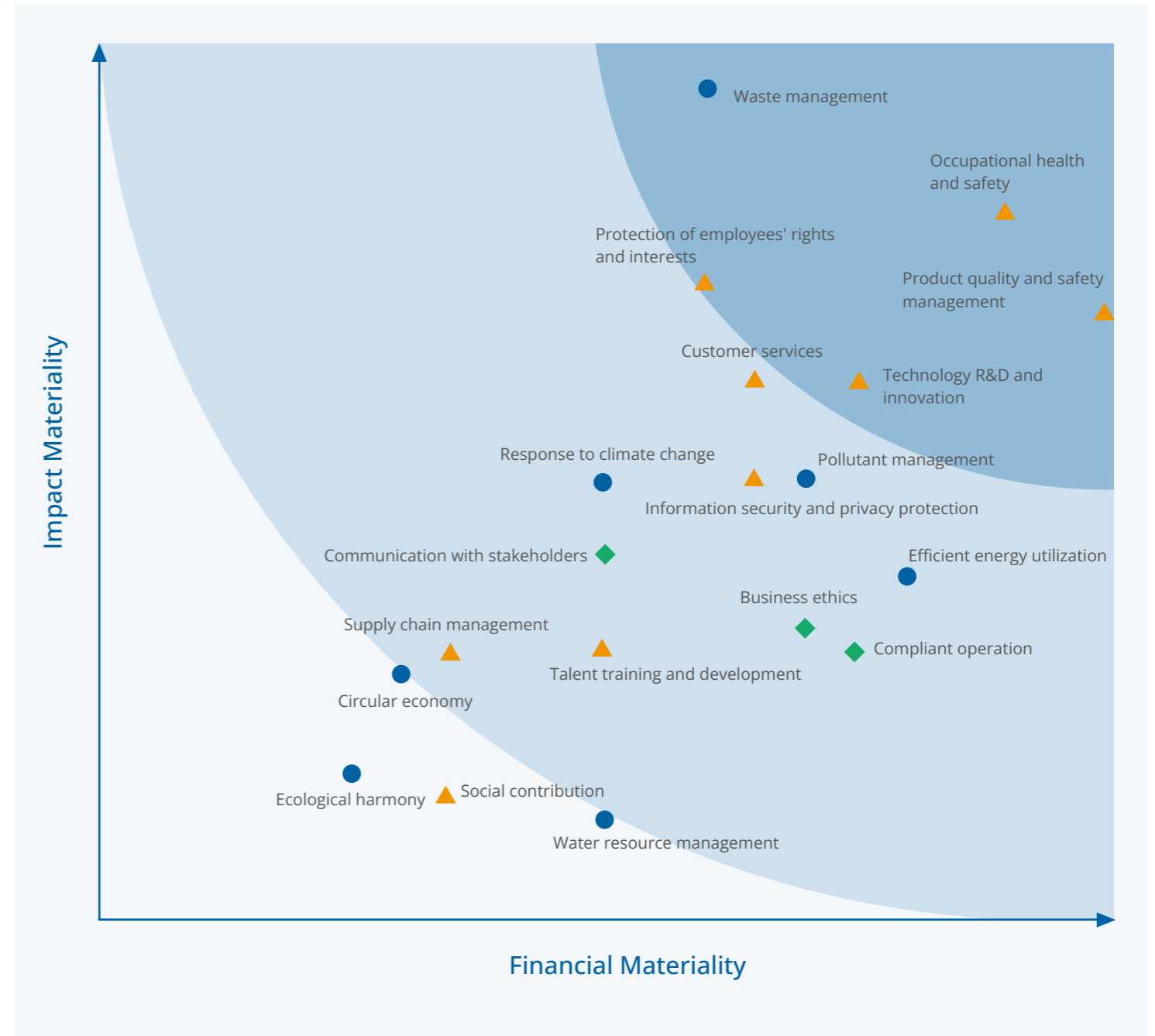


Verification and Management of Materiality Issues

We verified and confirmed the materiality matrix in line with the Company's strategic plan and then submitted to the board of directors for review and approval.

In 2024, we analyzed stakeholders' priorities regarding each issue to define corresponding management policies and mechanisms. This will enable us to continuously advance in managing these issues and information disclosure.

Materiality Issue Identification Process



XIZICE Materiality Matrix

Strengthening Governance Foundations

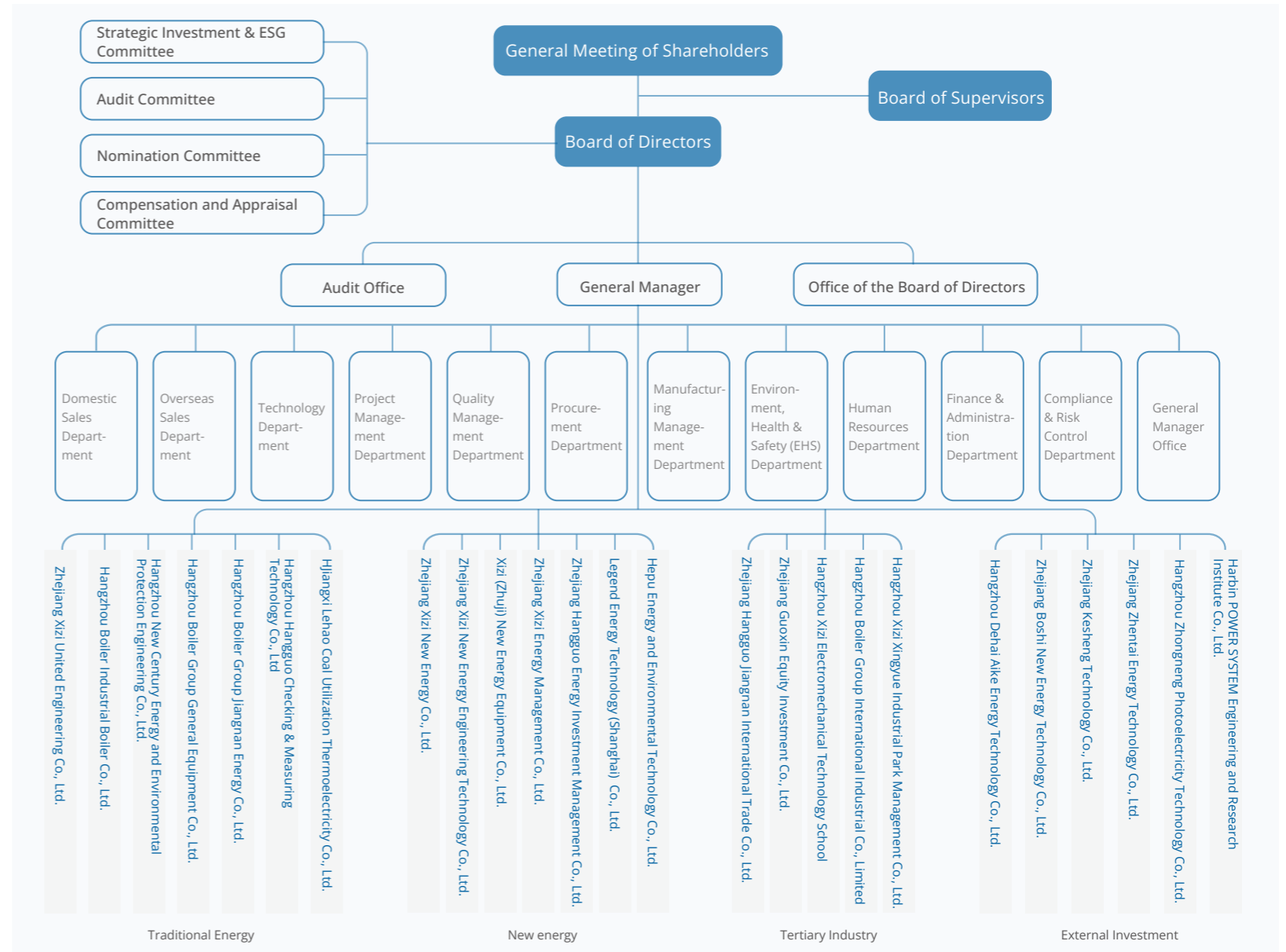
XIZICE has always regarded corporate governance as the cornerstone of high-quality development. Adhering to the principles of standardization, transparency, and efficiency, the Company continuously advances the development of the "Three Meetings and One Tier" governance framework (Shareholders' Meeting, Board of Directors, Supervisory Board, and Management), deepens the integration of Party building with corporate operations, safeguards investors' legal rights and interests, and drives high-quality development to ensure robust and sustainable operations.

Corporate Governance

Governance Structure

XIZICE strictly adheres to the Company Law, Securities Law, Corporate Governance Code for Listed Companies in China, Shenzhen Stock Exchange Listing Rules, and Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Code of Conduct for Main Board Listed Companies, among other relevant regulations and guidelines. The Company has established internal governance systems such as the Articles of Association, the Rules of Procedure for the Board of Directors, the Rules of Procedure for Shareholders' Meetings, and the Major Operational and Investment Decision-Making Management System, which standardize corporate operations and continuously elevate governance standards.

The Company has implemented a well-defined governance structure comprising the Shareholders' Meeting, the Board of Directors with its specialized committees, the Supervisory Board, and the Executive Management. This structure ensures standardized, transparent, and efficient governance operations, with clear delineation of responsibilities and collaborative oversight across all tiers.



Corporate Governance Structure

KEY PERFORMANCE

During the Reporting Period,

The Company holds shareholders' meetings cumulatively

6 times

Independent board meeting

3 times

Board of directors

12 times

Audit committee

7 times

Board of supervisors

6 times

Compensation and Evaluation Committee

1 time

Nominating committee

3 times

Number of A total passed motions

85

by the Shareholders' Meeting

22

by the Board of Directors

47

by the Board of Supervisors

16

General meeting of shareholders

The supreme authority of the Company, comprising all shareholders, responsible for determining business strategies, electing directors and supervisors, reviewing financial budgets, approving profit distributions, and decision-making on major matters.

Board of directors

The operational decision-making body of the Company, the Board of Directors fulfills its duties in accordance with the Articles of Association. It formulates corporate strategies, oversees major investment decisions, and is accountable to the Shareholders' Meeting.

The Board comprises specialized committees, including the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategic Investment and ESG Committee, to enhance corporate governance and decision-making efficiency.

Board of Supervisors

It reviews the Company's periodic reports prepared by the Board of Directors and provides written comments.

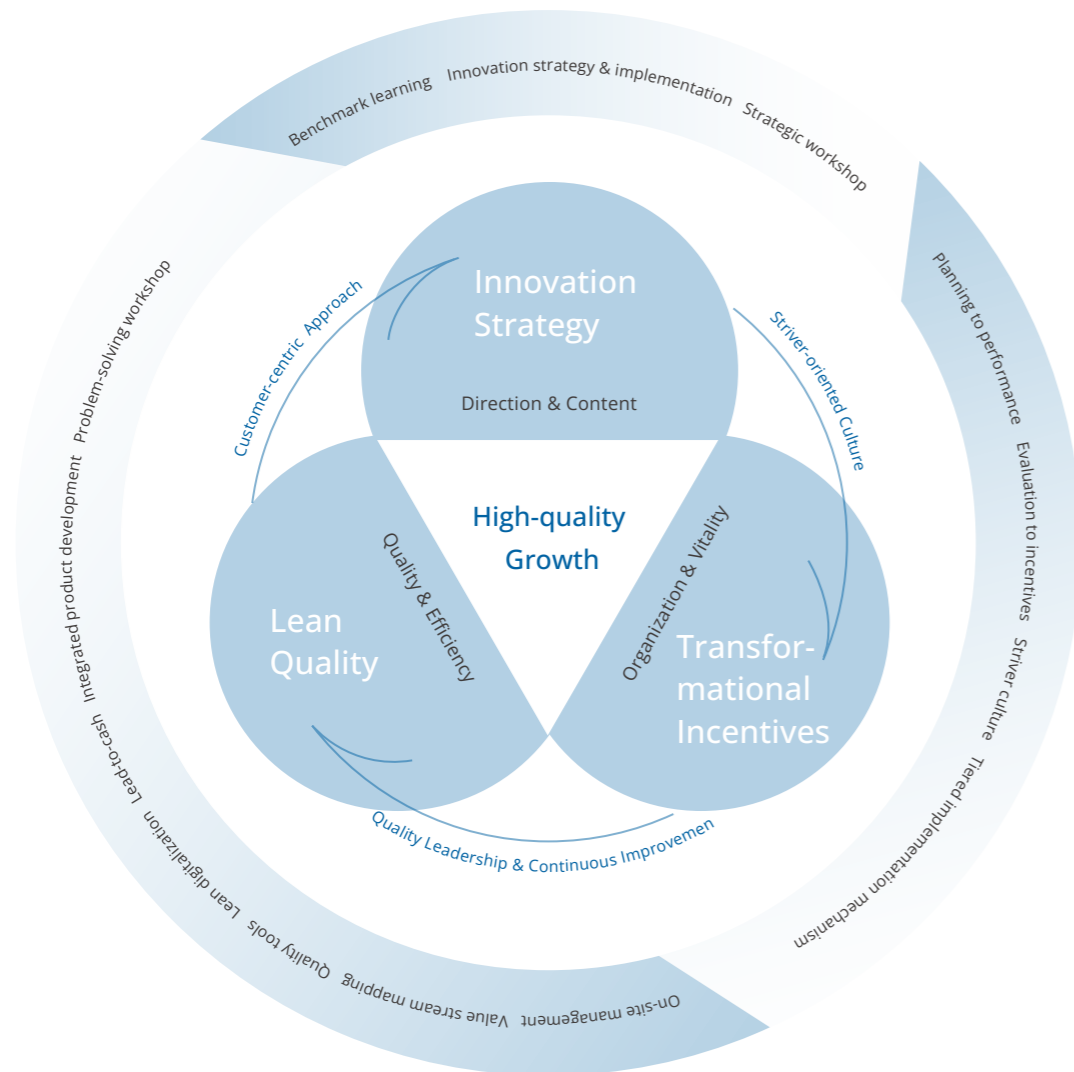
It examines financial reports, proposes the convening of extraordinary shareholders' meetings.

It also monitors the performance of directors and senior management, proposes the removal of those who violate laws, regulations, the Articles of Association, or resolutions of the Shareholders' Meeting, and demands rectification when their actions harm the Company's interests.

In 2024, the Company adopted a hybrid online-offline approach to convene the “Three Major Meetings” (Shareholders’ Meeting, Board of Directors, and Board of Supervisors), effectively improving attendance rates. Additionally, the Company organized two capacity-building training sessions for directors, supervisors, and senior management, further enhancing the operational efficiency of the Board of Directors. The general manager’s reports to the Board of Directors comprehensively cover key issues such as the Company’s operational problems, special events, and development plans, significantly enhancing the comprehensiveness, timeliness, and closed-loop management capabilities of the reports. Board members actively engage in discussions, clearly outline post-meeting matters, and define follow-up action items with assigned responsibilities and timelines to ensure the effective implementation of decisions.

Governance Strategy

The Company has established the Xizi Excellence Management System (XOS). Guided by strategy, driven by technological innovation, centered around lean quality, and with continuous change and improvement as the approach, the XOS aims to achieve efficient operations, superior quality, customer satisfaction, rapid response, and competitive advantages, providing practical and feasible guidance for high-quality corporate management.



Board Diversity and Independence

In terms of board diversity, the Company comprehensively considers various factors, including gender, age, cultural background, educational background, professional qualifications, and industry experience, during the nomination and appointment of directors. This approach effectively improves the Board’s decision-making ability and enhances its capacity to navigate complex business environments, laying a solid foundation for the Company’s stable development. As of the end of the reporting period, the Board of Directors comprises nine members, including six non-independent directors. There are eight members independent of management, ensuring the independence and objectivity of board decisions. Among them, five are external directors, including one foreign director. Board members span different age groups, ranging from 30 to 60 years old. The Board has four specialized committees, and members hold educational qualifications ranging from bachelor’s to doctorate degrees. Their professional backgrounds include business administration, law, accounting, auditing, securities, economics, thermal and power engineering, safety engineering, and other fields, covering key areas such as company management, legal compliance, financial management, risk control, technology R&D, and quality assurance. This provides a solid knowledge base and professional support for the Company’s diversified development and professional management.

In terms of board independence, the Company has formulated the Independent Director Work Regulations and the Independent Directors’ Annual Report Work Guidelines, which explicitly define the roles and responsibilities of independent directors. Independent directors are required to conduct annual self-assessments of their independence and report on their performance. Independent directors serve as chairpersons of the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, assisting the Board in making scientific decisions, promoting efficient management by the management level, and safeguarding the overall interests of the Company as well as the legitimate rights and interests of small and medium-sized shareholders. As of the end of the reporting period, the Company had three independent directors, accounting for 33.33% of the total board membership.

Executive Compensation Management

In line with the Articles of Association and the Rules of Procedure for the Board of Directors, the Company has formulated the Compensation Plan for Directors, Supervisors, and Senior Management to establish a transparent and comprehensive remuneration system tailored to its operational scale and industry benchmarks. The executive compensation mechanism incorporates ESG-related performance indicators, such as R&D breakthroughs in new energy technologies, the development of smart factories (digital workshops), workplace safety (including the control of severe accidents), and compliance with national safety culture demonstration enterprise standards. By integrating these ESG-related indicators into executive compensation and incentive mechanisms, XIZICE ensures that senior management balances financial performance with ESG objectives, thereby driving sustainable corporate development.



Strict Control of Information Disclosure Quality

XIZICE attaches great importance to information disclosure, formulating the Information Disclosure Management System in accordance with relevant laws, regulations, regulatory requirements, and the Company's Articles of Association. This system clarifies the scope, principles, procedures, and responsible parties for information disclosure, adhering to the principles of truthfulness, accuracy, completeness, and timeliness. The Company timely releases regular reports (including annual, interim, and quarterly reports) and interim announcements through designated media, covering important matters such as financial performance, major investments, operational changes, and related-party transactions. For temporary major matters, the Company promptly discloses them through legal channels to safeguard investors' right to know.

XIZICE focuses on the internal management of information disclosure, clarifying the responsibilities of the board of directors, management, and various departments to ensure efficient and accurate information transmission. The secretary to the board of directors coordinates information disclosure matters and strictly enforces confidentiality measures to prevent the leakage of insider information. In addition, the Company strengthens the information confidentiality awareness of directors, supervisors, senior management, and controlling shareholders through training and institutional constraints, eliminating selective disclosure or insider trading behavior.

While improving the internal control mechanism for information disclosure, XIZICE actively discloses its progress in environmental protection and social responsibility in alignment with ESG principles. This approach enhances the Company's transparency and social image while providing investors with a comprehensive basis for informed decision-making.

KEY PERFORMANCE

During the Reporting Period,

The total number of disclosure announcements and related documents of the company

142

Of these, the number of regular reports

4

The number of interim announcements

91

Investor Relations Management

The trust and support of investors are vital drivers of corporate growth. XIZICE is committed to sincere and open communication with investors, establishing a transparent, efficient, and mutually trustworthy communication mechanism. The Company has implemented an Investor Relations Management Regulations that mandates regular engagements through earnings briefings, investor exchange meetings, roadshows, and analyst conferences. These initiatives ensure timely communication regarding updates on shareholder structure changes, operational performance metrics, financial data disclosures, strategic roadmaps for growth initiatives as well as future prospects, thereby enabling investors to fully comprehend corporate value. Furthermore, an Institutional Research Visit Protocol has been established to standardize reception practices whereby all engagements are overseen by the Board Secretary as the designated authority. Reception staff are required to possess relevant expertise along with robust communication skills. Additionally, we have set up dedicated investor hotlines and email addresses staffed by specialists ready to address inquiries proactively. We also leverage various digital platforms—including our official investor relations website section; interactions via SZSE Interactive Ease Platform; along with social media channels—to disseminate corporate news updates promptly while providing industry insights. These efforts broaden our interaction channels with investors ensuring that minority shareholders' right to information is safeguarded while bolstering their confidence in our company's growth trajectory, ultimately solidifying a robust investor base essential for sustainable development.

KEY PERFORMANCE

During the reporting period,

The Company conducted earnings briefings

2 times

Hosted institutional research visits

19 times

The number of investment research announcements issued increased year-on-year by about

533%

Responded from investors through online platforms including szse interactive ease platform

68 inquiries

Achieving a response rate of about

96% on the SZSE Interactive Ease platform

Case

"Charting the Blueprint for Financial Power: Composing New Chapters in Investor Education for the People"—an event at XIZICE

In August 2024, the Shenzhen Stock Exchange (SZSE) and Zhejiang Securities Regulatory Bureau hosted the thematic event "Charting the Blueprint for a Financial Power, composing a New Chapter of Investor Education for the People—Visiting Listed Companies" at XIZICE's Chongxian Manufacturing Base. During this event, the secretary of our board introduced attendees to XIZICE's history along with its core business operations grounded in "new energy, new equipment, and new services" strategies—effectively deepening understanding among investors regarding our business achievement. In an interactive exchange segment, our senior management responded comprehensively about future development pathways—including overseas business strategies—and applications within molten salt energy storage technologies addressing key concerns raised by attendees which fostered impactful dialogues promoting better understanding between investors & management teams present at this gathering.



Shareholder Returns

XIZICE actively responds to new policy directives under the Several Opinions on Strengthening Regulation, Preventing Risks, and Promoting High-Quality Development of the Capital Market while continuously refining its profit distribution policy. Taking into consideration factors such as anticipated development prospects alongside operational performance levels and financial health indicators, we plan for 2024—a buyback initiative utilizing either self-generated or raised funds via centralized bidding amounting between RMB 50 million–100 million.

XIZICE attaches great importance to shareholder returns. Since its listing more than a decade ago, the Company has adhered to cash dividends and has accumulated cash dividends of RMB 1.776 billion. Additionally, we prioritize ongoing communication pathways that facilitate value transfer while enhancing market capitalization management practices. This approach enables us to share developmental achievements directly with shareholders and promotes sustainable health and growth within capital markets.

Party Building Leadership

The Party Committee of XIZICE has consistently positioned the Party's leadership as the "guiding compass" for corporate development, deeply integrating advanced Party governance philosophies into business operations to propel high-quality growth with robust momentum. By continuously optimizing the Party building structure, strengthening the construction of primary Party organizations, attracting outstanding talents to join the Party, and comprehensively enhancing the cohesion of the leadership team and the combat effectiveness of the cadre and talent pool.



Innovating Party building brand leadership

The Party Committee of XIZICE has carefully cultivated seven Party building brands, deeply promoting the seamless integration of Party-building initiatives with corporate business, and innovatively building an innovative model of "Party-Building + Business" dual integration and mutual promotion to continuously stimulate the enterprise's innovation vitality and entrepreneurial enthusiasm, providing a solid guarantee for the enterprise to continuously lead in fierce market competition.



Reinforcing Party organization building

The Party Committee of XIZICE comprises one primary Party committee, one general Party branch, and seventeen Party branches. As of the end of the reporting period, the total number of Party members in the Company reached 336, including 94 female Party members. Among them, 270 hold college degrees or above (including 40 with doctoral or master's degrees and 88 with senior titles), and there were also numerous national model workers, May 1st Medal winners, and provincial and municipal model workers.



Promoting the integration of Party building and business operations

Focusing on the Company's strategic transformation and business upgrading, the Party Committee of XIZICE integrates its work objectives with the production and operation management of each department. Through measures such as project leadership and supervision implementation, the Party Committee focuses on the year's most critical tasks and identifies the right starting points, creating a positive and enterprising work atmosphere and providing a solid guarantee for the Company to continuously lead in market competition.



Standardizing the operation of primary Party Organizations

All Party branches and general branches strictly adhere to standardized organizational life systems, including the "Three Sessions and One Class" mechanism, Themed Party Day activities, Organizational Life Meetings, and Democratic Evaluation of Party Members. The Party Committee Office regularly curates learning materials, organizes training sessions for Party branches, and tracks learning progress through platforms such as Xihu Pioneer and Red Roots Heritage, enhancing members' political literacy and strengthening the effectiveness of primary Party organizations. Annually between March and April, the Party Committee conducts a spring training program for all members, focusing on Party spirit education, the commemoration of revolutionary martyrs, and patriotic education through centralized training rotations.

Case

Themed learning campaign on "Studying the Guiding Principles of the Third Plenary Session of the 20th CPC Central Committee"

In August 2024, the Youth League Committee of XIZICE actively responded to the call of the Municipal Youth League Committee and the Group Party Committee, holding a themed study meeting. Led by the secretary of the Youth League Committee, members carefully studied the documents of the Third Plenary Session of the 20th CPC Central Committee and, combined with expert interpretations, deeply grasped the spirit of General Secretary Xi Jinping's important speech at the plenary session.



Themed campaign on "Party Unity and Healthy Development" to celebrate the founding anniversary of the CPC

In June 2024, the Party Committee of XIZICE organized the themed campaign on "Party Unity and Healthy Development" to celebrate the founding anniversary of the CPC. The event honored Outstanding Communist Party Members, Exemplary Party Affairs Workers, and Advanced Primary Party Organizations from 2023, aiming to inspire employees to pursue excellence and uphold their original aspirations. Furthermore, the Company invited the Soil and Solid Waste Enforcement Division of Hangzhou Municipal Ecology and Environment Bureau to deliver an insightful lecture titled "Primary Environmental Responsibilities of Enterprises in the New Era", emphasizing legal compliance and pollution control obligations. This event not only reviewed the Party-building achievements of the past year but also reinforced members' ideological integrity and collective awareness of environmental and safety compliance, fostering a cohesive atmosphere of shared purpose and proactive advancement across the organization.



Strengthening Compliance and Risk Control

XIZICE places a high priority on compliance management. By enhancing the internal audit mechanism and strengthening the risk prevention and control system, we incorporate data security into our core management framework. This comprehensive strategy reinforces our compliance defenses to ensure high-quality development.

Upholding the Compliance Red Line

XIZICE strictly adheres to national laws and regulations, regulatory authority requirements, industry self-regulatory norms, and internal management protocols. We have established a compliance management organizational framework involving the board of directors, board of supervisors, and various departments. The Compliance and Risk Control Department is responsible for coordinating all aspects of compliance management across all functional departments and affiliated companies. Our comprehensive compliance governance structure includes over 200 policies, including the Sales Activity Management Regulations, the Non-Production Material and Service Procurement Protocols, the Fund Management Procedures, the Quality Management Assessment Guidelines, the Information Asset Security Governance Framework, and the Procurement Internal Control Framework. These policies undergo continuous optimization through mechanisms like negative list management, periodic revisions, and cross-departmental integration to ensure that compliance requirements are seamlessly incorporated into existing operational procedures. We also prioritize real-time adaptations in response to evolving regulatory landscapes so that our internal governance standards consistently align with external legal mandates.

Utilizing advanced technological solutions allows us to embed compliance requirements throughout all business processes. Our online approval workflows for critical decision-making are integrated within Office Automation (OA) platforms as well as Customer Relationship Management (CRM) systems, enabling real-time alerts for any potential compliance risks while ensuring standardization and transparency in management decision-making and execution.

We focus on fostering employees' legal awareness by regularly conducting compliance-themed education and legal compliance promotion aimed at creating a culture where adherence to laws is prevalent throughout the organization. Through digital outreach via platforms such as WeChat official accounts, we conduct ongoing legal education activities designed to further enhance employees' understanding of their legal obligations.



In 2024, XIZICE did not experience any major illegal or regulatory violations.

Case

Organizing the compliance-themed training on the interpretation of the new Company Law at XIZICE

In June 2024, XIZICE invited experts from law firms to conduct a specialized training seminar centered on the "Top Ten Highlights of the Company Law Revision". The session focused on key topics including corporate governance, shareholder rights, and director responsibilities, conducted in-depth analyses of practical challenges in applying the revised law through real-world cases, and provided professional responses to employee inquiries. This training effectively enhanced employees' legal literacy and compliance capabilities, laying a solid foundation for the Company's legal operation and compliance management.



Case

Implementing engineering legal compliance training

In June 2024, to enhance the prevention of legal risks in engineering project management, XIZICE's Project Management Department and Compliance and Risk Control Department jointly organized an engineering legal compliance training. Legal experts were invited to participate in this training. They gave a detailed interpretation of legal concepts related to engineering project management under the theme of "Engineering Project Management from the Perspective of Engineering Claims". Through the analysis of typical boiler installation cases, which enhanced employees' risk identification and project management capabilities, ensuring the compliant operations of projects and strengthening the ability to provide professional services to customers.



Trade Secret Protection

Protecting trade secrets is crucial for maintaining the Company's core competitiveness and safeguarding its economic benefits. It is also an important foundation for promoting the Company's innovative development and strengthening its market position. The Company has established the Trade Secret Management Regulations, which clearly define trade secrets, including business strategies, technical information, managerial materials, and transaction details. The regulations also stipulate the specific scope and the responsibilities of the management agencies. The Intellectual Property and Legal Affairs Department serves as the primary management authority for trade secret oversight. This department is responsible for publicizing and enforcing confidentiality regulations; supervising compliance efforts; investigating incidents of information leakage; and promptly reporting significant issues to the general manager.

XIZICE enforces stringent management of trade secrets, encompassing areas such as confidentiality in meetings, management of confidential zones, handling of information carriers, and computer information security. Employees shall properly safeguard trade secret carriers, encrypt classified electronic data, and strictly control access, duplication, and external sharing of confidential information. Moreover, XIZICE delineates confidentiality obligations within the labor contracts signed with employees. For those handling sensitive information, the Company may also enter into confidentiality agreements and non-competition agreements.

The Company explicitly defines the ownership of trade secret achievements. Employees who contribute to the protection of these trade secrets will be recognized and rewarded for their efforts. Conversely, those who violate confidentiality regulations will face disciplinary actions. Should such violations result in losses, employees will be held accountable for compensation; in cases of severe infractions, legal consequences may follow in accordance with relevant laws.



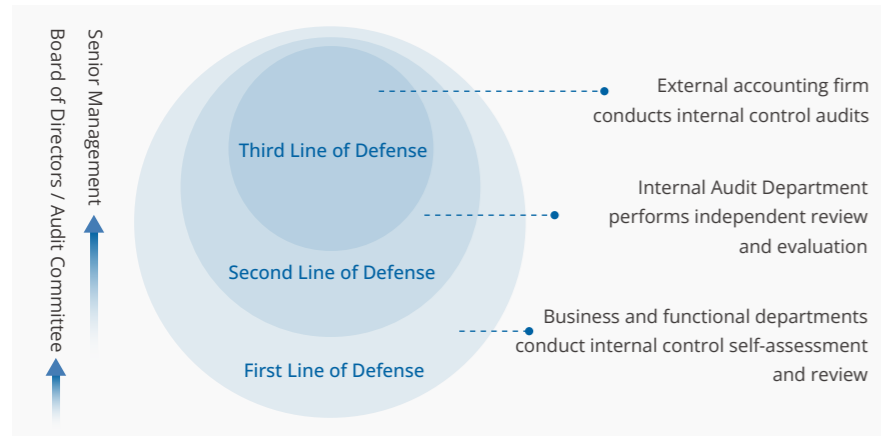
Trade Secret Protection Demonstration Base



Dissemination of Trade Secret Management Regulations

Strengthening the Rectification of Audit Supervision

XIZICE strictly complies with the Audit Law of the PRC. We have formulated the Internal Audit System in accordance with industry regulations such as the Internal Audit Standards to standardize internal audit and management initiatives. We continuously refine internal control management and improve the quality of internal control. By establishing and improving the internal control auditing mechanism, we ensure that the Company's operations and management are legal and compliant, its assets are secure, and its financial reports and related information are true and complete, which also boosts the efficiency and effectiveness of its operations. The Board of Directors is responsible for the effective implementation of internal controls. Under it, the Audit Committee reviews corporate internal controls, supervises their effective implementation and self-assessment processes, and coordinates internal control audit matters. An independent Audit Office is established to monitor the validity of internal controls, reporting directly to both the Board and the Audit Committee. The Board of Supervisors exercises oversight over the Board's establishment and implementation of internal controls.



The "Three Lines of Defense" in Internal Controls

Through the collaborative operation of the Three Lines of Defense in internal control, the Company adheres to the management objectives of "Strengthening Internal Control, Mitigating Risks, and Promoting Compliance", guided by the principles of "Institutionalizing Management Practices, Systematizing Processes, and Digitizing Workflows". This has led to the establishment of a "1 + N" internal control system supported by operational guidelines, effectively advancing the modernization of management system and capabilities and enhancing the enterprise's ability to prevent and resolve major risks while bolstering risk resilience.

Improvement of the internal control system:

In line with the requirements of the Internal Control Supporting Guidelines for Enterprises and in combination with the Company's actual situation, we collaborate with business departments to improve the internal control system. In 2024, twenty-three systems were added or revised, involving six departments, effectively preventing risks and promoting the Company's development.

Strengthen the audit supervision function:

We carried out various audits within the consolidated financial statements scope of our subsidiaries through in-house audits, outsourced audits, or a combination of both. This year, we successfully finished internal control evaluation, special-item audits, and construction-project audits, enhancing internal management and effectively preventing business risks.

We made the 2024 internal control audit plan, which basically covers all domestic companies in the consolidated statements scope. We've included recently acquired and controlled companies like Lance Energy Technology (Shanghai) and Wuxi Oriental Environment Co., Ltd. as key audit targets. The audit process focuses on high-risk areas such as procurement, fixed-asset, sales, and fund-raising management. We've identified defects and risks in key control points, put forward rectification suggestions, and supervised the effective implementation of rectification work.

Improving the rectification tracking mechanism:

We enhanced the follow-up mechanism, implemented corrective action plans for audit findings, and tracked progress through platforms and ledgers, basically finishing the annual rectification tasks.

We established a corrective analysis mechanism to identify common issues, draw lessons, and standardize management, while monitoring the effectiveness of the rectification.

In 2024, the audit finding closure rate was 85%, and joint supervision and auditing increased revenue and reduced costs by 6.8 million yuan.

Participation in professional training:

We actively participate in professional internal audit skill training organized by the Hangzhou Internal Audit Association, such as courses on Audit Data Analysis and Value Enhancement and Internal Control Practices, as well as online training for senior accountants offered by the Provincial Department of Finance and CPA continuing education programs. These initiatives aim to broaden perspectives, update knowledge, and contribute to the Company's internal audit process.

KEY PERFORMANCE

During the Reporting Period,

Audits were conducted

25 times

Special audits were performed

6 times

Comprehensive Risk Management

To effectively tackle the complex and dynamic business environment and external market risks, XIZICE places a strong emphasis on comprehensive risk management. We enhance our risk management framework and monitor risks across all areas of our business operations. By employing a robust process that covers risk identification, assessment, control, and monitoring, we ensure the capability to swiftly address, evaluate and report on any emerging risks and critical risk events. The Company conducts a comprehensive risk assessment annually, combining in-depth internal evaluations with external professional consultations. This approach ensures accurate identification of various potential risks and the development of targeted measures to eliminate risk hazards.

Core Risks

Countermeasures

Raw material price risk

For foreign currency-related businesses, when accepting orders, we consider the impact of future exchange rates to some extent, try to use RMB for settlement as much as possible, and promptly settle and lock in foreign exchange to reduce the impact of exchange rate fluctuations on the Company.

On the raw material side, we take measures such as advance booking and order locking, fully implement the procurement bidding mechanism, and conduct commodity futures hedging operations to ensure the basic stability of raw material purchase prices and reduce the risks brought by market fluctuations.

Accounts receivable bad debt risks

We enhance contract review rigor and customer risk assessment capabilities, strengthen internal controls across key processes including customer credit investigation, credit approval, business authorization, fund disbursement and collection, process monitoring, and payment recovery. These measures aim to elevate operational management standards and rigorously safeguard against operational risks.

Market competition risk

We drive management innovation, process optimization, and technological breakthroughs to unlock internal potential through cost optimization and operational efficiency enhancement. Concurrently, we intensify R&D investments to maintain our industry leadership in waste heat boilers, strengthen market order acquisition capabilities, and prudently advance new business ventures with a risk-controlled approach.

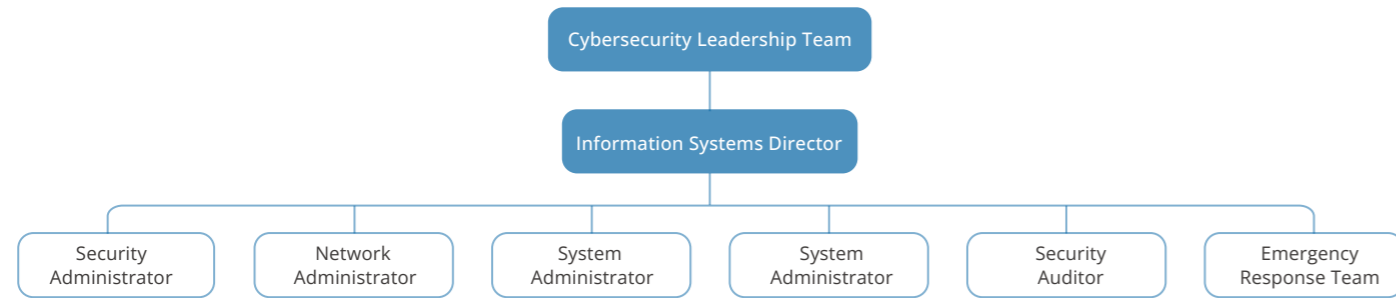
Investment project risk

We actively participate in the operation of invested enterprises, keep abreast of the operation status of each invested company in a timely manner, strengthen post-investment management, and reduce investment risks.

Data Security Safeguarding

Data Security Management System

XIZICE adheres strictly to the Cybersecurity Law of the PRC and the Network Data Security Management Regulations. The Company has established a Cybersecurity Leading Group responsible for holistic planning of information management, institution building, supervising and inspecting. We have formulated the Information Security Management Regulations, clarifying specifications such as cybersecurity strategies, data classification and hierarchical protection, access control, and security audit requirements, thereby providing a robust governance framework to implement network and information security safeguards.



XIZICE has passed the annual supervision and audit of the ISO system. With the support of external professional organizations, the Company has established a 24/7 Comprehensive Security Operations Service System through an experienced operations team, advanced system platforms, and tools, which achieves closed-loop management in five major areas: risk identification, security protection, threat detection, emergency response, and security operations. The system continuously promotes the improvement of information security management levels, ensuring the Company maintains efficient protective capabilities and resilience against complex and evolving security threats.

In protecting customer privacy, the Company adopts physical isolation between internal and external networks at the technological level, ensuring user information and email data are stored and transmitted solely within the internal network to prevent external unauthorized access. Additionally, the Anheng Email Detection and Alert Platform has been deployed, which dynamically updates attack signature databases to proactively defend against phishing emails and ransomware through robust threat detection and response mechanisms. At the management level, XIZICE integrates customer information into the CRM system, implementing role-based access control (RBAC). Employees can only access data relevant to their job responsibilities, and higher-level permissions require approval. In implementing data isolation and access control, data is fully isolated according to data type, application system, and usage environment. When accessing core data systems from off-site locations or mobile terminals, zero-trust proxy tools are universally deployed to ensure data security and compliance. The Company covers the full lifecycle of customer data by implementing tiered data encryption, permission control, contractual constraints, and cross-departmental collaboration. Regular audits and training ensure the effective implementation of these measures, striking a balance between data utilization and privacy rights. To safeguard the Company's information security and the personal privacy security of its employees, we have fully signed Confidentiality Agreements with employees in key positions, achieving a 100% signing rate.

KEY PERFORMANCE

During the Reporting Period,

The proportion of enterprise information security personnel who were certified through standardized training programs

100%

The number of critical cyber-security complaints or incidents

0

The complaints or incidents related to digital security or privacy violations occurred

0

The installation rate of endpoint security management clients achieved

100%

Data Security Emergency Response

XIZICE has established a standardized emergency response mechanism to promptly and effectively handle unexpected information security incidents. The Company has established an Emergency Command Center, commanded by the General Manager for centralized coordination. The emergency response team is composed of cross-departmental units. The head of the Compliance and Risk Control Department assumes the role of Team Leader, who is responsible for emergency response. The head of the Technical Department acts as Deputy Team Leader, providing specialized technical support.

Through the standardized emergency response process, XIZICE quickly identifies potential risks, assesses the impact of incidents, and takes countermeasures in the shortest possible time to minimize the negative impact of security incidents on business operations. The Company has formulated the Network and Information Security Emergency Response Plan, which outlines detailed measures for different types of security incidents and adjusts response strategies according to the incident's development stage. This plan provides a basis for accurate positioning and effective handling of emergencies.



Information Security Emergency Response Process

In 2024, the Company completed geographically dispersed disaster recovery deployment, with the on-premises data center retaining all business data for 60 days. Critical business data is replicated via backup software to the same-city backup site for 7-day retention, and further asynchronously replicated to the remote disaster recovery site for 3-day archival storage. As of the end of the reporting period, data validity verification was conducted to ensure the integrity and availability of backup data.

Security incident

Countermeasures



Network outage

- Check physical connection
- Enable alternate connections
- Notify users
- Monitor network status

- Check and diagnose physical connection issues.
- Enable alternate connections to restore service.
- Inform users of network outages and estimated recovery time.
- Regularly monitor and maintain network devices to ensure reliability.



Phishing emails

- Recognize and report
- Block email spread
- Restore account security
- Notify relevant parties

- Enhance users' ability to recognize phishing emails and encourage users to report suspicious emails.
- Block the spread of phishing emails using email filtering systems.
- Reset passwords and check account security immediately upon the leakage of user account information.
- Notify the affected users and relevant teams and provide necessary support.



Virus infection

- Disconnect from the network
- Use antivirus software
- Update security patches

- Disconnect the network connection of the infected device to prevent the virus from spreading.
- Detect and remove threats with antivirus software.
- Ensure that all systems and software are updated to the latest security patches.



Cyber attack

- Isolate affected systems
- Activate backup systems
- Record attack details
- Notify security team
- Notify relevant responsible persons

- Isolate the affected system to prevent the attack from spreading further.
- Switch to backup system to maintain business operations.
- Document attack details for analysis and evidence collection.
- Contact the security team immediately for in-depth analysis and handling.
- Notify relevant personnel, provide them with security advice, and update their accounts and passwords.



Critical business

- Business continuity plan
- Data backup and recovery
- Notify key personnel
- Assess impact

- Execute the business continuity plan to sustain critical business operations.
- Ensure that critical data can be quickly recovered from backups.
- Coordinate emergency response by informing key business personnel and management.
- Evaluate the impact of the business interruption and develop a recovery strategy.

KEY PERFORMANCE

During the Reporting Period,

Critical system security testing issue remediation rate
100%

Information security testing frequency
12 times

Public-facing domain/network-exposed asset vulnerability closure rate
100%

Establishment of **3-region 2-center** disaster recovery architecture for core systems

Data Security Training

To enhance company-wide information security awareness, the Company has launched a Security & Confidentiality Awareness Month Campaign themed "Forging a United People's Defense Line, Strengthening Confidentiality Safeguards" along with "April 15th National Security Education Day" training on the National Security Law (NSL), to reinforce employees' security and confidentiality awareness. During the reporting period, subsidiaries organized 3 offline reward-based email security knowledge quiz events, engaging over 2,000 participants. The average engagement time per participant was 30 minutes.

The Company has implemented a structured training program that not only focuses on the dissemination of essential data security knowledge but also fosters continuous development of employees' practical skills to effectively mitigate potential risks, such as data breaches and unauthorized activities, in their daily operations. During the reporting period, XIZICE conducted an internal information security assessment through anti-phishing drills, targeting 2,325 user mailboxes with phishing emails. Based on the results of these drills, targeted information security training was implemented to address identified vulnerabilities in employees' cybersecurity awareness, thereby enhancing their understanding of security precautions and safeguarding the Company's interests from potential risks.

Additionally, we are dedicated to fostering talent in information systems security management and encourages employees in relevant departments to participate in the CISP (Certified Information Security Professional) certification exam to obtain the necessary qualifications.

KEY PERFORMANCE

During the Reporting Period,

Organized offline reward-based email security knowledge quiz events
3 times

The number of employees engaging in the events was over
2,000 persons

Average engagement time per participant
30 minutes

The number of participants in data security and privacy protection-related training
1,735 participants

Commitment to Business Ethics

XIZICE regards anti-corruption efforts and the establishment of strong business ethics as fundamental elements of its corporate governance. The Company adheres to principles of honesty, integrity, and legal compliance, while actively promoting a culture of transparency and ethical conduct.

Business Ethics System

XIZICE strictly complies with legal requirements including but not limited to the Anti-Unfair Competition Law of the PRC and the Anti-Monopoly Law of the PRC. We have revised and implemented the Code of Business Ethics, which covers fair competition & anti-monopoly compliance, conflict of interest, fair dealing, and other critical areas, adopting a “zero-tolerance” policy toward any form of commercial bribery.

The Company has established a robust anti-corruption management framework and mechanism, with a clear delineation of responsibilities among various departments. The General Manager's Office oversees the issuance of regulations and the receipt of reporting materials, while the Compliance and Risk Control Department, Human Resources Department, and Audit Office are tasked with investigating irregularities and conducting specialized reviews. Furthermore, each subsidiary designates dedicated departments to monitor the implementation and enforcement of policies, ensuring that the business ethics policies are effectively implemented throughout the Company. During the reporting period, the Company did not engage in any legal proceedings pertaining to commercial bribery, corruption, unfair competition, or antitrust violations.

Complaint Mechanism and Whistleblower Protection

The Company places a high priority on establishing a robust reporting mechanism. We provide employees with multiple reporting channels, including complaint mailboxes, dedicated hotlines, and email addresses, to ensure they can conveniently and securely report potential or actual violations. The confidentiality of whistleblower information is strictly maintained. Any form of discrimination or retaliation against whistleblowers is strictly prohibited. The Company will impose severe disciplinary measures on individuals who unlawfully disclose whistleblower information or retaliate against them to effectively safeguard the rights and interests of whistleblowers. In response to reported violations, a joint investigation team comprised of representatives from the Audit Department, General Manager's Office, Human Resources Department, and Compliance Risk Control Department will conduct a comprehensive review and assessment. If violations are confirmed, the Company will take appropriate legal action in accordance with applicable laws and regulations.

Reporting channels

Complaint mailbox: “Business Ethics Reporting Box” (G12 Zone)

Dedicated hotline: 0571-85387238

Email: BE@xizice.com

Office address: General Manager's Office, No. 1216, Danonggang Road, Shangcheng District, Hangzhou City, China

Policy Dissemination and Training

XIZICE regularly organizes business ethics training sessions and conducts educational activities focused on anti-corruption and anti-bribery themes for all employees.



The Company launches diversified Party Integrity Education Month initiatives to foster a pervasive culture of integrity and ethical conduct, steering all employees toward self-driven commitment to compliance and professional integrity.



We conduct warning education on a regular basis, adopting a graded and categorized approach through warning conferences, watching educational films, and thematic meetings that highlight typical cases.



Additionally, we carry out compliance publicity and educational activities through multiple channels, including the WeChat official accounts and designated publicity days. These efforts aim to enhance the legal awareness of both suppliers and employees.

During the reporting period, the Party branches of the Company actively organized members to visit integrity education sites, including Qian Xuesen's Former Residence and the “Xixi Integrity Heritage” Family Ethics Education Circuit. Through these immersive experiences, members gained a deeper appreciation for the rich heritage of ethical governance culture, which reinforced their commitment to integrity and self-discipline.



Tour to the Integrity Education Bases

Fair Competition and Anti-Monopoly

- Employees are solely authorized to gather competitive intelligence through legitimate means, with a strict prohibition against the theft or misuse of confidential business information. This measure aims to uphold a market environment characterized by fair competition.

Conflict of Interest

- Employees are restricted from taking up part-time employment, with exceptions only granted upon application and approval.
- Investments in specific entities are prohibited, and employees are forbidden from exploiting their positions for personal gain.
- Furthermore, clear regulations have been laid down regarding the employment and working relationships of relatives of both executives and ordinary employees. In instances where conflicts of interest arise, timely reporting is mandatory.
- Annual surveys are carried out, and employees in special positions are required to self-declare their interests to preemptively mitigate the risks associated with conflicts of interest.

Corruption and Bribery

- Employees shall not gain profits through unfair trading practices.
- Employees must refrain from offering, accepting, or secretly receiving bribes or commissions when conducting business operations.

Insider Trading

- Employees are expressly forbidden from using material non-public information obtained at work for trading purposes. They are also prohibited from disclosing such information to interested third parties.

Malpractice

- Employees are strictly prohibited from accepting bribes or kickbacks, transferring company transactions, illegally using company assets, misrepresenting transactions, and disclosing confidential company information.

02

Green and Low-Carbon Development Collaborative Construction of Ecological Civilization

• Governance

XIZICE has established an EHS Committee to develop and enhance effective environmental management systems and policies. This initiative aims to continuously improve overall governance, strengthen environmental management cooperation across various departments and plants, ensure the effective implementation of environmental initiatives, and promote green and low-carbon development.

• Strategies

XIZICE integrates green and sustainable development into its corporate strategy, placing significant emphasis on environmental governance, energy conservation, emission reduction, and managing climate risks and opportunities. The focus is on enhancing core operations such as waste heat utilization while seizing opportunities for the development of clean technologies to facilitate a deeper green transformation.

• Objectives

To Achieve
100%
compliance With Pollutant Emission Standards

To Achieve
100%
compliant Disposal Of Solid Waste And Hazardous Waste

To Maintain
0
administrative Penalties Imposed By The Environmental Protection Department

• Impact, Risks, and Opportunities

XIZICE actively addresses and manages environmental compliance and climate change-related risks while seizing opportunities associated with market preferences for clean technologies. Our efforts focus on optimizing energy and business structures, enhancing environmental management systems, controlling emissions, promoting resource recycling, and establishing climate risk emergency management protocols. These initiatives are integral to developing a sustainable, green low-carbon development model.



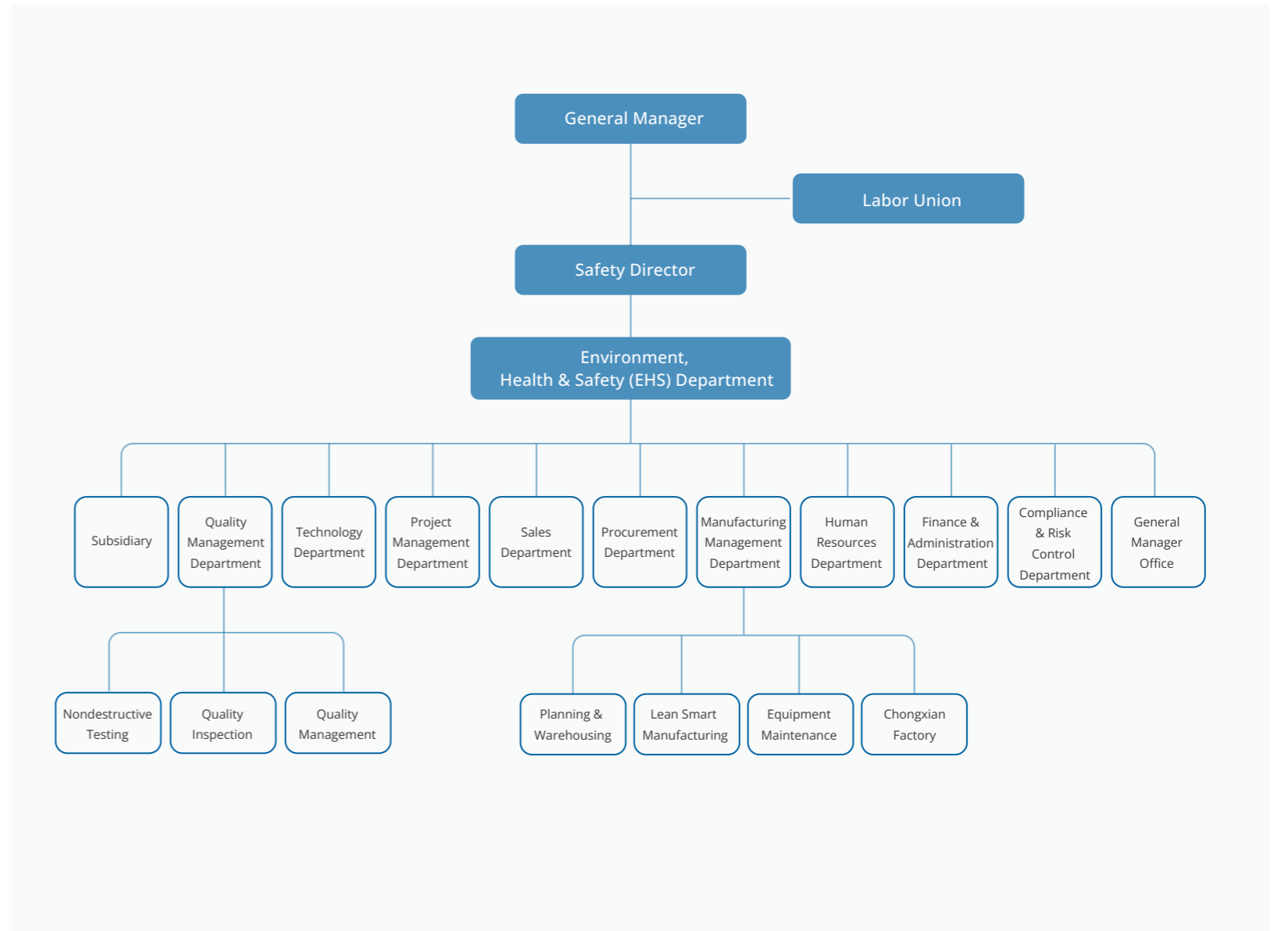
In-depth Environment Management

XIZICE steadfastly adheres to the guiding principle of "Caring for Life, Law Compliance, Environmental Purification, and Continuous Improvement". By establishing a robust environmental management system, the Company effectively mitigates environmental risks while committing to align ecological conservation with sustainable production operations.

Environmental Management System

The Company strictly complies with national environmental protection laws and regulations, including the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Water Pollution, and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste. Based on its operational characteristics, the Company has developed internal management documents including the Water Pollution Management System, the Atmospheric Pollution Management System, the Solid Waste Pollution Management System, the Noise Pollution Management System, the Water Conservation Management System, and the Resource and Energy Management System. These management systems establish pollutant discharge standards, treatment procedures, and monitoring mechanisms. They enhance the management level of energy conservation and emission reduction in daily operations, ensuring that the Company fully complies with environmental protection requirements during production and operations.

To facilitate effective environmental management, XIZICE has established an environmental management structure with the Strategic Investment & ESG Committee as the highest leading body. The Company has set up the EHS Committee, which is managed by the General Manager with assistance from a Safety Director. The Safety & Environment Department serves as the dedicated environmental management unit, responsible for the supervision and inspection of environmental protection within production zones. Moreover, the main responsible persons of each division and subsidiary are designated as the first persons accountable for environmental protection, and they jointly implement the Company's environmental management responsibilities.



EHS Framework Diagram

The Company places significant emphasis on the establishment and enhancement of its environmental management system. Regular external audits are conducted with the assistance of professional professional certification organizations to ensure that the environmental management system remains effective and compliant with relevant standards. As of this reporting period's conclusion, XIZICE successfully obtained ISO 14001 certification for its environmental management system.



ISO 14001 Environmental Management System Certification

Environmental Risk Management and Control

XIZICE actively advances processes for identifying, evaluating, and controlling environmental risks through established protocols. The Dangerous Source and Environmental Factor Identification, Evaluation, and Control Procedure outlines specific working procedures aimed at identifying potential risks associated with our activities, products, or services. Each relevant functional department within XIZICE has developed evaluation guidelines to pinpoint significant environmental factors and risks. Through annual internal audits, these departments meticulously compile assessment results, allowing them to identify and address environmental issues comprehensively. This systematic approach facilitates the continuous improvement of our environmental management practices and ensures that potential risks are effectively controlled.

During this reporting period, the following major environmental risk factors were identified along with the corresponding measures taken to mitigate them:

Environmental Impact	Significant Environmental Factors	Operational Processes	Control Measures
Air Pollution	Paint mist emission	Coating application processes	Use paint mist treatment systems to prevent system failures
	Dust emission	Sandblasting operations	Use a dust collector
Solid Waste Pollution	Waste radioactive sources	Radiographic testing (RT)	Apply for transfer approval procedures; manufacturers handle recycling
	Developing solution, waste film and other waste	Developing film	Store at a fixed point to prevent leakage; entrust qualified organizations for disposal
Water pollution	Sewage discharge	Cafeteria services logistics	Clean grease traps every two weeks; clean septic tanks every quarter
	Wastewater leakage	Sewage pipe use	Conduct regular leakage testing of sewage pipes to prevent leaks into the soil due to ground settlement
Soil Pollution	Hazardous material packaging breakage	Hazardous chemical storage	Adopt leak-proof concrete flooring; ensure timely cleanup

XIZICE strictly complies with national environmental protection laws and regulations along with its internal environmental management system requirements. The Company has developed an Environmental Self-Monitoring Program. In this program, key pollutant monitoring indicators for waste gas, wastewater, noise, etc. are scientifically established. It also includes regular monitoring processes coupled with real-time data analysis, and an abnormal early warning mechanism that promptly identifies any deviations from established standards. Through these comprehensive measures, the Company ensures that all types of pollutant emissions meet the standards.

To further enhance environmental risk management and improve employee awareness of environmental protection practices as well as emergency response capabilities, XIZICE regularly conducts environmental emergency drills. These drills are integral to fostering a culture of environmental responsibility within the organization. Through simulations of potential environmental accidents and sudden incidents, employees gain hands-on experience with emergency response procedures. They acquire essential skills for managing real-life environmental emergencies effectively.

KEY PERFORMANCE

During the Reporting Period,

Total environmental protection investment reached

RMB **28.2412** million

0

environmental violations occurred

Case

Emergency response drill for oil & chemical storage leakage

The XIZICE Logistics Center executed an emergency response drill for oil & chemical storage leakage, simulating the procedures necessary for handling oil and chemical storage leakage incidents. This drill included emergency response protocols, personnel evacuation procedures, leakage collection and containment, post-incident recovery processes. On-site training was provided to ensure that all employees understood the accident response processes and operational skills required. This proactive approach enhances the Company's overall capacity to manage emergencies effectively and strengthens its commitment to robust environmental management practices.



Environmental Protection Drill Site

Ecological Harmony and Coexistence

XIZICE prioritizes ecological conservation alongside green development by carefully considering how its operations impact natural resources and ecosystems. XIZICE strictly complies with several national ecological protection regulations, including the Law of the PRC on Environmental Impact Assessment, the Regulations on the Administration of Construction Project Environmental Protection, and the Catalog for Classification Management of Construction Project Environmental Impact Assessment. Throughout project construction and operational phases, ecological conservation is prioritized as a core strategic priority. By rigorously enhancing environmental impact assessments, the Company progressively mitigates disruptions to land and wildlife habitats caused by project activities, minimizes adverse environmental impacts, and advances the sustainable development of ecosystems.

During the site selection stage, XIZICE conducts comprehensive ecological surveys and analyses of the ecological environmental impact around the project sites. Effective pollutant management strategies are implemented throughout the construction process. Based on the characteristics of engineering construction and the principles of total pollutant load control, ecological restoration and compensation measures are adopted. In addition, according to the principle of total pollution control, greening initiatives play a crucial role in mitigating the ecological impact and enhance regional ecosystem functions by giving full play to the functions of plants in purification, dust prevention, and sound insulation.

Pollution Compliance Management

XIZICE is committed to comprehensive emission management, establishing effective internal systems to address wastewater, waste gas, solid waste, and noise pollution generated during production and operations. By implementing advanced environmental protection technologies and management strategies, the Company aims to minimize or entirely avoid environmental pollution while ensuring compliance with environmental regulations throughout its operations.

Wastewater Management Standards

The wastewater generated by XIZICE primarily consists of domestic wastewater and industrial effluents. XIZICE prioritizes minimizing wastewater generation at the source by optimizing product designs and upgrading technological processes. The Company conduct regular maintenance of its wastewater treatment facilities and strictly adheres to the "Three Simultaneities" system, to ensure treatment efficiency and that wastewater discharge complies with regulations. In addition, we have implemented a risk contingency mechanism that enables rapid response during abnormal situations involving wastewater discharge. This ensures that any potential risks are effectively controlled in a timely manner.

Wastewater Treatment Methods

Industrial Wastewater

- ③ **Equipment maintenance and pollution prevention & control:** All departments shall enhance daily maintenance of equipment and facilities to eliminate leakage, spillage, dripping, and seepage, thereby preventing environmental contamination from pollutant discharge and minimizing pollutant generation.
- ③ **Treatment of waste oil and other organic waste liquids:** Organic waste liquids such as waste oil, waste cutting fluid, waste emulsion, as well as waste acids and alkalis must be handled by certified units for recycling and treatment. Direct discharge into sewage pipelines is strictly prohibited.
- ③ **Wastewater cooling & discharge:** Thermal wastewater generated by various departments must undergo cooling before it can be discharged, ensuring compliance with environmental protection requirements.

Domestic Wastewater

- ③ **Rainwater discharge:** Rainwater collected from different areas is channeled through the plant's rainwater system into sedimentation ponds for settling. After this process, it is discharged into nearby rivers.
- ③ **Management of canteen wastewater:** Oily wastewater from the canteen is treated in grease traps and sand sedimentation tanks and then discharged in compliance with the standards. The cleaning cycle of the grease traps is twice a month to ensure that the wastewater discharge meets the environmental protection requirements.
- ③ **Toilet and experimental wastewater management:** Toilet flushing wastewater is treated via a septic tank with a cleaning cycle set once every quarter; experimental wastewater undergoes neutralization before being safely discharged.

- ③ Both industrial and domestic wastewater produced by XIZICE is directed into the on-site wastewater treatment system. The treatment process is designed to ensure compliance with the Grade III of the Integrated Wastewater Discharge Standard (GB 8978-1996) and the Wastewater Discharge Standards into Urban Sewer Systems (GB/T 31962-2015). After the wastewater is successfully treated to meet these regulatory standards, the treated wastewater is then discharged into the municipal sewer networks. From there, it is transported to municipal wastewater treatment plants for further processing.

Indicator Name	Unit	2024
Total wastewater discharge	Tons	252,952.00
Industrial wastewater discharge	Tons	42,882.00
Domestic wastewater discharge	Tons	210,070.00
Chemical oxygen demand (COD _{Cr})	Tons	26.49
Ammonia nitrogen	Tons	2.21
Suspended solids (SS)	Tons	15.51
Biochemical oxygen demand (BOD ₅)	Tons	10.83
Total phosphorus	Tons	0.75

Key Indicators for Wastewater Discharge

Air Emission Compliance

XIZICE recognizes that the primary sources of waste gas generation stem from various production processes, including boilers, heating furnaces, surface treatment, and welding operations. To effectively manage waste gas emissions, XIZICE has implemented a comprehensive set of measures. All boilers, furnaces, heating equipment, and related facilities are required to use clean energy sources. The Company is committed to continuous technological transformation and equipment renewal to reduce pollutant emissions. We follow national regulations by phasing out outdated production processes and outdated equipment that significantly contribute to atmospheric pollution within designated timelines. We employ advanced exhaust gas treatment technologies to ensure that all emissions are strictly controlled within the limits set by national regulations. By actively strengthening waste gas management practices, XIZICE aims to substantially reduce overall emissions. This approach not only helps lower pollution levels in surrounding areas but also protects air quality and public health from harmful gases.

KEY PERFORMANCE

During the Reporting Period,
The pass rate of all exhaust emission tests

100%

Case

Efficient treatment of paint exhaust gases

To address the paint exhaust generated during production, XIZICE has implemented a sophisticated exhaust gas treatment system. This system incorporates several advanced treatment technologies: Hydrocyclonic Paint Mist Filtration + Dry Filter Media + Activated Carbon Adsorption-Desorption System + Catalytic Combustion Process. After undergoing this comprehensive treatment process, the treated exhaust gases are discharged at a height of 15 meters above ground level, significantly reducing their impact on local air quality.



Indicator Name	Unit	2024
Total waste gas emissions	Cubic meter	1,202,400
Volatile organic compounds (VOCs)	Kilogram	4.56
Nitrogen Oxides (NO _x)	Kilogram	184.91
Sulfur dioxide (SO ₂)	Kilogram	130.50
Particulate matter	Kilogram	0.30
Smoke and dust	Kilogram	84.20

Key Indicators for Atmospheric Pollutant Emissions

Waste Classification Management

XIZICE strictly standardizes the classification and disposal procedures of solid waste, while proactively promoting the upgrading and renovation of production processes, equipment, and facilities. Through these measures, these efforts aim to minimize the generation of severely polluting solid waste and achieve cleaner production. Furthermore, all departments are actively advancing the recycling and utilization of waste materials to reduce the amount of externally disposed solid waste, thereby comprehensively promoting the reduction, resource recovery, and harmless management of solid waste.

General waste (Industrial solid waste, household waste, construction waste, etc.)	Hazardous waste (Waste paint drums, paint residue, waste developing solution)
<ul style="list-style-type: none"> Containers for solid waste must be fireproof, spill-proof, loss-proof, and leak-proof, with clear labeling Solid waste must not be discarded or spilled during transfer and transportation Facilities, equipment, and sites for solid waste collection, storage, transport, and disposal should be properly managed to prevent secondary pollution from sun exposure or rainwater infiltration. 	<ul style="list-style-type: none"> After collection, hazardous waste must be promptly stored in designated facilities. Solid and liquid hazardous waste must be stored separately, and mixing incompatible hazardous waste during collection, storage, transportation, or disposal is prohibited. Hazardous waste storage facilities must be leak-proof, spill-proof, and rain-proof. Liquid hazardous waste storage areas must have leakage collection pools, and hazardous waste must be classified and clearly labeled Before outsourcing the transportation and disposal of hazardous waste, appropriate packaging materials and methods must be selected based on the waste's characteristics. Safety protection guidelines must be provided to both the carrier and the recipient Equipment, tools, and packaging materials contaminated by hazardous waste must undergo decontamination treatment before being repurposed for other uses

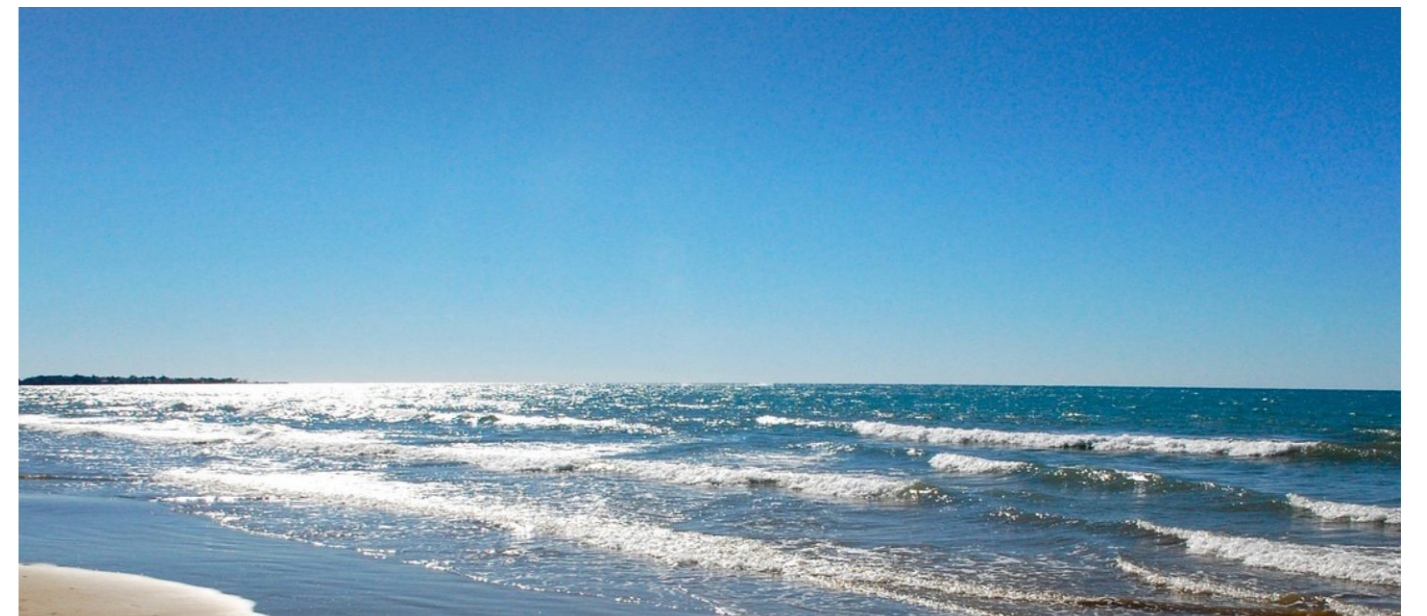
Solid Waste Management Regulations

Indicator Name	Unit	2024
Hazardous waste generated	Tons	3,569.36
Hazardous waste disposal	Tons	3,547.18
Non-hazardous waste generated	Tons	2,348.89
Non-hazardous waste disposal	Tons	2,348.89
Non-hazardous waste comprehensively utilized	Tons	1,771.10
Non-hazardous waste comprehensive utilization rate	%	75.40

Key Indicators for Waste Emissions

Noise Management

The Company effectively mitigates noise pollution through comprehensive strategies that include source control, time restrictions, and the optimization of equipment operation and maintenance. This approach ensures a harmonious balance between production demands and the environmental rights of the surrounding community, contributing to the establishment of a green industrial ecosystem. In an effort to prevent and control noise pollution, the Company has implemented a series of multi-dimensional measures. Sound-deadening and sound-insulating facilities are installed on fixed equipment to ensure that noise emissions meet the standards. Nighttime noisy construction activities are prohibited in areas adjacent to residential zones. Furthermore, noise reduction measures are simultaneously applied to transport and loading/unloading operations. The volume of the plant's audio equipment is subject to hierarchical control. Regular lubrication and maintenance of machinery are carried out to minimize operational noise.



Case

Green transition through advancing "Zero-Waste Factory Development"

In its daily production operations, XIZICE generates a substantial amount of general industrial solid waste, including metal trimmings, wooden packing boxes, and welding slag. To enhance the resource utilization rate of waste materials, XIZICE is committed to implementing meticulous waste management practices. The Company adopts a systematic approach to classify and clean various types of waste. Once processed, these materials are entrusted to specialized recycling firms for comprehensive utilization. As a result of these initiatives, XIZICE successfully converts over 3,000 tons of general industrial solid waste into reusable resources each year. This proactive management strategy not only effectively prevents the loss of valuable materials but also contributes to significant cost savings in production processes.



Optimizing Resource Utilization

XIZICE is committed to deepening its green operation concept and is fully dedicated to exploring the research, development, and application of clean technologies. The Company accelerates the construction of a green and low-carbon production system by enhancing energy and water resource utilization efficiency, promoting the construction of photovoltaic power plants and the use of green electricity. Through these initiatives, XIZICE truly achieves energy security and green, low-carbon development.

Clean Technology Opportunities

In response to the 2024-2025 Energy Conservation and Carbon Reduction Action Plan, the Industrial Structure Adjustment Guidance Catalog (2024 Edition), and the evolving environmental regulations across various regions, XIZICE has actively invested in research and development (R&D) of clean technologies. The Company has initiated a series of thematic discussions on "Product Opportunities under New Environmental Policies", clearly defining future R&D directions in coal-fired power, gas-fired power, and waste heat power generation. These initiatives are designed to align R&D activities with national policies and market demands, fully capitalizing on opportunities presented by the clean energy transition.

The Company is strategically diversifying its portfolio in energy storage, solar power generation, and other related fields. The Company aims to translate cutting-edge technologies—such as waste heat utilization and molten salt energy storage—into scalable solutions that can be deployed widely across various applications. Through technological innovation and extensive research efforts, XIZICE is transitioning from being recognized as a "leader in waste heat utilization" to establishing itself as a "clean energy manufacturer". By the end of the reporting period, XIZICE had participated in the construction of all operational tower-type solar thermal power stations in Qinghai Province. Key achievements include: The Delingha 10 MW Hydro-Based Power Station, which has been operating stably for over 10 years, the renovation project involving a single-tower molten salt working medium that has maintained stable operations for more than 7 years' post-completion, the Delingha 50 MW Molten Salt Tower-Type Solar Thermal Power Station, which has been operational for over 5 years. Additionally, XIZICE successfully put into operation China's first "zero-carbon" factory for aviation components. This facility stands as Zhejiang Province's first "zero-carbon factory" demonstration project and received the prestigious "Sustainable Development Award" from Airbus France. The Company also constructed China's largest user-side molten salt energy storage project: the innovative "Zero Carbon" Industrial Park. This initiative enables local printing and dyeing industries to achieve zero-carbon transformation while marking a significant breakthrough in commercial applications within zero-carbon industries. XIZICE has also successively completed various clean low-carbon projects such as the "Multi-Energy Integrated Storage" project at Xiamen Haichen Lithium Industrial Park and has thus continuously demonstrated its commitment to sustainable development through innovative clean technologies.

「Solar Thermal Power Generation」

Case

Qinghai Delingha Tower-type Molten Salt 50 MW Solar Thermal Power Station Project

The Qinghai Zhongkong Delingha 50 MW Solar Thermal Power Station is one of the first national demonstration projects for solar thermal power generation. This facility features a 7-hour molten salt energy storage system and a solar collection area of 542,700 square meters in the mirror field. The power station is designed to produce approximately 146 million kWh of electricity annually, which can meet the electricity demand of approximately 40,000 households, translating to an impressive reduction of 46,000 tons of standard coal usage and a decrease in carbon dioxide emissions by about 121,000 tons each year. These outcomes contribute significantly to both economic and social benefits. The power station utilizes core equipment from XIZICE's large-scale molten salt energy storage technology. Its operational performance has successfully passed a comprehensive technical evaluation conducted by Fichtner, an independent German engineering consulting firm. This evaluation confirmed that the technology deployed in the Delingha project has achieved a level that ranks among the most advanced globally for similar power stations.



「HRSGs」

Case

Successful commissioning of Sichuan Nengtou Guangyuan Gas Turbine Project

On July 11, 2024, Unit 1 of the Sichuan Nengtou Guangyuan Gas Turbine Project, in which XIZICE played a key role, successfully completed a 168-hour trial operation. This milestone marks the commercial operation of another 9H-class gas-fired power plant in Southwest China. This project is a significant initiative within Sichuan Province's 14th Five-Year Plan for energy development. Once operational, it is expected to generate approximately 3.541 billion kWh of electricity annually and save around 339,200 tons of standard coal. This capability provides crucial support for the region's energy security and helps meet electricity demand during peak summer periods.



Successful commissioning of Unit 2 of Dongguan Ningzhou Alternative Power Project, in which XIZICE participated in its construction

On July 17, 2024, the second 9HA.02 heavy-duty gas turbine unit of the 3×700 MW gas-steam combined cycle combined heat, power and cooling project in Dongguan Ningzhou, in which XIZICE participated, completed a 168-hour full-load test run and successfully entered the commercial operation stage. As an important component of Guangdong Province's key "coal-to-gas" initiative, this project utilizes state-of-the-art gas turbine technology. XIZICE independently developed and delivered three sets of the country's first-ever 9HA.02 combustion turbine waste heat boilers. Through innovative design using new structures and materials, significant technological breakthroughs have been achieved, resulting in markedly improved waste heat recovery efficiency. Upon completion, this project will provide over 2.4 GW of electricity to the Greater Bay Area—sufficient to meet the energy needs of more than four million households playing a positive role in optimizing the local power structure and promoting energy conservation.



「CDQ Waste Heat Boiler」

Case

Coke-Power Integrated Project by Chongqing Kelkeke New Material Co., Ltd.

In 2024, the coke integration project undertaken by Chongqing Kelkeke New Material Co., Ltd., which is managed as an EPC (Engineering, Procurement, and Construction) general contracting project by XIZICE's engineering company, has entered the commissioning stage. This project represents the largest single-unit scale generator set initiative in the Company's history, featuring two sets of 99 MW generators. It utilizes advanced intelligent tamping heat recovery coke oven technology and integrates a CDQ system along with a waste heat power generation system. The facility is designed to produce approximately 1.5 million tons of coke annually and includes a 190 t/h CDQ device, eight waste heat boilers for coking, one dry quenching waste heat boiler. The energy generated is fed into the grid through two sets of 99 MW reheat turbine generators. This project employs cutting-edge and environmentally-friendly heat recovery coking technology alongside XIZICE's proprietary power generation technology for small and medium-sized reheat main controlled units. This innovative setup allows multiple small waste heat boilers to efficiently share two high-efficiency reheat turbine generator sets for power generation, significantly enhancing energy utilization efficiency while maximizing environmental benefits.



「Thermal Power Flexibility Retrofitting」

XIZICE's support in the Demonstration Project of Deep Peak Regulation Flexibility Retrofitting for Thermal Power Units

In 2024, XIZICE, in collaboration with HEP Energy, undertook the innovative "extraction steam energy storage" heat storage and peak regulation modification project for the 600 MW subcritical thermal power unit of Guoneng Hebei Longshan. This project stands as the first benchmark in China for large-scale molten salt heat storage integrated with deep peak regulation capabilities for thermal power generation. The initiative employs multi-source steam extraction control technology, which allows the unit's minimum grid-connected load to be reduced to just 5% of its rated value. This advancement significantly enhances the unit's peak regulation capacity, effectively improves the peak regulation ability of the South Hebei power grid. This helps accommodate regional renewable energy, saving 4.5 million tons of coal and reducing carbon emissions by 3.2 million tons. The project provides a technological demonstration for China's energy transition, environmental governance, and the "three-in-one" transformation of coal-fired power units. It contributes to the construction of a clean, low-carbon, safe, and efficient energy system, promotes the development of new productive forces, and offers strong support for achieving the "dual carbon" goals.



「Zero-Carbon Smart Manufacturing Base」

Case

Xizi Aviation Zero-Carbon Factory

The Xizi Zero-Carbon Smart Energy Center represents a pioneering example of sustainable manufacturing. It integrates a variety of advanced technologies, including photovoltaics, molten salt energy storage, electrochemical energy storage, and hydrogen fuel cells. Through intelligent management systems, it efficiently supplies various forms of energy such as electricity, cooling, heating, and compressed air—effectively creating a zero-carbon factory environment. The project uses a 6 MWp rooftop distributed photovoltaic system, with an annual power generation of 5.3 million kWh. The generated electricity meets the factory's annual consumption needs in full and achieves complete energy self-sufficiency. The factory's operations result in annual savings of about 3,965 tons of standard coal and a reduction in carbon dioxide emissions by approximately 7,912 tons. As a result, this zero-carbon initiative was recognized with the prestigious "Sustainable Development Award" from Airbus Europe.



「User-side Energy Storage」

Shaoxing Green Electricity Integration - Molten Salt Energy Storage Project

The Shaoxing Green Electricity Integration - Molten Salt Energy Storage Demonstration Project is a pioneering initiative in China, recognized as the first and largest user-side molten salt energy storage project utilizing off-peak electricity for power generation. This innovative project employs large-scale green electricity and molten salt energy storage technology, allowing excess green electricity (from wind or photovoltaic sources) to be stored in high-temperature molten salt during off-peak periods. During peak demand times, the stored thermal energy is then utilized for heat exchange to supply external heating or generate electricity. Key features of this project include total molten salt usage of 7,500 tons, an annual operational capacity of approximately 8,400 hours, annual power generation capacity of about 64 million kWh, an annual steam supply reaching 840,000 tons. The project can save approximately 155,000 tons of standard coal annually and reduce carbon dioxide emissions by about 290,000 tons.



Xiamen Torch Park Haichen Area "Multi-energy Integrated Storage" Project

The Xiamen Torch Park Haichen Area 'Multi-energy Integrated Storage' Project has been developed based on the specific energy consumption patterns associated with lithium battery production. In alignment with Fujian Province's power market policies, XIZICE provides comprehensive 'multi-energy joint storage' services for the second phase of Haichen's Xiamen lithium battery project. This initiative enables integrated supply and storage solutions for various energy sources—including cold, heat, and gas—allowing businesses to lower their overall energy costs while meeting their complex and diverse energy needs within the lithium battery industrial park. After the project is implemented, it is expected to reduce the overall energy consumption costs of businesses by more than 10%, lower the initial investment in the business's power station, achieve carbon and emission reduction in the park, and address the energy demand of businesses.

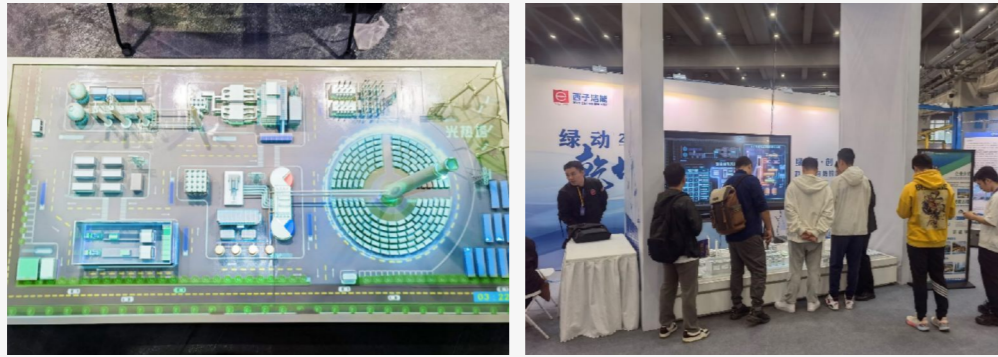


「Clean Technology Dissemination」

Case

XIZICE's presence at the 2050 Conference with a clean energy sand table

From April 26 to 28, 2024, XIZICE participated in the 2050 Conference, held at Hangzhou Yunqi Town, where it showcased a clean energy sand table to global attendees. Against the backdrop of China's "carbon peaking and carbon neutrality" strategy, this sand table highlights key segments such as wind power, solar energy, energy storage solutions, carbon capture technologies, and bioenergy. It visually represents both current applications and future developments in essential renewable technologies while reflecting XIZICE's comprehensive strategies within this sector. Utilizing advanced holographic projection technology, the sand table dynamically illustrates facilities and pipelines associated with projects like the Delingha 50 MW Tower Molten Salt Energy Storage Solar Thermal Project. This presentation provides visitors with detailed insights into ongoing projects while underscoring XIZICE's commitment to exploring pathways toward a zero-carbon future that supports national carbon peaking and carbon neutrality goals.



Efficient Energy Utilisation

XIZICE actively promotes the concept of efficient energy utilization, adhering strictly to the Energy Conservation Law of the PRC. The Company has established and continually improved a series of internal standards, including the Resource and Energy Management System and the Measures for the Assessment of Equipment and Energy Management. XIZICE continuously enhances its energy management practices by developing new energy alternatives and purchasing green electricity. These measures help reduce losses and waste in all aspects of energy production and consumption, ensuring the efficient and reasonable use of energy and resources. As of the end of the reporting period, XIZICE has successfully obtained certifications for its energy management systems, including GB/T23331-2020, RB/T119-2015.



Energy Management System Certification Certificate



Green Electricity Purchase Certificate

In 2024, XIZICE implemented a comprehensive optimization of its energy management processes by establishing a complete factory energy information management system. This system consists of energy metering devices, data collectors, network communication equipment and data storage equipment, with functions such as data collection, storage, processing and analysis, system management, status monitoring and fault diagnosis. The system can automatically upload energy data to a central data center for effective management and monitoring. This automation reduces network traffic and decreases pressure on data centers while ensuring stable operation.

Through detailed classification and itemized metering, XIZICE's approach to plant energy management has shifted from an extensive model to an intensive model. This transition significantly promotes energy-saving transformation and the construction of intelligent measurement and control systems. Additionally, this advanced system supports energy scheduling and optimization, provides quantitative energy-saving evaluation and energy-saving consulting services, and thereby enhances the transparency of plant energy use. By implementing refined improvements alongside advanced technologies in their energy management systems, XIZICE has achieved real-time monitoring along with intelligent regulation of its energy consumption processes. These enhancements have led to substantial increases in overall efficiency while concurrently reducing production costs and carbon emissions.

Energy Saving and Emission Reduction Measures

Electricity control

- Optimize the layout of the power network lines, regularly overhaul equipment and avoid abnormal equipment operation.
- Select equipment with appropriate power ratings, eliminate high power-consuming equipment, and promote power-saving technology.

Steam usage control

- Strengthen the heat insulation of steam pipes to reduce heat loss.
- Regularly inspect pipelines to prevent steam leakage and save resources.

Gas use control

- Ensure complete combustion of gas to avoid waste of gas.
- Follow gas equipment operating procedures to prevent unnecessary consumption.

KEY PERFORMANCE

During the Reporting Period,
XIZICE's total investment in energy-saving renovation reached
RMB 26.8546 million

Case

Roof-Mounted Distributed Photovoltaic Green Electricity Project

XIZICE has effectively leveraged the rooftop space of Chongxian Plant Phases I and II to establish a distributed photovoltaic (PV) power generation system that spans an area of approximately 60,000 square meters. The photovoltaic project generates around 4.1 million kWh of electricity each year. The Chongxian manufacturing base utilizes approximately 3.73 million kWh, which constitutes about 23.8% of the total electricity consumption at the facility. This initiative results in an annual saving of about RMB 310,000 in electricity costs. Moreover, XIZICE added a 4.7 MWp distributed photovoltaic system on the roof of its Dingqiao Plant, covering an area of 46,000 square meters. The system generated 4.88 million kWh of electricity that year, with 4.26 million kWh used internally, resulting in an annual savings of RMB 1.24 million in electricity costs. The initiative not only significantly improved the energy self-sufficiency rate but also reduced reliance on traditional energy sources, providing crucial support for the company's sustainable development.



Roof-Mounted Photovoltaic Power Station

Efficient Utilization of Water Resources

XIZICE strictly adheres to the legal requirements of the Water Law of the PRC, Measures for Industrial Water Conservation Administration, and Guidelines on Strengthening Industrial Water Conservation Work. The Company has formulated the internal Water Conservation Management Regulations to comprehensively enhance water resource management. XIZICE implements comprehensive water conservation strategies by formulating detailed water-saving plans, optimizing water-efficient equipment, and conducting regular inspections to identify and promptly repair leaks. Emphasizing sustainability, the Company prioritizes the recycling of cooling and pressure water to enhance the reuse rate, effectively minimizing water resource waste. These efforts contribute to the efficient utilization of water for both production and domestic purposes. Additionally, XIZICE enhances its water conservation initiatives by promoting awareness and education on the importance of water-saving practices. We integrate these efforts into the assessment framework of its economic responsibility system. By implementing institutional guidelines and incentive mechanisms, we actively encourage all employees to engage in water conservation activities.

Indicator Name	Unit	2024
Total water consumption	tons	1,292,423.00
Water consumption density	tons/ revenue in RMB million	200.79

Key Indicators for Water Consumption

Green and Low-Carbon Office

XIZICE is dedicated to advancing low-carbon and green office operations through a series of environmental initiatives aimed at reducing resource consumption and carbon emissions.

In the office, the Company has implemented a double-sided printing policy and strictly monitors paper usage across departments to ensure efficient use of office paper.

The Company also encourages employees to minimize printing by promoting electronic documentation, thereby decreasing reliance on paper materials. This initiative not only reduces resource waste but also raises employees' awareness of environmental protection, significantly contributing to the Company's sustainable development goals.

The Company has strengthened training programs focused on energy conservation, empowering every employee to participate in and advocate for green development.

Indicator Name	Unit	2024
Comprehensive energy consumption	tce	4,621.55
Comprehensive energy consumption intensity	tce/ revenue in RMB million	0.72
Gases	Cubic meter	1,612,679.01
Gasoline	Litre	112,912.00
Diesel	Litre	204,389.76
Purchased electricity	MWh	17,076.01
Purchased green electricity	MWh	10,000.05
Self-consumed photovoltaic electricity	MWh	4,607.05

Key Indicator for Energy Consumption

Response to Climate Change

XIZICE recognizes the significant challenges posed by climate change and the urgency of effective responses. The Company has established a comprehensive climate governance system that proactively identifies risks and opportunities related to climate change. We actively implement measures designed to mitigate these impacts while ensuring sustainable production operations.

Governance

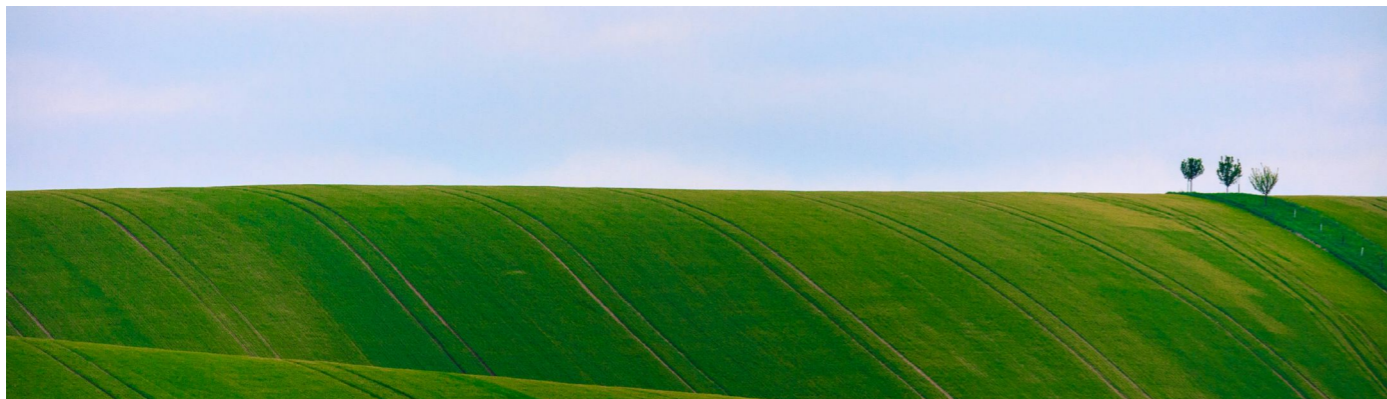
The Company integrates its response to climate change into corporate governance through an established ESG framework. The Strategic Investment and ESG Committee under the Board of Directors evaluates the implications of climate change on business activities and guides cross-departmental teams in ESG management as well as risk mitigation strategies related to climate change. XIZICE comprehensively examines the mutual influence between climate change and the clean energy equipment manufacturing industry, strengthens the identification and response to climate change-related risks and potential opportunities. By doing so, we effectively enhance our ability to adapt and respond to climate change.

Strategies

XIZICE systematically identifies, assesses, monitors, and reports on environmental risks associated with climate change within its overall risk management framework to provide a solid foundation for optimizing climate risk management and seizing development opportunities. By referencing various climate scenarios tailored to operational characteristics, XIZICE identifies multiple physical risks as well as transition risks. The Company analyses their potential impacts on business operations while formulating proactive responses that support green transformation from different dimensions.

Impacts, Risks and Opportunities

In light of potential impacts from climate change on its operations, XIZICE is proactive in identifying associated risks and opportunities through scientific assessments coupled with strategic planning. The aim is not only to minimize potential losses but also enhance resilience against climatic shifts—ensuring long-term stability for the business while contributing positively towards a sustainable future.



Risk Type	Potential Impacts	Countermeasures
Acute risks		
 Extreme precipitation	<p>Extreme precipitation: Heavy rainfall affects the supply of raw materials and logistics, leading to delays in production schedules.</p> <p>Prolonged precipitation that leads to flooding may cause damage to production equipment, power disruption and workplace safety hazards, affecting production capacity.</p>	<p>Evaluate and establish a Severe Weather Emergency Response Plan in advance, and formulate a production adjustment plan and employee safety evacuation procedures during flooding to reduce production stoppages and safety accidents caused by heavy rainfall and other extreme weather conditions.</p> <p>Strengthen the construction of drainage systems to ensure flood prevention and drainage capacity and reduce the impact of rainwater accumulation on production.</p> <p>Regularly inspect and maintain equipment to ensure its proper functioning under extreme weather conditions.</p>
 Sudden drought	<p>Sudden droughts may lead to shortages of water for production, affecting cooling systems, energy storage units and, consequently, power production and the normal operation of equipment.</p> <p>Droughts can affect the stability of neighboring ecosystems, which in turn can have a negative impact on the long-term operating environment of the enterprise.</p>	<p>Introduce water-saving technologies to optimize the efficiency of water use.</p> <p>Consider drought contingency plans at the design stage of the project and establish backup energy and water storage facilities to ensure uninterrupted production.</p> <p>Actively participate in local and national water management and conservation programmes to increase the Company's resilience to climate change.</p>
 Tropical cyclones	<p>Tropical cyclones can cause strong winds and heavy rainfall, resulting in direct damage to company buildings, equipment and infrastructure.</p>	<p>Enhance the wind resistance of infrastructure by reinforcing buildings and critical equipment to improve resilience to extreme weather.</p> <p>Obtain weather information in advance for weather warnings and adjust operational plans in a timely manner to minimize the impact of tropical cyclones.</p>
Chronic risks		
 Humidity trend	<p>Increased precipitation as a result of wet weather trends may result in higher long-term operating costs for the Company, including infrastructure and equipment maintenance</p>	<p>Improve the water resistance of infrastructure, strengthen waterproofing design, and ensure that key equipment and buildings are fully equipped with moisture-proof and waterproof facilities to reduce corrosion and damage to equipment caused by precipitation.</p>

List of Physical Risks

Type of Risk/Opportunity

Potential Impacts

Countermeasures

Transition risks



Policy risks

Changes in government policies related to environmental protection and carbon emissions may affect the Company's operating costs and market access, and if it fails to adapt to the new policies in a timely manner, the Company may face the risk of fines and a decline in market competitiveness.

Strengthen policy monitoring and research, and establish a specialized team to track government policy developments and make timely adjustments to the Company's strategy and operating model.

Strengthen compliance management to ensure that the Company always meets the latest policy requirements and reduce the negative impact of policy changes.



Technology risks

Lower than expected technological progress or innovation may result in a decline in the competitiveness of the Company's products or services and affect market share.

Strengthen investment in technology research and development and innovation, enhance independent research and development capabilities, and ensure consistency with industry frontiers.

Enhance technological reserves and transformation capabilities to ensure the feasibility and implementation of technology research and development projects.



Market risks

Changes in market demand or competitors' technological innovations may result in poor product sales or a decline in market share.

Analyze market trends and demands in depth, flexibly adjust product and service portfolios, and identify market opportunities and risks in advance.

Fluctuations in the global economy may also affect market demand and investment.

Expand diversified markets, especially international markets, to reduce the risk of single-market dependence.

Improve customer satisfaction and product competitiveness and maintain market share through brand building and customer relationship maintenance.



Reputation risks

Non-compliance with social responsibility and environmental protection requirements, product quality issues, inappropriate behavior of employees or partners, etc., may damage the Company's reputation and lead to a decline in public confidence.

Comprehensively demonstrate the Company's specific initiatives and achievements in environmental protection through the publication of ESG reports and stakeholder exchanges, etc., to further enhance transparency and credibility.

Actively engage in brand communication and public relations management to build a positive image and enhance public trust and recognition.

Transformation Opportunities



Market opportunities

The global energy structure is undergoing a significant transformation towards low-carbon and green solutions. As national policies increasingly support clean energy initiatives, this trend presents the Company with an opportunity to expand its market share in the new energy sector.

Continuously increase R&D investment in core technology areas such as molten salt energy storage and waste heat boilers to enhance product value-added and market competitiveness.

Expand the global market, actively participate in international exhibitions and industry summits to enhance international influence and expand overseas markets.



Product and service opportunities

As industry demands for energy saving and emission reduction become increasingly stringent, XIZICE's advanced technology in clean and environmentally friendly energy generation equipment has positioned the Company to seize greater business development opportunities.

Establish a product life cycle management system, from product design, production to after-sales service, to ensure high product quality and customer satisfaction.

Actively cooperate with scientific research institutes and universities to accelerate the transformation and application of technology and enhance the Company's competitiveness in the development of new technologies.

List of Transition Risks and Opportunities

Indicators and Goals

XIZICE systematically identifies and monitors various indicators related to climate-related risks, including key metrics such as greenhouse gas emissions in Scope 1 and Scope 2. Each year, the Company compiles and discloses this relevant data, providing a solid foundation for its initiatives to combat climate change.

Looking ahead, XIZICE remains committed to assessing the impact of climate change on its operations while actively responding to national strategies and policy requirements. It aims to optimize the identification and management of climate-related indicators and targets. By collaborating with various sectors of society, the Company seeks to address the challenges posed by climate change effectively and advance towards achieving its long-term sustainable development goals.

GHG emissions	Unit	2024
Direct greenhouse gas emissions (Scope 1) ¹	tCO ₂ eq	4,339.00
Indirect greenhouse gas emissions (Scope 2) ²	tCO ₂ eq	9,162.99
Total GHG emissions	tCO ₂ eq	13,501.99
GHG emissions intensity	tCO ₂ eq/revenue in RMB million	2.10

Key Indicators for GHG Emissions



¹ Direct greenhouse gas emissions (Scope 1) were calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and 2022 China Energy Statistical Yearbook.

² Indirect greenhouse gas emissions (Scope 2) were calculated using emission factors in the document Announcement on Releasing the 2022 Annual Carbon Dioxide Emission Factors of Electric Power issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.

03 Quality as the Core Co-creating Industry Value

• Governance

XIZICE has established a three-tier quality management system covering design, manufacturing, and inspection, forming the industry's first quality and safety committee and a customer complaint management committee. These committees ensure that all quality and safety matters are addressed promptly. The company has also built a robust R&D management system and a talent cultivation framework for R&D personnel, strengthened its after-sales service mechanism, and enhanced supply chain management. Together, these efforts help build a new state of advanced productive forces with new quality characteristics.

• Strategy

Centering on "zero carbon", XIZICE implements a dual-driven, full-value-chain quality management model. Upholding a "primarily independent innovation, supplemented by collaborative innovation" approach, the Company advances the implementation of a customer-centric strategy, develops a responsible supply chain, and collaborates with industry partners to build a new ecosystem for sustainable industrial growth.

• Objectives

To achieve a weld seam pass rate of **98.5%**

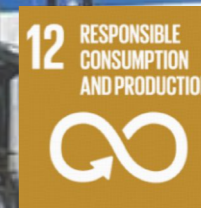
To achieve a welding joint pass rate of **97.5%**

To achieve a first-pass acceptance rate of components of **97.3%**

To maintain a timely closure rate for ITR issues above **95%**

• Impacts, Risks, and Opportunities

The Company proactively responds to risks such as rapid technology iteration, intensifying market competition, product safety incidents, and supply chain disruptions. At the same time, it seizes opportunities arising from developments in clean technology, resource sharing among enterprises, and digitalized supply chains. The Company facilitates collaboration and knowledge exchange across the sector by leveraging technological innovation to drive industrial upgrading, optimizing quality management practices, and enhancing customer service quality.



Product Quality and Safety

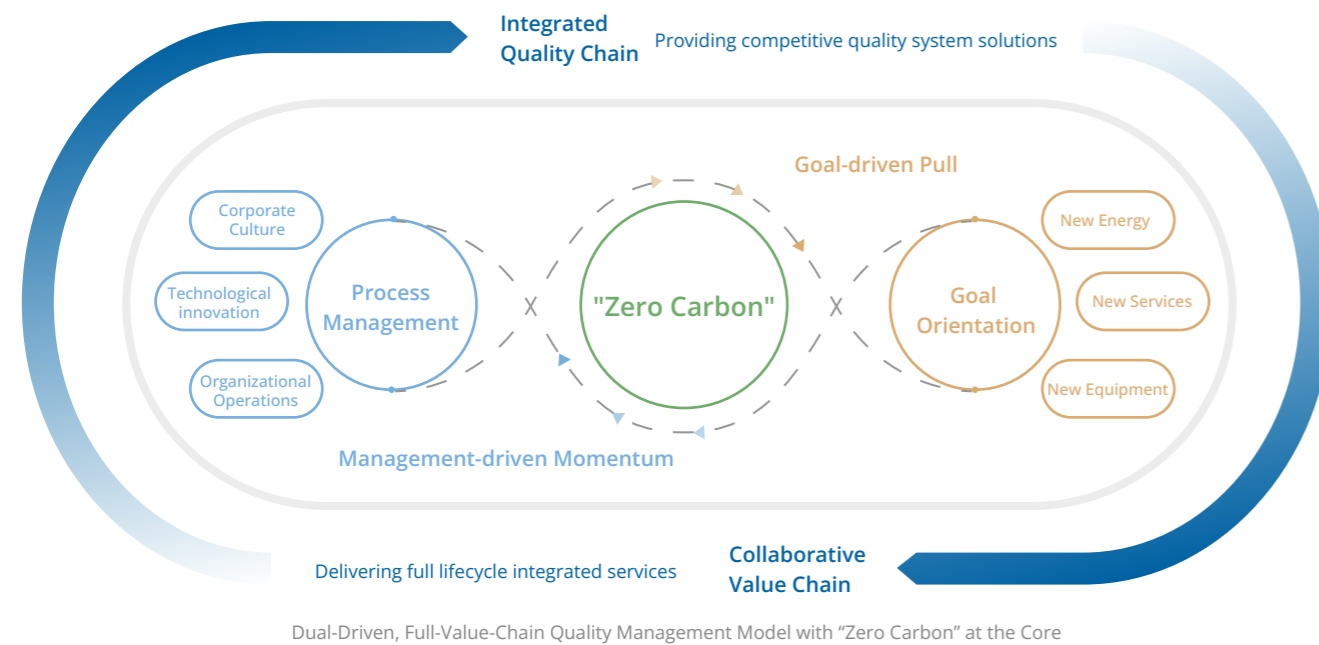
Quality is the lifeblood of a product and the cornerstone of an enterprise's survival and growth. Xizice fully integrates its quality strategy into every facet of development. The company continually strengthens its core competitiveness through comprehensive quality management, smart manufacturing upgrades, service enhancement, and R&D breakthroughs.



Quality Management Strategy and System

Quality Management Strategy

The Company has established a culture centered on "Dedicated Contributors", employing diverse motivational strategies to build a dynamic organization. Based on lean management principles, we enhance operational efficiency and quality through internal and external approaches. We fully leverage our technological expertise in waste heat recovery, energy conservation, and emission reduction, relying on our core strengths in green, zero-carbon development. We have created a "dual-driven", full-value-chain quality management system. This "dual-driven" approach is anchored in corporate culture, technological innovation, and process management for organizational operations, generating powerful managerial momentum together. Concurrently, the Company sets strategic goals in new energy, new services, and new equipment, creating a pull effect to deliver fully integrated lifecycle services and drive continuous quality improvement.



Quality Management System

XIZICE has instituted a three-tier quality management system headed by the Chief Quality Officer, who holds "one-vote veto" authority on all quality matters. The Company has developed approximately 250 sets of quality management procedural documents, such as the Quality Assurance Manual, Contract Control Procedure, Design Control Procedure, Process Quality Control Procedure, and Inspection and Testing Control Procedure, covering every stage of operations and every department (including sales, project management, technological R&D, design and processes, procurement, production and manufacturing, quality, safety, after-sales services, human resources, and records management). These documents ensure the quality of contracts, R&D and design, incoming materials, production processes, packaging and transportation, and services. An internal audit system operating on a standardized annual review cycle has been effectively maintained for years.

In 2024, XIZICE continued to refine its product quality management system, updated documents such as the Quality Management Assessment Measures to provide structured, system-wide guidance on quality control. Under this dual-track system of assessment constraints and positive incentives, the Company has further reinforced the accountability awareness of quality management of all employees.

XIZICE also pioneered the industry's first Quality and Safety Committee and Customer Complaint Management Committee, which hold regular quality and safety review meetings to address issues as they arise swiftly. In addition, we have created an organization with designated quality responsibility across all business processes, including effective control over quality management at each stage, such as contracts, design, and processes. By linking the quality responsibilities of various professionals across all business departments, we drive full employee participation in quality management, achieving a perfect match between quality management and operational management.



Quality Management Organizational Structure

Quality Management System Certification

As a high-end special equipment manufacturer focusing on the R&D and production of boilers, pressure vessels, and other pressure-bearing products, XIZICE has always been implementing full-lifecycle compliance oversight throughout its manufacturing processes. The Company has developed a comprehensive matrix of quality documentation that meets multiple international certification standards, holding an ISO 9001 Quality Management System Certificate. Our qualifications extend to nuclear energy equipment (manufacturing licenses for Class II and III civil nuclear pressure vessels), pressure vessels (production license for large-scale high pressure vessels (A1) and rule design license for stationary pressure vessels), specialized boilers (manufacturing license for Class A boilers and installation license for Class A boilers), and pressure pipelines (design licenses for GC1/GCD pressure pipelines). In addition, XIZICE has also obtained several global accreditations, including ASME "S" and "U" Stamp certifications and EN ISO 3834 certification of welding quality system, fully complying with international and domestic compliance requirements at key manufacturing stages.

In 2024, XIZICE achieved significant milestones in building its quality management certification system. The Company's headquarters, Chongxian Branch, and Zhuji New Energy Equipment Co., Ltd. concurrently obtained ISO 9001:2015 Quality Management System Certification. At the same time, XIZICE continued to enhance its suite of international certifications in core areas such as pressure vessels and nuclear energy equipment. We have received accreditation from the American Society of Mechanical Engineers (ASME), an authoritative global organization, further solidifying its ability to compete in high-end international markets.



Our ISO Quality Management System Certificate

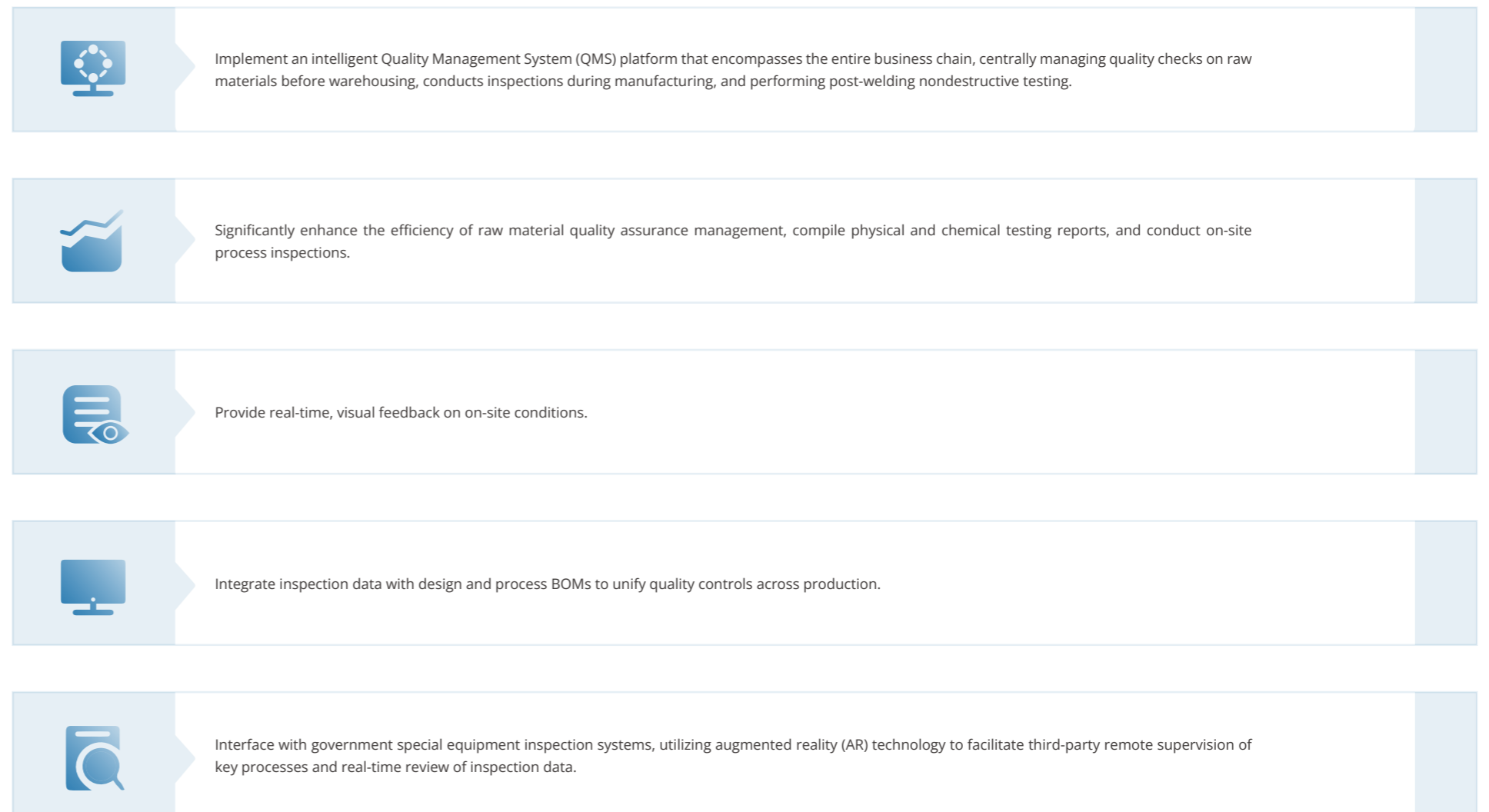


ASME (American Society of Mechanical Engineers) Certification

Quality Management Process

XIZICE greatly emphasizes product quality and safety, adopting multiple measures to ensure superior product quality. The Company maintains comprehensive physical and chemical testing capabilities, enabling full verification of materials' mechanical and chemical properties. The Company has specialized teams certified in RT, UT, MT, PT, and TOFD regarding nondestructive testing. The weld seam pass rate for nuclear power projects exceeds 99%, and the welding joint pass rate reaches 98.5%. Collaborations with reputable institutions such as the Zhejiang Academy of Special Equipment Science further guarantee the objectivity and credibility of testing results. In 2024, XIZICE set clear targets for manufacturing reliability, product consistency, and process stability -- meeting all projected goals and earning a place among the "2024 Zhejiang Province Manufacturing Quality Benchmark" enterprises.

XIZICE leads on-site operations, inspections, and testing standardization, supported by a regular quality analysis mechanism. A dedicated team oversees the implementation of tracking, corrective and preventive actions, provides timely updates to operational standards, and issues proactive risk alerts.



Quality Culture Development

XIZICE espouses the principle that “quality management is the foremost priority”, advocates the philosophy that “every year is a quality year, and everyone is a quality champion”, and upholds a production mindset of “unwavering rigor” and “absolute zero tolerance for defects”. The Company regularly undertakes company-wide activities to build a quality culture. Chairman Wang Shuifu has authored works such as Half a Century Quality Pursuit, and Quality Is a Gold Mine, significantly advancing the Company’s legacy and continuous improvement in quality culture.

Internal publications, quality knowledge competitions, and Quality Month activities help to create a strong atmosphere of quality awareness, encouraging everyone to partake in quality improvements. In addition, XIZICE has also established the industry’s first Quality and Safety Experience Center, featuring four main sections: hands-on practice, scenario simulations, visual dashboards, and equipment displays, comprising 16 educational modules. These modules simulate potential safety hazards in manufacturing and highlight critical quality cases, offering immersive quality and safety education for new and seasoned employees, interns, visitors, and other stakeholders.

The Company values enhancing employees’ quality-related skills and instituting ongoing, diversified training and incentive mechanisms. Each year, designated quality managers serve as trainers, conducting rotational seminars on the quality management system. Quality inspectors receive systematic skills training followed by rigorous evaluations, with successful candidates awarded certificates, effectively enhancing their professional expertise.

KEY PERFORMANCE

During the Reporting Period, the Group systematically advanced its quality capability enhancement initiative, conducting **7** Specialized training programs focused on full lifecycle product quality management

Covering **350** Participants

Total training hours **160** Hours

Participation rate **5** Times higher than in 2023 for personnel engaged in product quality-related roles



Nuclear Power Culture Program

Reinforcing nuclear safety awareness through weekly morning sessions, on-site campaigns, and periodic training;



Company-wide Green Belt Certification and Black Belt Projects

New employees undergo comprehensive Green Belt training, while Black Belt projects are guided by experts from Xizi United Engineering, which offers targeted teaching and support;



Specialized Welder Training Programs

Every six months, outstanding welders are recognized, followed by a company-wide welder training conference featuring case studies and best practices;



Inspector Skills Competition

An annual Inspector Skills Competition promotes skill enhancement through practice-oriented contests.



Nuclear Power Culture Program



Nuclear Power Culture Program



Green Belt Training



Black Belt Training



Specialized Welder Training

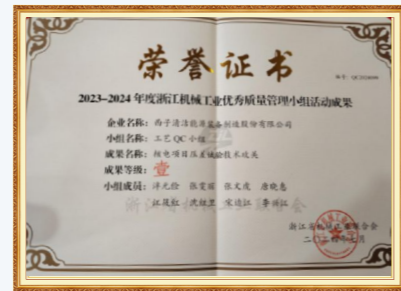


Specialized Welder Training

In 2024, the Company's business units received several quality management accolades, including:



Second Prize for Achievement for the National Machinery Industry Outstanding Quality Management Teams



First Prize for Achievement in the 2023-2024 Zhejiang Machinery Industry Outstanding Quality Management Teams

Case

Participation in the National Nuclear Energy System Skills Competition

In September 2024, XIZICE participated in the 4th National Nuclear Energy System Nondestructive Testing Skills Competition, where nearly 170 participants from nearly 50 teams across the country competed. An employee from the Company's Nondestructive Testing Center won third prize in the Ultrasonic Testing (UT) of thick-walled carbon steel butt welds. This competition not only broadened employees' knowledge of nondestructive testing for civil nuclear safety equipment but also, through interactions with industry experts, helped them identify areas for professional improvement, charting a clear path for future skills development.

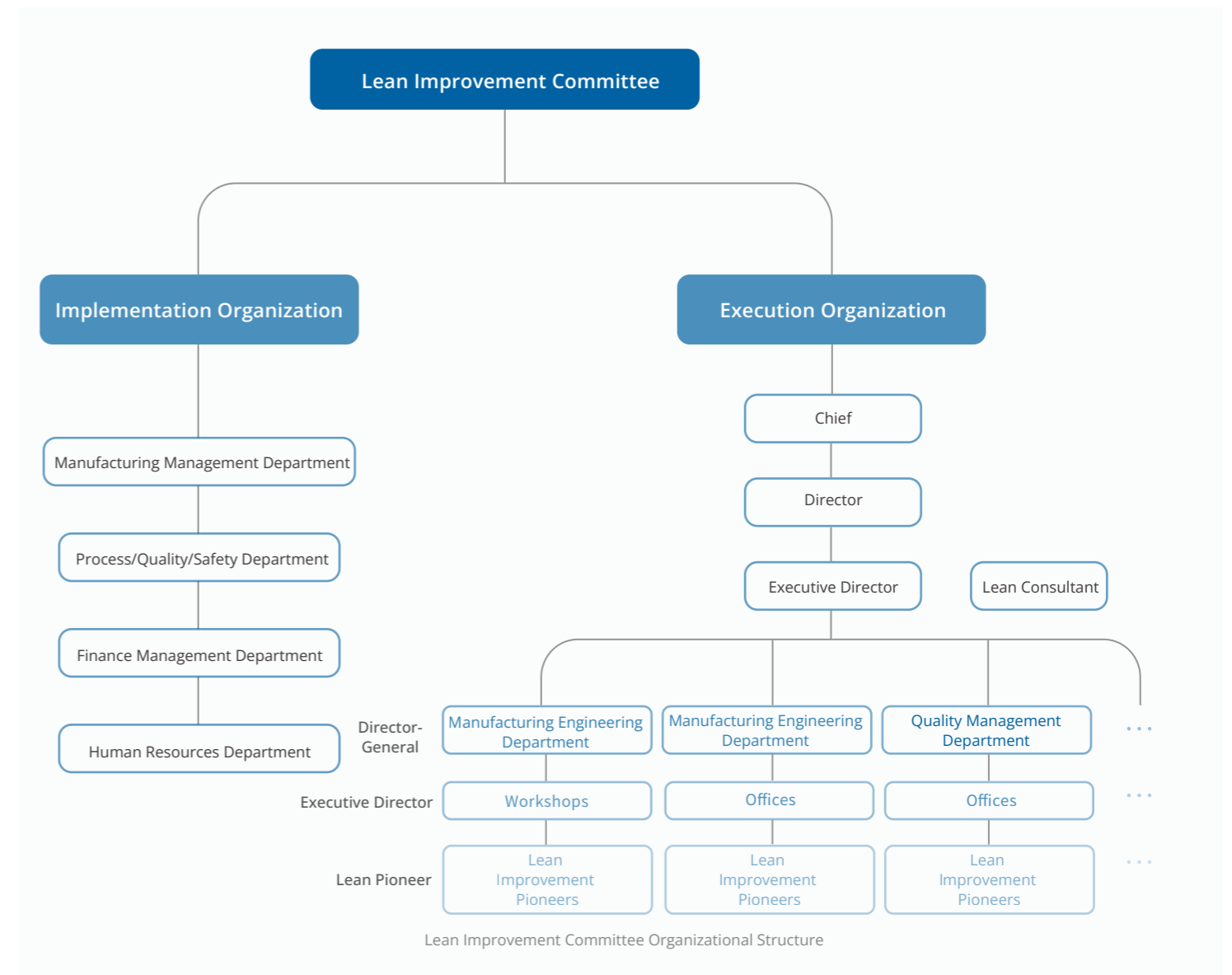


Lean Manufacturing

XIZICE fully implements lean manufacturing principles by reinforcing management awareness, incentivizing employee initiatives, and encouraging company-wide participation in lean improvement activities. The Company seeks constructive proposals from all departments to enhance technology, processes, manufacturing, quality, procurement, logistics, and management efficiency, thus continuously refining its production processes.

Lean Manufacturing Management System

A dedicated Lean Improvement Committee has been established to ensure effective planning, supervisory execution, and performance evaluation of the Company's lean improvement activities.



KEY PERFORMANCE

During the Reporting Period,

The Company submitted

116 lean proposals internally

Implemented

25 lean initiatives

Estimated annualized revenue from proposals

RMB **16.80** million

Realized revenue

RMB **9.96** million

Lean Manufacturing Improvements



Elimination of welding on guide components and connecting plates in assembly workshops

The Company significantly lowered production costs by adopting an integrated design and single-piece casting. This improvement is expected to yield favorable financial benefits in upcoming solar energy projects.



Optimization of heat treatment processes

The Company improved production efficiency and turnaround times by refining the annealing procedure and reducing the frequency of furnace usage.



Overall Hydrostatic Adjustment of the Product

By merging multiple hydrostatic testing procedures, the Company effectively reduced resource and material consumption, prevented redundant operations, and expedited overall production progress.



Replacing cylindered high-purity argon with pipeline argon for solar assembly

Switching the argon source and optimizing the filling process led to remarkable cost savings, significantly enhancing assembly efficiency and shortening production cycles.



Enhancement of circulating pool

The container, piping, and header workshops achieved greater water conservation benefits by improving the circulating pool.

Intelligent Manufacturing

The Company addressed the issue of low utilization rates of CNC drills by considering and analyzing the reasons behind the lack of processing procedures for butt welds and high material wastage. After implementing countermeasures such as increasing programming and switching tool heads, the Company transitioned from using radial arm drills to CNC drilling operations. This adjustment has initially resulted in a workforce reduction equivalent to 1.5 workers in drilling tasks.



Before High-speed Steel Tool Performance



After CNC Tool Performance

Finished Product Turnover Optimization

Upon analysis, the Company found that inventory of semi-finished products in the assembly boxes far exceeded reasonable inventory levels. The raw material supply model shifted from a push system to a pull system with on-demand supply to reduce inventory. At the same time, the workshop's sandblasting procedure was optimized, raising capacity by 20%. By improving the finished goods turnover process and increasing packing efficiency, the Company expects to cut inventory by more than 20%, considerably enhancing capital utilization.



Before



After

5G Smart Factory

XIZICE has built a 5G smart factory, using a dedicated 5G network and edge computing capabilities to deploy AI-powered safety management, AR-based remote collaboration, and a new digital energy platform. Through these solutions, the Company effectively manages personnel, materials, and operating procedures, providing real-time alerts and corrective actions against any non-compliance and ensuring safe production.

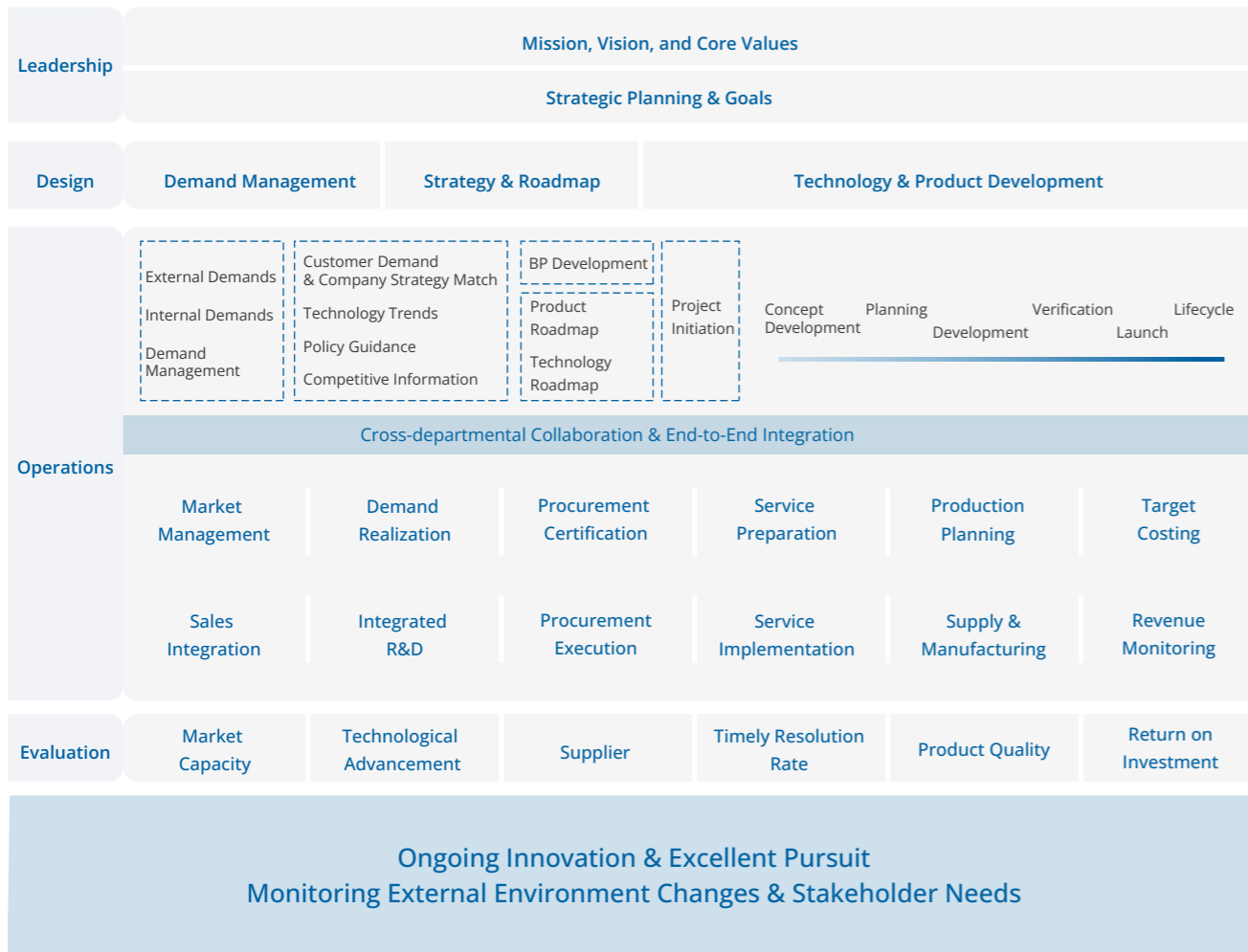


Technological R&D and Innovation

XIZICE has established a comprehensive R&D management system, implemented robust intellectual property rights management, and developed a high-caliber R&D team. With keen market insight and strong adaptability, the Company closely follows market trends to inject vitality into its continuous development.

R&D Management System

XIZICE has developed an R&D innovation strategy based on its mission, vision, and core values. This strategy encompasses various aspects, from demand management during the design phase to operations involving markets, procurement, and other functions in the operational stage. It extends to the evaluation phase, where market and technology considerations are assessed. This approach helped establish a management system focused on continuous improvement and innovation.



R&D Management System

R&D Talent Development

Steadfastly upholding a technology innovation policy of “primarily independent innovation, supplemented by collaborative innovation”, XIZICE has developed regulations such as the R&D Incentive Policy to encourage the development of new products that set industry trends. As a National High-tech Enterprise, National Enterprise Technology Center, National Demonstration Enterprise in CAD Application Engineering, Zhejiang Environmental Protection Industry Base, and designated Water-Coal Slurry Boiler Research, Design, And Manufacturing Center under the National Water-Coal Slurry Engineering Technology Research Center, XIZICE occupies a leading position in its field. In 2021, the Company established a postdoctoral research workstation, which gained approval as a national-level postdoctoral research station in 2024. Focusing on energy utilization and emission reduction, the workstation undertakes significant technological R&D and industrialization projects. Through various industry-academia-research collaborations, the Company has made remarkable progress in technology innovation and talent development. During the Reporting Period, the workstation recruited six postdoctoral fellows (one has already completed the research term), was granted multiple invention patents and published several SCI and EI journal papers.



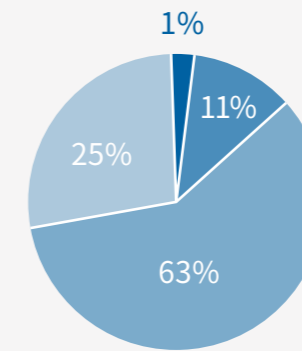
KEY PERFORMANCE

During the Reporting Period,

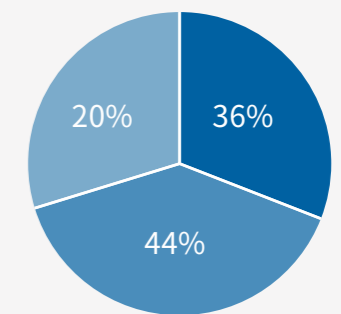
XIZICE had **780** R&D personnel

Accounted for **32.38%** of the total workforce

More than **75%** held a bachelor's degree or higher



- Doctoral Degree ●
- Master's Degree ●
- Bachelor's Degree ●
- Associate's degree or below ●



- 40 or above ●
- 30-40 ●
- 30 or below ●

Innovations and R&D Achievements

XIZICE regards technological innovation as the core driver of corporate development. The Company has received national recognition for “first-of-its-kind” product certifications for six consecutive years. Simultaneously, it keeps pace with emerging trends by actively expanding into the new energy sector, transitioning from traditional boiler products to a diversified portfolio that includes solar thermal power and storage, vanadium flow batteries, lithium batteries, and hydrogen energy. During the Reporting Period, the Company made new progress in multiple R&D endeavors: The supercritical boiler technology completed technical reserves for four capacities and participated in competitive bidding; the molten salt heat storage technology for the steel industry was completed, with a system efficiency improvement of over 8%; in the coal chemical industry, a collaboration with Zhejiang University developed low-nitrogen combustion technology for semi-coke tail gas, with a target of reducing emissions by over 20%. The technology has been implemented in three projects, awaiting verification; ongoing R&D in coal pyrolysis gasification combustion and staged conversion equipment; the “Key Process Development and Demonstration for Catalyzed Hydrogenation of Carbon Dioxide to Produce Green Methanol” project was selected for the “Pioneer & Leader + X” Technology Plan; the Company also assisted in the formulation of the standard Evaluation Method for Uncertainty of Boiler Thermal Performance Test.

Case

Breakthrough in High-temperature Thermochemical Energy Storage

Led by Zhejiang University, with participation from XIZICE and other partners, the High-temperature Thermochemical Energy Storage Materials and System Construction and Demonstration for Supporting Large-scale, Fluctuating Renewable Energy Power Generation project is part of Zhejiang Province Science and Technology Plan “Pioneer” Initiative. Through the development of high-temperature thermochemical energy storage materials, the team built and successfully operated the first industrial-scale demonstration unit domestically and abroad. By using off-peak electricity instead of natural gas, the system supports stable power generation from large-scale, intermittent renewable energy sources, reducing costs and carbon emissions. This breakthrough advances the construction of “zero-carbon factories” and contributes to China’s “dual-carbon” objectives. Project outcomes have achieved world-class standards in thermochemical energy storage medium performance and device design, providing valuable guidance for adopting high-temperature thermal storage solutions in industrial heating applications.



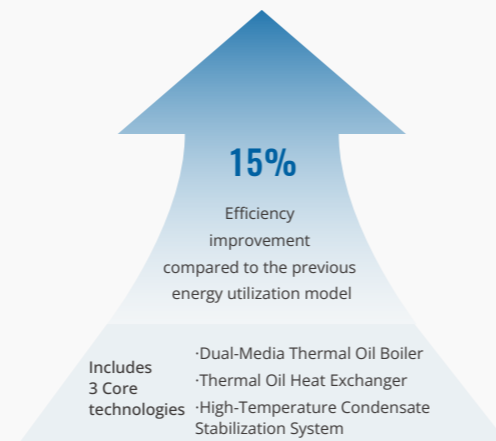
Commissioning of Unit 1 at the Ziyang Gas-fired Power Plant Project

In June 2024, Unit 1 of the Ziyang Gas-fired Power Plant, a new-build project involving XIZICE, officially began operations. The Company supplied two 700MW waste heat boilers for the gas turbine units, alongside flue gas denitrification systems. As the first 9H-class gas turbine generator set in Southwest China to enter service, this unit represents the country’s highest technical standard for 700MW combined cycle power generation.



High-efficiency Heat-transfer Media Energy Utilization and Ultra-low Emission System

Since 2016, XIZICE has been developing proprietary technologies for high-efficiency heat-transfer media utilization and ultra-low emissions tailored to the chemical fiber sector. This solution has three core components: dual-media thermal oil boilers, hot oil heat exchangers, and a high-temperature condensate pressurization system. Compared to existing approaches, this new energy utilization model increases efficiency by 15% and offers a viable system solution for the chemical fiber industry’s transition to more sustainable energy structures, disrupting the sector’s conventional thermal oil heating practices.



High-temperature, Ultra-high-pressure, Reheat Coking Waste Heat Boiler

This product maximizes using dual-supercritical dry quenching (DQ) waste heat and features a high-reliability, long-life design for a dual-super reheat coking waste heat boiler system. Broadening the load range and employing a specialized sealing structure effectively mitigates flue gas leakages. Compared to conventional high-temperature, high-pressure DQ waste heat recovery systems, power generation efficiency increases by 10%, ensuring safe and efficient boiler operation.

New Grate-type 1100T/D Large-capacity Waste Incineration Waste Heat Boiler

Independently developed by XIZICE, this large-capacity waste heat recovery boiler system processes 1,100 tons of municipal solid waste daily, combined with 600 Nm³ biogas co-firing. By designing a 15.12m × 6.24m all-water-cooled flue gas passage, the system solves uniformity issues in large grate waste heat recovery and reliability challenges in boiler water circulation. Utilizing advanced software simulation and specialized fabrication techniques, it effectively addresses high-temperature corrosion of the water walls, facilitating domestic production of ultra-large-capacity waste incineration waste heat boilers.

Ultra-high-temperature, Ultra-high-pressure Carbon Black Tail Gas Boiler Project

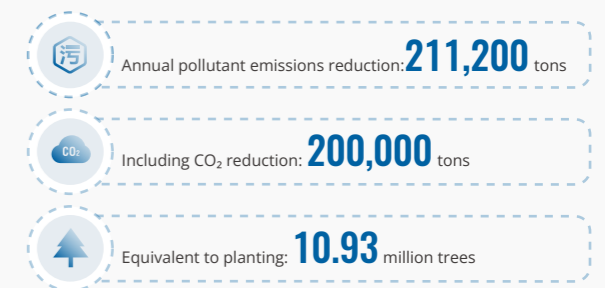
This ultra-high-temperature and ultra-high-pressure carbon black-tail gas boiler is the first high-parameter unit of its kind in China. Compared with conventional high-temperature, high-pressure systems, its overall efficiency increases by 6%, enabling more effective resource use.

CFB Boiler for Combusting High-caking Zhundong Coal

XIZICE designed its first circulating fluidized bed (CFB) boiler capable of combusting high-caking Zhundong coal. The design incorporates furnace structure optimization, rear heating surface reconfiguration, high efficiency, and comprehensive ash removal technology, achieving low particle concentration and sand-free operation. These improvements effectively reduce ash buildup and coking on heat-transfer surfaces.

Ultra-high-temperature, Ultra-high-pressure Circulating Fluidized Bed Boiler

The high-temperature, ultra-high-pressure circulating fluidized bed boiler is the Company’s first double-super circulating fluidized bed boiler with the highest parameters. Its standardized design enhances materials interchangeability, reducing inventory and waste. Flue gas is treated through dust removal, desulfurization, and denitrification, cutting annual pollutant emissions by approximately 211,200 tons, of which 200,000 tons are CO₂ -- the equivalent of planting 10.93 million trees.



Indicator	Unit	2024
R&D investment	RMB10,000	39,179.10
R&D investment as percentage of main operating income	%	6.09
Green R&D investment	RMB10,000	5,860
Number of invention patents applied to core business operations	Count	43

Technology R&D and Innovation Planning

XIZICE will focus on expanding its presence in the new energy market, leveraging core molten salt energy storage technologies. The Company plans to explore various energy utilization scenarios in solar thermal power generation, behind-the-meter energy storage, retrofits to increase operational flexibility in coal-fired power plants, and developing zero-carbon industrial parks. In addition, XIZICE will closely monitor the spare parts market, staying close with the State Council's policy on large-scale equipment renewal and upgrades and seizing opportunities in energy-saving retrofits, emission-reduction conversions, and dismantle-rebuild business opportunities. In the short term, R&D efforts will concentrate on deep utilization of waste heat, long-cycle operation of equipment, and reducing installation and operation & maintenance (O&M) costs. In the medium and long term, R&D will focus on continuous innovation integration, hydrogen energy, carbon capture, and thermochemical energy storage technologies to provide strong support for the Company's high-quality development.



Intellectual Property Management

Intellectual Property Protection Management System and Policies

Following the principle of "innovation-driven growth, with intellectual property as the bedrock of competitive strength", XIZICE places great importance on intellectual property protection and management. The Company has issued the Intellectual Property Management Manual and the Intellectual Property Risk Management and Control Procedures, gradually establishing and refining its intellectual property management system.

XIZICE has assigned its senior leadership primary responsibility for intellectual property management and formed a dedicated Intellectual Property Department to oversee day-to-day operations. Additionally, the Company has appointed a Management Representative tasked with establishing and maintaining the intellectual property management system, regularly reporting performance to senior leadership, ensuring the system's effectiveness, and proposing improvements as circumstances require.

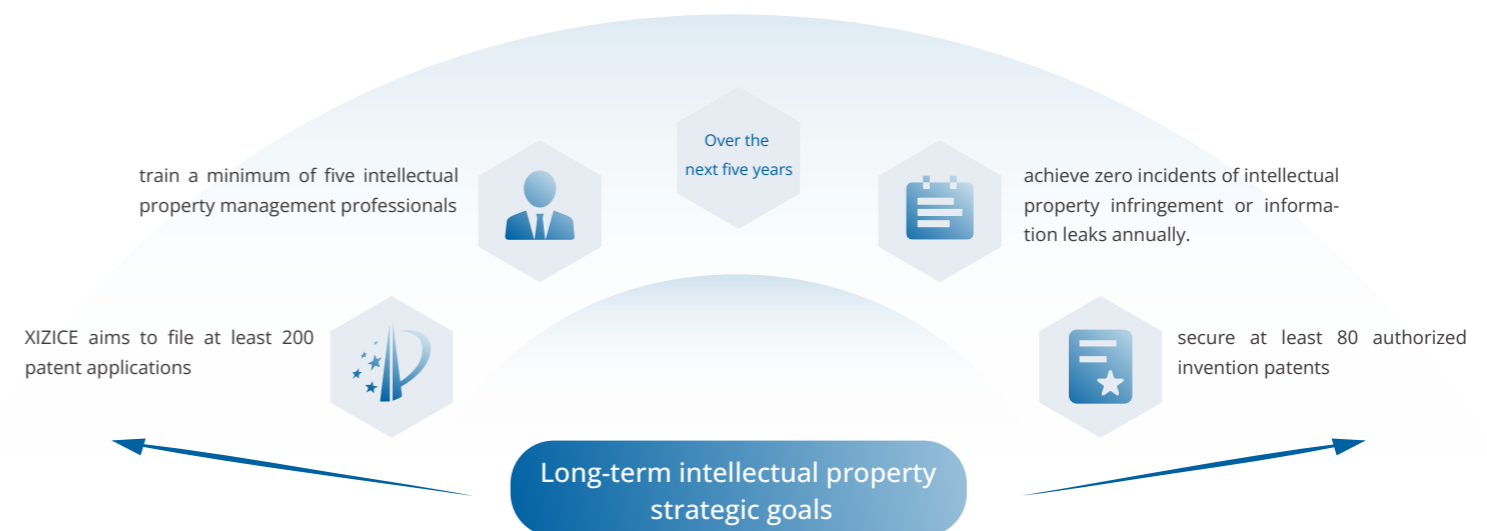
To ensure team members possess the necessary expertise, XIZICE outlines position requirements for intellectual property personnel in its Job Responsibilities Description and offers comprehensive training programs for continuous skill development, ensuring the efficient implementation of intellectual property management. A dedicated intellectual property management fund has been set up and governed by the Intellectual Property Special Fund Management Policy, which prescribes clear budget requests and usage guidelines, ensuring the fund is allocated and managed efficiently.

During the Reporting Period, Xizi United Engineering (a subsidiary within the Group) established an intellectual property management system under the GB/T29490-2013 standard. It was included in Zhejiang Province's "Golden Seed" Growth Enterprise Directory.

Intellectual Property Protection Practice

XIZICE has instituted specific management procedures covering the acquisition, evaluation, application, registration, maintenance, utilization, risk management, and intellectual property dispute resolution. These procedures are integrated into the Company's R&D, procurement, production, and sales processes. By collaborating across departments, the Company ensures comprehensive intellectual property management throughout the entire lifecycle of each technological achievement, fully safeguarding the effective protection and utilization of its technological assets.

Each year, XIZICE conducts regular internal audits to assess how effectively the intellectual property management system operates. Management reviews further optimizes the system's adaptability and efficacy. Based on the review results, the Company promptly adjusts management measures to ensure that the intellectual property management system consistently meet its development needs, thereby promoting the ongoing protection of innovative achievements.



KEY PERFORMANCE

During the Reporting Period,

Number of patents held

477

Number of trademarks held

45

Number of software copyrights held

87

Intellectual Property-related Training

The Company promotes intellectual property awareness and training activities, designing and organizing training courses around topics such as intellectual property management rules, policies, and processes. During the Reporting Period, we held a specialized training session on criminal cases related to intellectual property rights, enhancing the intellectual property awareness and capabilities of specialists and general personnel to avoid legal risks and safeguard the Company's innovative achievements and intellectual property assets.



Partial Patent Showcase

Customer Rights Protection

Guided by a quality policy of “Customer First, Quality Priority, Legal Compliance, and Continuous Improvement”, the Company solicits and analyzes customer feedback and satisfaction survey data to identify and address clients’ needs. XIZICE provides end-to-end, high-quality customer service by constantly refining product and service quality.

Customer Relationship Management

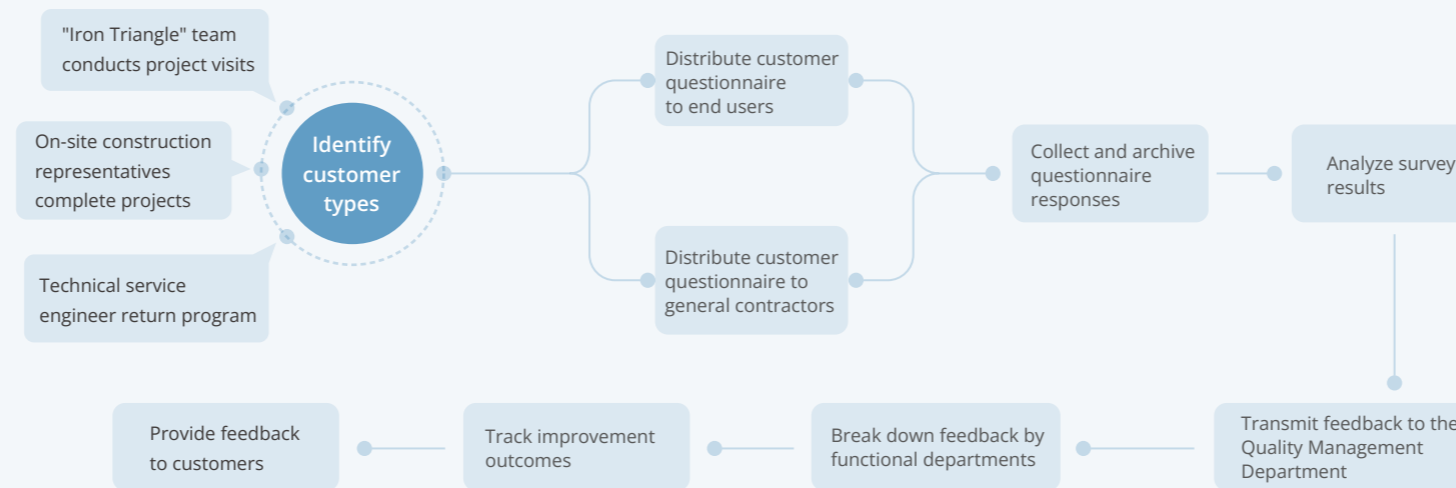
XIZICE embraces a customer-centric philosophy. Through market research and the LTC system, the Company collects client feedback and requirements, establishing a comprehensive, full-value-chain quality management framework. It rapidly resolves issues via the ITR customer feedback system and the FTB quality traceability system. Additionally, a dedicated Customer Complaint Management Committee has been created to ensure quality management and customer service effectiveness.

Managing Customer Needs and Expectations

Recognizing the diverse nature of its customer base, XIZICE focuses on optimizing and improving its product lines to fulfill various client requirements and expectations, ultimately maximizing customer value. The Company gathers customer needs information through multiple channels organized by customer segment and product line. This data is then consolidated and analyzed. Any specific customer requirements are communicated to the relevant functional departments for identification and improvement, and the results of these improvements are communicated back to the customers.

Improving Customer Satisfaction

Under the Customer Satisfaction Evaluation Procedure, on-site service personnel conduct sample satisfaction surveys at key milestones: after the project’s hydrostatic test, prior to the trial operation, and within two years of operation. To ensure authenticity and validity of customer satisfaction survey, the Company annually applies the China Customer Satisfaction Index (CCSI) model to assess brand image, expected quality, perceived quality, perceived value, customer satisfaction, customer loyalty, and overall management performance. These insights guide senior management in evaluating current product and service quality levels and the overall management environment, thereby prompting improvements by the relevant responsible persons and driving ongoing growth in business and management levels.



Customer Satisfaction Survey Process

Premium After-sales Service

XIZICE has established a range of policies and procedures, including the After-sales Service Management Procedure, the After-sales Service Spare Parts Management Procedure, and the Three Warranties Fee Management Procedure, to clarify responsibilities for after-sales services and outline methods for providing emergency materials within the three-warranty period. To strengthen customer service and accelerate responsiveness, the Company has set up a dedicated Customer Service Office as the primary contact for client feedback. This Office centralizes, tracks, and completes a closed-loop resolution of issues in the ITR system (covering written quality concerns and technical service requests from customers), uses data analytics to detect priority issues, and conducts case-based analysis of common problems to recommend design enhancements.

In 2024, XIZICE received 33 formal quality-related communications, all addressed and resolved. The design department also adopted 11 improvement suggestions, continually optimizing product design and enhancing product quality and overall customer satisfaction.

Case

Quality and Safety Follow-Up Tour” Spans Thousands of Miles

As a leader in high-quality development, XIZICE strives to manage special equipment products throughout its entire lifecycle. By monitoring issues and risks at various usage stages and implementing preventive management, the Company fulfills its commitment that “manufacturers have the responsibility and capability to manage risks”. Seven field visit teams were assembled, covering more than 70 corporate clients. Following a comprehensive boiler usage and service lifespan analysis and scheduled inspection requirements, the teams conducted one-on-one return visits across the country to ensure the products’ and services’ continued high quality.

2024 Customer Complaint Resolution Rate

100%



During the Reporting Period, the Company organized weekly ITR issue resolution meetings provided training sessions such as Hangluzhou Guolian Dandinghui, and performed key control-point inspections during installations -- approaches that boosted customer satisfaction from multiple perspectives.

KEY PERFORMANCE

During the Reporting Period,

The customer satisfaction score of EPC (Installation Company)

88.48 /100

End Customer

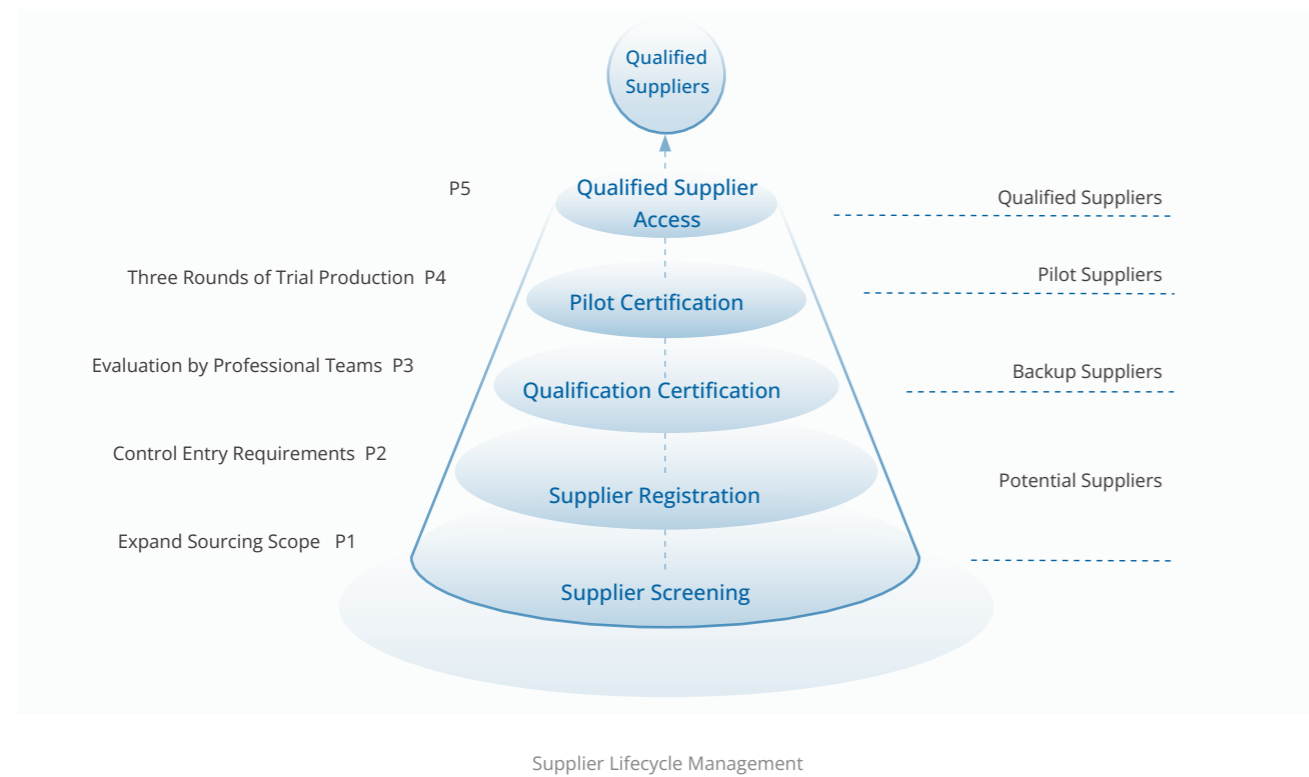
88.31 /100

New Ecosystem of Collaborative Development

XIZICE continuously refines its supplier management to build a sustainable supply chain and actively participates in industry exchanges, contributing its expertise to the sector's collective advancement.

Sustainable Supply Chain

Suppliers play a critical role in ensuring product quality and performance. In view of this, XIZICE greatly emphasizes supplier management. Policies and processes such as the Supplier Evaluation Management Procedure, the Tiered Supplier Management Measures, and the Supplier Management Policy define clear standards for supplier access, selection, and purchasing conduct. The Company maintains a comprehensive procurement framework by steadily optimizing supply chain resources and access mechanisms.



Supplier Access and Tiered Management

XIZICE has defined the full-process management requirements, from pilot application to designated/renewed supplier application for supplier access and withdrawal, including qualified supplier validity periods, evaluation record-keeping, and conditions for suspensions or delistings. In 2024, the Company tightened access standards, requiring that suppliers hold valid environmental assessment credentials and have no history of environmental violations in the past three years. Each supplier undergoes thorough evaluation, covering basic information, qualification certificates, quality management systems, and workforce technical capacity, alongside a holistic ESG review (e.g., labor risk assessments, environmental compliance, customer management, and business ethics). A detailed evaluation report and improvement recommendations ensure that each supplier's capabilities fit the Company's needs.

KEY PERFORMANCE

During the Reporting Period,

Number of suppliers with contracts containing environmental, labor, and human rights requirements

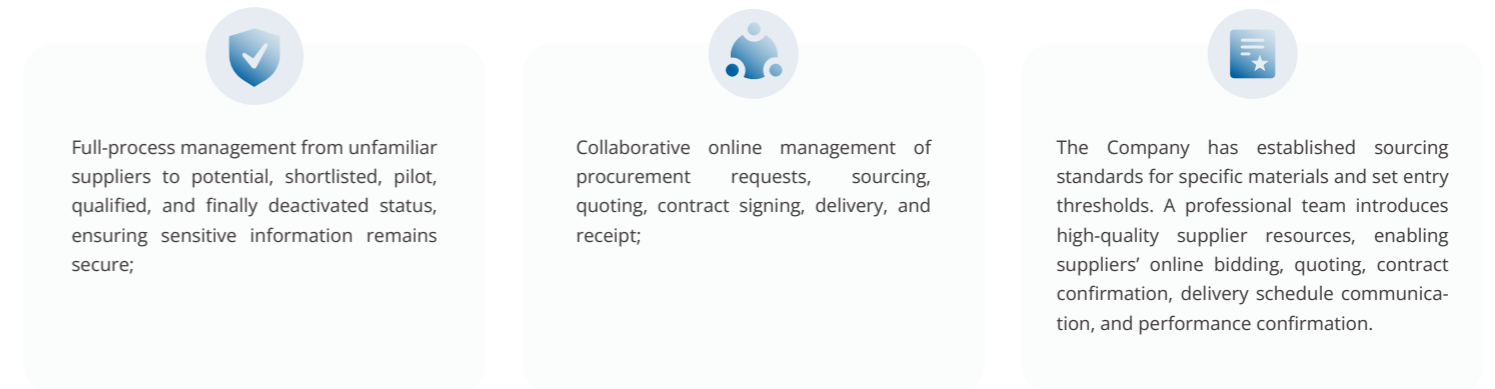
804suppliers

Number of new supplier

294suppliers

Digital Supply Chain Management

XIZICE employs a robust SRM (Supplier Relationship Management) platform that covers the complete supplier lifecycle and end-to-end procurement workflows, thereby boosting purchasing efficiency.



Integrity in Procurement

The Company has entered into Anti-commercial Bribery Agreements with its suppliers to regulate both parties' conduct in business activities such as tendering, procurement, and sales. These agreements aim to prevent commercial bribery and unfair competition, protecting both parties' legitimate rights and interests. The agreement explicitly requires both parties' personnel to observe the integrity and self-discipline regulations, prohibiting bribery, kickbacks, or improper benefit transfers. Both parties are entitled to monitor the other's compliance with the agreement and address any breaches accordingly.

KEY PERFORMANCE

During the Reporting Period,

Number of suppliers signing integrity agreements

804 suppliers

Supplier Audits

Each year, the Company develops a supplier review plan, which is executed by an evaluation team composed of quality, technology, procurement, and finance departments. The team conducts on-site supplier assessments. Issues identified during these visits are compiled into a corrective action list, with designated personnel tracking the effectiveness of these corrections.

In terms of supplier management, we implement a comprehensive performance evaluation system. This system assesses five key dimensions: delivery, quality, cost, technical service, environmental, health, and safety (EHS). Suppliers are evaluated based on monthly and annual performance to ensure transparent management of supplier performance. The results of these assessments are incorporated into the suppliers' continuous improvement and reward plans, fostering long-term cooperation and mutual growth within the supply chain, and promoting sustainable development. Suppliers with outstanding performance are rewarded for their contribution to the stability and sustainability of the supply chain. Suppliers with poor performance are provided with training and support to help them identify issues and implement corrective actions.

Case

On-site Supplier Audit Optimizing Supply Capacity

To optimize the steel structure supply capacity in the Jiangsu and Zhejiang regions, the Company conducted supplier audits to assess qualification certificates, production workshops, production equipment, procurement certifications, and technical certifications. Based on the audit results, the Company plans to start pilot cooperation with simple, small-batch, and long-cycle projects. Detailed technical disclosures will be progressively implemented, with expanded cooperation on material procurement based on the pilot results.



KEY PERFORMANCE

During the Reporting Period,

The Company audited

469 suppliers

Eliminated

24 suppliers

Achieved a

100 % corrective action rate

Supplier Capability Building

The Company promotes supplier communication and empowerment activities, organizing annual supplier meetings, senior supplier visits, regular meetings to discuss key supplier issues, and quarterly performance meetings to enhance suppliers' ESG management capabilities.

Case

2024 Supply Chain Communication Meeting

In October 2024, the Company held a supplier conference to engage in in-depth discussions with suppliers about challenges and issues encountered during cooperation, capture emerging industry trends, and explore new opportunities for future collaboration. The Company has also launched the first phase of the Xizi XOS management system training program, which covers theoretical learning and practical application, fully supporting suppliers in enhancing their lean management capabilities.



Industry Collaboration for Mutual Advancement

XIZICE has established strategic partnerships with leading enterprises across the industry, creating an open, inclusive, and win-win platform for exchange. These collaborations contribute to the sector's sustainable development.

Strategic Industry Cooperation

The Company cooperates well in technology exchange, engineering projects, market resources, and green development strategies. By strengthening collaborations with clients in "Belt and Road" regions, XIZICE explores new business opportunities underpinned by emerging technologies, innovative business models, and expanding markets, driving energy efficiency, emissions reduction, and a broader industry-wide green transition.

Case

Signing a Strategic Cooperation Agreement with Zhongshe Group and Securing the Abuja Project in Nigeria

In May 2024, XIZICE and Zhongshe Group signed a contract to supply equipment for Nigeria's Abuja Combined Cycle Project. The Company will ensure on-time delivery with guaranteed quality and provide on-site technical support through experienced engineers. Both parties plan to deepen future collaboration in combined cycle power generation, cement kiln operations, and waste-to-energy projects.



Long-term Strategic Partnership with Shougang Engineering

On May 7, XIZICE entered into a framework agreement with Beijing Shougang International Engineering Technology Co., Ltd. Both parties will jointly develop energy conservation and environmental protection initiatives, focusing on projects for sintering, pelletizing, various furnace flue gas desulfurization and denitrification, and waste heat and energy recovery in metallurgical coking processes. By sharing resources and complementary strengths, we aim to expand market reach and deliver comprehensive, high-quality solutions to clients.



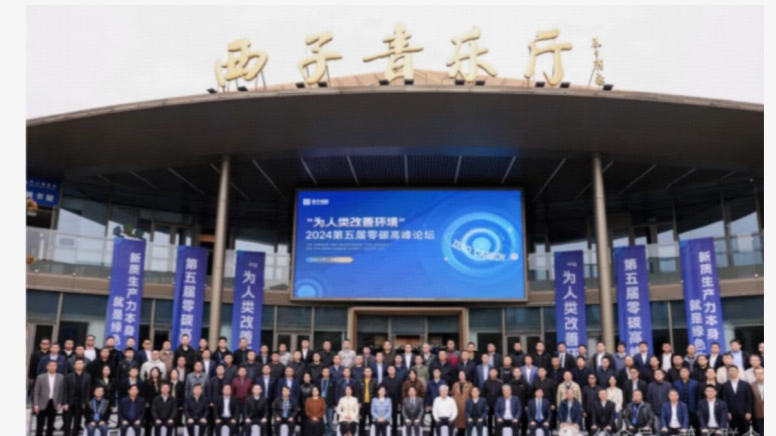
Industry Exchange and Shared Progress

The Company strengthens industry collaboration and communication by organizing and participating in industry forums. We share insights and the latest developments in technology and R&D, working together with upstream and downstream companies in the industry chain to explore green and low-carbon technologies. We also optimize park management services, driving the industry's green upgrade and efficient, integrated development.

Case

Five Consecutive Years of Hosting the Zero-carbon Summit Forum

In November 2024, XIZICE hosted its fifth annual Zero-carbon Summit Forum under the theme "Improving the Environment for Humanity". Domestic and international industry leaders, authoritative institutions, subject matter experts, and corporate executives convened to discuss zero-carbon technology pathways amid national "dual-carbon" goals. Participants shared the latest R&D achievements and technological advancements, providing robust technical support for building a clean, low-carbon, safe, and efficient energy system.



Xizi Smart Industrial Park Earns Recognition as One of the "7th Batch Integrated Domestic and Foreign Trade Pilot Industrial Bases in Zhejiang Province"

Led by XIZICE as the core enterprise in its supply chain, the Xizi Smart Industrial Park brings together a wide range of upstream and downstream companies specializing in intelligent manufacturing, energy conservation, and environmental protection. The park expands domestic and international markets through cooperative ventures among powerhouse enterprises by fostering industrial clustering and integrating technological resources. The park has introduced 26 professional institutions to strengthen government-enterprise collaboration and facilitate the flow of domestic and international trade information. These efforts provide precise services to park enterprises in lean production, talent acquisition, policy training, management consulting, project applications, and the establishment of industry-academia-research platforms. As a result, the park was named one of the "7th Batch Integrated Domestic and Foreign Trade Pilot Industrial Base in Zhejiang Province".



04 People First: Building a Harmonious Society

• Governance

XIZICE continuously refines its human resources management system, covering critical areas such as recruitment, remuneration, performance evaluation, training, and promotions. The Company upholds full respect for employees' fundamental rights. The Company has also established a dual-prevention mechanism for graded safety risk control and hazard investigation under the purview of its EHS organizational structure, ensuring comprehensive protection of employee safety.

• Strategy

Maintaining a people-centric development strategy, the Company promotes diversity and equal opportunity among its workforce. We strongly advocate for model employees and craftsmanship, advance inherent safety management, and implement the ISO 45001 system to build a strong safety culture. By focusing on employees' all-around development and occupational health and safety and leveraging its core business strengths and social value objectives, XIZICE upholds its social value in serving society.

• Objectives

Broaden training course offerings and enhance training quality
Secure sufficient training budget

To achieve

0 incidents of severe (or above) injury accidents

To achieve

0 occurrences of major safety hazards

To achieve

0 occupational diseases

Remain attentive and responsive to community and broader societal needs

• Impacts, Risks, and Opportunities

The Company proactively addresses risks such as talent competition, skills upgrading, and the safe application of new technologies while recognizing opportunities presented by employer brand building, diversified training programs, and heightened safety awareness. Efforts include refining compensation and incentive systems, establishing clear career advancement paths, providing diverse training to empower employees, and enhancing safety risk prevention and emergency response plans. Through these efforts, the Company aims to create a healthy, safe, and harmonious working environment.



Protecting Employee Rights

XIZICE follows a people-centric approach in its employment practices, safeguarding employees' legal rights and interests, broadening democratic communication channels, creating an equal and inclusive work environment, and establishing harmonious and stable employment relations.

Diverse and Equal Employment

The Company complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other applicable laws and regulations. We uphold the principles of "open recruitment, fair competition, and merit-based selection", establishing a sound talent selection system through policies such as the Recruitment Management Regulations and the Employee Handbook to attract talented individuals and inject momentum into the Company's development.

The Company has established a rigorous recruitment process. The Human Resources Department prepares the annual recruitment plan based on the hiring needs of departments, which is then submitted for approval. The process involves publishing job openings, screening applications, conducting multiple rounds of interviews, and performing background checks before making hiring decisions. Throughout the recruitment process, the Company strictly practices the principle of equal employment, resolutely prohibiting discrimination based on race, gender, age, religion, disability, or other factors.

The Company also prohibits forced labor and wage withholding practices, protects employees' right to resign voluntarily, and implements a strict entry screening policy to prevent child labor, ensuring all employees meet the legal working age, and creating a fair and just environment for all employees' work and development.

The Company has established a comprehensive complaint and resolution mechanism to ensure the effective implementation of its anti-discrimination policies. Convenient and accessible channels, such as dedicated complaint emails and hotlines, are available for employees to report any discrimination they encounter or observe. The Company commits to thoroughly investigating and addressing each complaint promptly and appropriately, fully protecting employees' legal rights and building a harmonious and equal work environment. During the Reporting Period, the Company had no labor litigation cases.

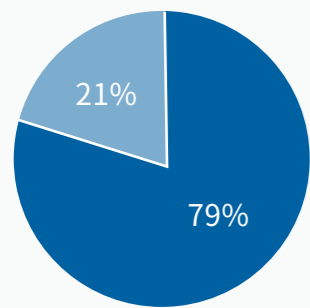
The Company upholds its social responsibilities by embracing and including employees with disabilities and from minority ethnic groups. We cultivate a multicultural environment, bringing together individuals from diverse backgrounds to energize our innovation and development, advancing workforce diversity and equal opportunities. The Company attracts talent through diverse channels like campus recruitment, social recruitment, and targeted partnerships, participates in the "Hangzhou Disabled College Graduate Job Fair", collaborates with universities in Northeast China to expand the scope of campus recruitment, and organizes internships for students from Zhejiang University's undergraduate program in the Energy Engineering College, to retain suitable talent. During the Reporting Period, the Company was nominated for the "Best Employer of the Year" by Zhaopin.

The Company views talent as its core competitive advantage and works to reduce employee turnover by optimizing the work environment, improving promotion systems, and offering competitive salaries, benefits, and training. These efforts help foster mutual growth between employees and the Company.



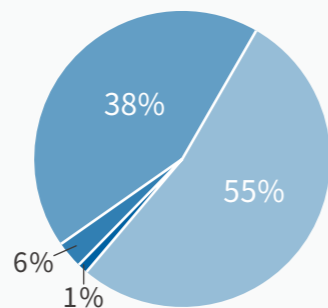
Distribution of employees in 2024

Employee Distribution by Gender



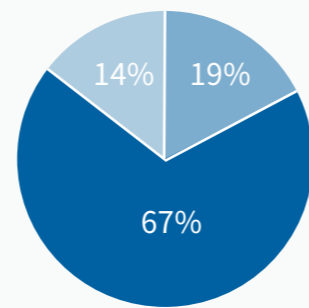
- Male
- Female

Employee Distribution by Education Level



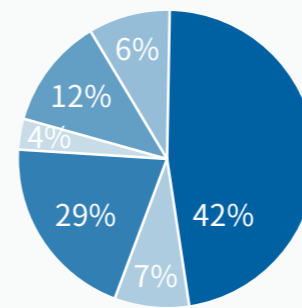
- Doctoral Degree
- Bachelor's Degree
- Master's Degree
- Below bachelor's degree

Employee Distribution by Age



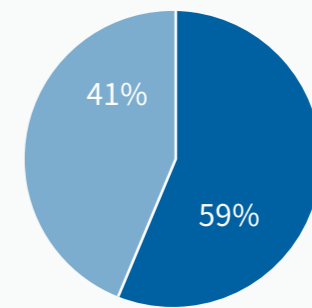
- 30 - 50
- 30 or below
- 50 or above

Employee Distribution by Position



- Administrative staff
- Sales staff
- Financial staff
- Production staff
- Technical staff
- Other staff

Employee Distribution by Region



- Employees in Zhejiang Province
- Employees outside Zhejiang Province

Number of employees with disabilities:

10 persons

Members of ethnic minorities:

219 persons

Employee Care and Benefits

The Company provides diverse welfare benefits and engages in employee care and support activities. We are committed to creating a comfortable and harmonious working environment for all employees.

In terms of employee rights protection, the Company fully implements policies and regulations as follows:



Scientifically assign work tasks and pay overtime wages strictly in accordance with the law and to the standard.



Improve relevant policies according to national regulations, and implement the Zhejiang Province Marriage Leave Regulations, ensuring employees are entitled to 13 days of marriage leave and related benefits.



Promptly respond to delayed retirement policies, process contract amendments for 25 retired employees, address employees' questions, and safeguard their rights.

The Company provides comprehensive and thoughtful welfare benefits for all employees.



Statutory benefits

- ⊙ Social insurance contributions
- ⊙ Housing provident fund
- ⊙ Paid annual leave



Additional benefits

- ⊙ Supplementary medical insurance
- ⊙ Work safety liability insurance
- ⊙ Overseas insurance
- ⊙ Traffic accident insurance
- ⊙ Annual physical examination
- ⊙ Housing arrangement and rental subsidies
- ⊙ Mobile phone allowance
- ⊙ Meal allowances
- ⊙ High-temperature allowance
- ⊙ Shuttle service
- ⊙ Employee health retreats
- ⊙ Holiday gifts and red envelopes
- ⊙ Employee activities, including basketball tournaments

Additionally, the Company has established the 919 Striving Festival, hosting a banquet and celebration activities to honor outstanding employees and role models. We organize skill competitions to reward high-skilled talents, thus motivating employees to improve their professional skills continuously. Other activities include employee basketball tournaments, hiking events, and cultural performances, which create a united, sincere, and open organizational atmosphere.



919 Striving Festival



"Women's Day" Celebrations



Employee Basketball Tournament



"United in Purpose and Full of Vitality, Moving Forward Together on a New Journey" themed company-wide fitness activity



13th Xizi Olympic Skill Contest

Case

Employee Awards and Recognition

The Company has established a variety of awards to recognize individuals and teams who have demonstrated excellence in their respective roles. These awards include the "Wang Shuifu Special Award", "Xizi Merit Award", "Sales Contribution Award", "Payment Collection Contribution Award", "Innovation-driven Award", "Lean Management Award", "Payment Collection Pioneer Award", "Quality Guardian Award", "Safety Guardian Award", and "Clean Energy Star Award". These awards encourage all employees to follow the example of high achievers, continually strive for excellence, embrace innovation, and collectively push the Company toward higher goals.



High-temperature Relief and Care Activity

In July 2024, the Company carried out a high-temperature relief and care activity. The General Manager, Deputy General Manager, Chief Quality Officer, and other leaders visited the production frontline, delivering cooling supplies and sincere greetings to employees working in high-temperature conditions and security and cleaning personnel serving the Company at the Chongxian manufacturing base.



Caring for Female Employees

XIZICE places significant emphasis on safeguarding women's rights and advancing their career development. The Company has formulated the Special Agreement on the Protection of Female Employees' Rights to ensure women's lawful interests and unique needs are thoroughly addressed, building an environment of equality, care, and inclusiveness. Our comprehensive benefits cover prenatal checkups, maternity, nursing, breastfeeding, and parental leave, helping female employees balance professional and family obligations. Every year, on International Women's Day (March 8), in addition to providing holiday gifts, the Company organizes thematic activities to show respect and appreciation for women in the workforce. Through its labor union, XIZICE also purchases "Hangzhou Female Employee Critical Illness Mutual Aid Insurance" for each female employee, safeguarding their health. Furthermore, the Company periodically arranges training on science, culture, and technology and targeted educational campaigns on women's health and labor protection, enabling female employees to enhance their professional skills and health awareness.

Supporting Employees in Need

The Company's labor union manages the "Charity Assistance Fund" rigorously and carefully, organizing regular meetings to determine support and relief measures. Through the "Spring Breeze: Deliver Warmth" campaign, the union ensures that practical help reaches them on time.

During the Reporting Period's "Spring Breeze: Deliver Warmth" campaign, the labor union relieved 4 employees experiencing hardships, disbursing RMB7,500. Additionally, 6 meetings were held to discuss living subsidies for employees facing financial difficulties, addressing the needs of 40 employees. A total of RMB20,000 in subsidies was distributed.

Employee Satisfaction

The Company routinely conducts management effectiveness surveys, evaluating the efficacy of practices in six key areas: strategic planning, business operations, organizational structure, talent management, incentive mechanisms, and fundamental management. In 2024, the management effectiveness score was 86.3%. Further, XIZICE carries out regular employee satisfaction assessments, offering critical insights to refine management strategies and enhance the overall employee experience. In 2024, the employee satisfaction score reached 93.5%.

KEY PERFORMANCE

During the Reporting Period,

Social insurance coverage rate

100%

Supplemental insurance coverage rate

100%

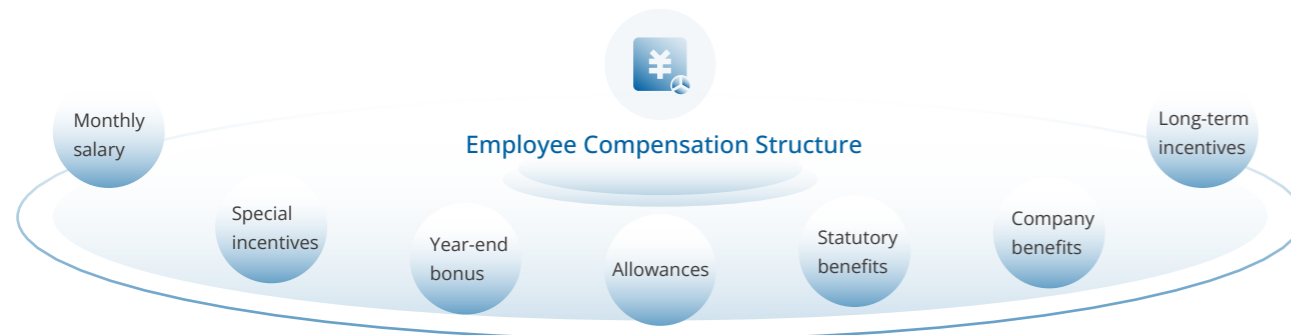
Employment contract signing rate

100%

Refining Compensation Management

The Company has established a well-structured and highly competitive compensation and benefits system. The Compensation Management Policy is updated periodically to regulate salary mechanisms. Under a position-based salary framework, the Company benchmarks industry and market pay levels against its business development goals to define salary ranges for each job grade. Individual compensation is determined by matching employees to job grades based on role requirements and personal competencies while considering broader factors such as salary bandwidth, job performance, professional capability, and growth potential.

The Human Resources Department regularly, sometimes on an ad hoc basis, reviews and adjusts compensation levels, factoring in the Company's business performance, compensation budget, payment capacity, and prevailing market pay trends. This approach seeks to ensure that the salary system remains rational and competitive. The Company implements differentiated compensation structures for various workforce segments to meet diverse employee needs and maintain market appeal.




Category	Monthly income	Allowances and subsidies	Year-end bonus	Statutory benefits & Company-specific benefits	Special & long-term incentives
Monthly salary system	Monthly salary (fixed pay + performance bonus)				
Sales/Collections performance system	Sales/Collections performance bonus (including fixed pay)	Various types of subsidies and allowances	Linked to individual performance	Five insurances plus various commercial insurances, etc.	Executed following published incentive plans
Piecework system	Piecework performance bonus (including fixed pay)				

The Company has built a striver - centred talent incentive management system that motivates employees materially and non-materially. By promoting continuous employee improvement, the achievement of excellent performance and attracting and retaining top talent, XIZICE seeks to drive mutual growth for employees and the organization.


Special incentives

Granted based on project contributions or added value in specific roles




Medium and long-term incentives

Delivered through mechanisms such as restricted stock, employee share ownership plans, virtual shares, deferred bonuses, and a homeownership assistance loan fund for outstanding contributors




Year-end bonus

Function as a variable pay component tied to annual performance



Non-material incentives

Include a range of recognition programs and pathways for skill enhancement and talent development



Promoting Democratic Communication

The Company continues to broaden diverse democratic communication channels, including regular employee representative assemblies, employee discussion sessions, suggestion boxes, and other platforms to gather employee suggestions and ideas and respond to employee concerns. The Company's labor union plays an important role as a bridge, compiling employee suggestions each quarter to drive problem resolution and improve the employee representative assembly policy, ensuring smooth communication between employees and management. During the Reporting Period, the Company focused collective bargaining efforts on wage levels, incorporating factors such as employee skills into relevant standards to ensure a fair match between effort and reward. The labor union organized three discussion sessions, with 72 employees participating.

KEY PERFORMANCE

During the Reporting Period,
Percentage of employees represented by independent labor union representatives or covered by collective bargaining agreements

100%

Growing with Employees

XIZICE continues to optimize its talent management system, plan clear career development paths, and empower employees through diversified training to foster mutual growth and progress alongside its employees.

Comprehensive Talent Training

The Company upholds the philosophy of “enabling the best to mentor even greater individuals”, advancing the transfer of internal knowledge and the development of a talent pipeline. In compliance with the Company’s strategic objectives and business goals, the Company has developed a diversified talent training system covering management, sales, professional, technical, operational, administrative, and new employee categories. This system provides systematic employee training and offers a solid platform for personal growth and value enhancement.

The Company actively builds a learning-oriented organization through online and offline training methods, encompassing internal and external training categories. Programs such as the “New Employee 90-Day Integration Plan”, “Overseas Business English Enhancement Training Class”, and “Supplier Excellence Development Program” have been organized to help new employees quickly integrate into the Company, enhance employees’ overseas business capabilities, and strengthen cooperation and development with suppliers. Additionally, in response to new departmental functions and policy development, the Company introduced “Energy System Training” and “New Energy Strategic Reserve” training programs in 2024 to meet the demand for employee capabilities as outlined in the Company’s development plans.

KEY PERFORMANCE

During the Reporting Period,

Total number of employees trained

2,409 Persons

Total number of training sessions

912 Sessions

Total training hours

82,978.50 Hours

Average training hours per employee

34.45 Hours

Total investment in employee training

184.50 RMB10,000

Number of manufacturing quality training sessions

273 Sessions

Number of participants in manufacturing quality training

15,516 Participants

Total hours of manufacturing quality training

50,902 Hours

Number of R&D training sessions

145 Sessions

Number of participants in R&D training

734 Participants

Total hours of R&D training

14,339 Hours

Case

Launch of Xizi “Workshop Zero” Training Center

Xizi “Workshop Zero” has been launched to offer foundational training, professional skills training, comprehensive practical training, and innovative service modules. The center provides opportunities for skill enhancement, from practical operations and scenario simulations to experimental verification of new processes and materials, helping skilled workers achieve breakthroughs from theory to practice. This project aims to build a highly skilled workforce with strong innovation capabilities, supporting the intelligent, digital, and green transformation of traditional industries.



Role Model & Craftsmanship

XIZICE upholds the spirit of craftsmanship, integrating a diligent and dedicated attitude into the Company’s development. The Company responds to the call of the All-China Federation of Trade Unions, using Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era as a guiding force. We learn from advanced models, demonstrating loyalty, labor, skill, and unity to showcase the Company’s excellence. We are committed to nurturing highly skilled talent and driving high-quality development through the spirit of craftsmanship.



Case

Ge Xiaoqing of XIZICE Awarded the 2024 National May Day Labor Medal

In April 2024, the All-China Federation of Trade Unions held a conference to honor the 2024 National May 1st Labor Awards recipients and the National Workers' Pioneer titles. Ge Xiaoqing, a Superior Welder Technician from XIZICE's container workshop, was awarded the National May 1st Labor Medal.



Facilitating Career Development

The Company emphasizes employee training and development, aiming to closely align individual career goals with the Company's strategic objectives. We have refined our career development system, defining promotion criteria and qualifications for each job level and providing employees with a clear career path. By evaluating job levels across technical, supply chain, operations, and functional systems, we aim to unlock employees' potential and foster mutual growth.

In 2024, the Company created the "Z"-shaped career development pathway in addition to the original dual "H" development channel. Employees can advance within the management or professional track in their current role or function. Additionally, cross-functional and cross-role rotations allow for diversified development, promoting employees' holistic progress.



KEY PERFORMANCE

National Honors

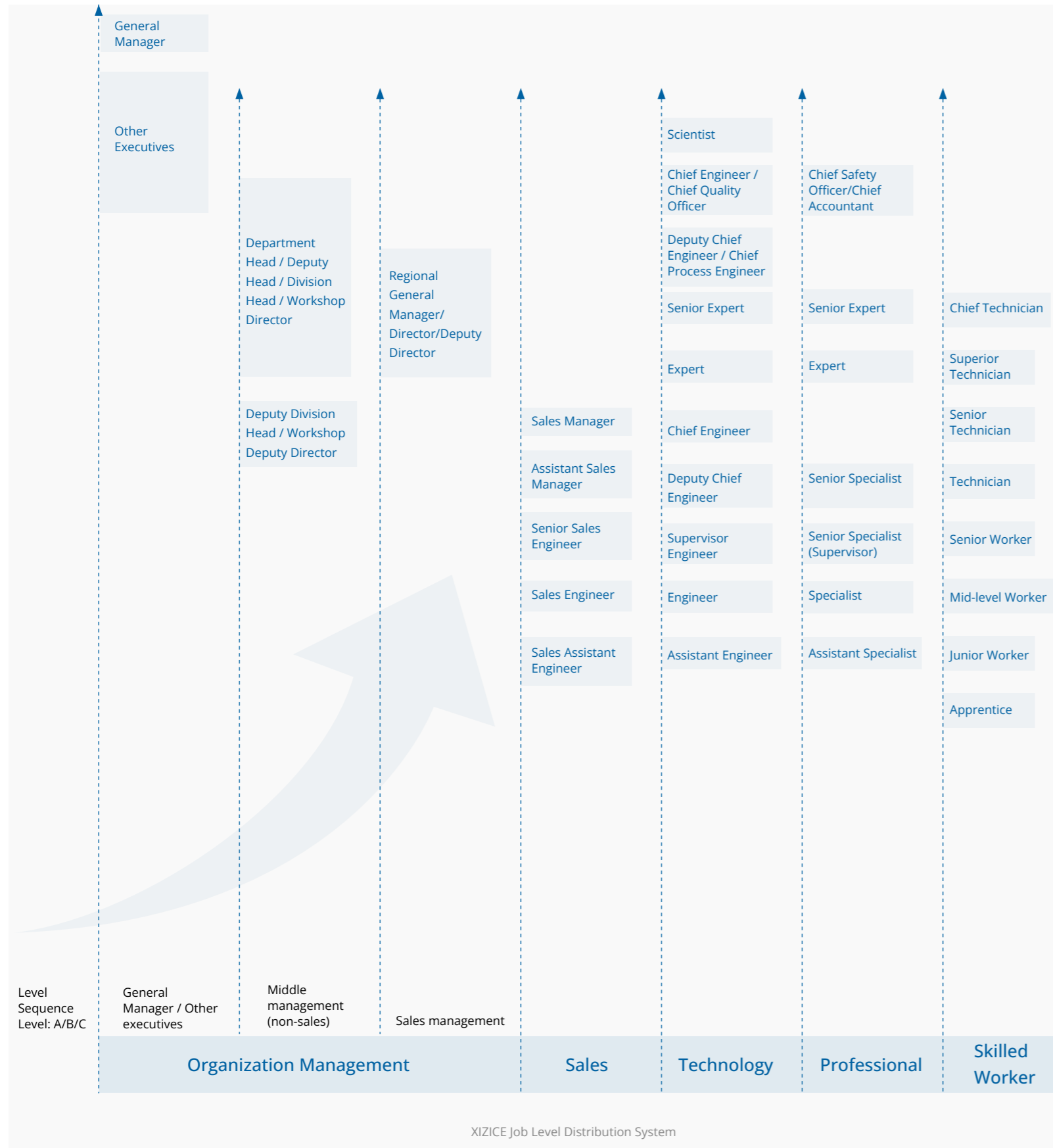
State Council Special Allowance 2 individuals	National Model Workers 5 individuals	National Skilled Worker 1 individual	National May 1st Labor Medal 3 individuals
---	--	--	--

Zhejiang Provincial Honors

Zhejiang Provincial Model Workers 10 individuals	Zhejiang Provincial May 1st Labor Medal 1 individual	Zhejiang Provincial Vocational Skills Leaders 1 individual	Zhejiang Provincial Craftsmen 4 individuals
Zhejiang Provincial Skilled Workers 3 individuals	Zhejiang Provincial Superior Technicians (Occupational Grade) 2 individuals	Zhejiang Provincial Chief Technicians (Honorary Title) 5 individuals	Zhejiang Youth Craftsman 1 individual

Hangzhou Municipal Honors

Hangzhou Government Special Allowance 6 individuals	Hangzhou May 1st Medal 4 individuals	Hangzhou Vocational Skills Leaders 4 individuals	Hangzhou Craftsmen 2 individuals	Hangzhou Skilled Worker 5 individuals
Hangzhou Chief Technicians 7 individuals	Hangzhou Superior Technicians 6 individuals	Hangzhou Science and Technology Innovation Leaders 1 individual	High-skilled Talent Leaders 2 individuals	



The Company vigorously promotes the implementation and refinement of performance management, established the Organizational Performance Management Policy and Individual Performance Management Measures. These initiatives focus on four key dimensions: finance, customer, operations, and learning and growth. By aligning with these dimensions, we effectively break down the company's strategy. It also helps employees set personal performance goals and measures to support the strategy. Performance appraisals cover all employees, with appropriate evaluation criteria and methods set based on the nature of different roles, providing a comprehensive assessment of employee job performance. The Company implements a probation assessment for probationary employees to ensure that new employees quickly adapt to corporate culture and work requirements. The Company conducts regular performance interviews with all employees to review past performance, analyze performance gaps and formulate improvement plans to realize the PDCA cycle of performance management.

KEY PERFORMANCE

During the Reporting Period,

Percentage of employees receiving regular performance and career development reviews

100%

Number of employees receiving reimbursement/award support

821 Persons



Strengthening Safety Defenses

XIZICE firmly establishes a safety-first production philosophy, enhancing risk prevention awareness and ensuring that work safety is integrated into the entire business process. This approach effectively improves safety management standardization, systematization, and refinement.

Work Safety Management

The Company strictly adheres to the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China, and other applicable work safety laws and regulations. We fully implement the "people-oriented, life-first" safety concept and have developed procedural documents, including the Dangerous Source, Environmental Factor Identification, Evaluation, and Control Procedure, Training Management Procedure, and Incident Investigation and Handling Procedure, as well as the Production Site Safety Management Policy and the Management Policy for Work Safety Points System. These work safety management policies and operating criteria standardize the implementation of the Company's safety responsibilities.

Regarding internal system audits, the Company has developed the Internal Audit Procedure and formulated an annual internal audit plan based on activity significance, regional importance, and past audit results, ensuring at least one comprehensive annual audit covering occupational health and safety management system requirements. The Company secured ISO 45001: 2018 Occupational Health and Safety Management System Certificate during the Reporting Period.



ISO 45001: 2018 Occupational Health and Safety Management System Certificate

Safety Risk and Hazard Management

The Company is fully committed to promoting safety risk inspection, identification, and prevention. Safety hazard inspections are conducted in areas such as working at heights, hoisting, chemicals, machinery, electrical systems, and personal protective equipment, with follow-up on corrective actions. Employees can report hazards via both online and offline platforms, and the responsible departments address these issues and provide feedback, ensuring a closed-loop management process. Employees who submit accepted hazard reports are rewarded, and these reports are linked to year-end safety performance evaluations. The Company implements corrective measures, improves fault tolerance levels, and optimizes work safety management to achieve new milestones in safety management.

During the Reporting Period, multiple departments completed safety hazard inspections and corrective actions, including strengthening fall protection for high-altitude operations in the assembly workshops, installing anti-disconnection devices in the hoisting areas of the assembly box workshop, and using new lifting straps in the logistics center to ensure work safety.

KEY PERFORMANCE

During the Reporting Period,

Number of safety hazard inspections

246 Instances

Safety hazard rectification rate

100%

Rate of signing work safety responsibility agreements

100%

The Company created and implemented a safety points "horse-race" mechanism to further standardize work safety. Each production department maintains a "Safety Points File", where points are deducted for unsafe operations and added for safety improvements. This mechanism encourages employee initiative and creativity in work safety, enhancing safety awareness and skills. Since its implementation, the rate of employee violations and infractions has dropped by nearly 30% compared to the same period last year.






Emergency Response Mechanism

The Company has developed the Work-related Injury Accident Management Process and Work-related Injury Management Policy, defining work-related injury classifications, responsibilities, and handling processes, and ensuring timely accident handling and reporting. With effective preventive measures implemented, accident losses are minimized, and employee rights are protected.

Occupational Health Management

To prevent occupational diseases and safeguard employee health, XIZICE has developed policies such as the Occupational Health Management Policy and the Work-related Injury Management Policy in compliance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other applicable law and regulations. The Environment, Health & Safety (EHS) Department is responsible for reporting, supervising, and managing occupational hazard factors, organizing health examinations, and assessing workplace hazards. The Human Resources Management Department manages hazard notifications, pre-employment physical examinations, personnel assignments, and allowances. Meanwhile, the General Manager Office and the Equipment Office oversee the "three simultaneities" in occupational health and maintain protective equipment and facilities.

The Company employs multiple measures to strengthen occupational health and safety management:

-  Informing employees of occupational hazard factors
-  Conducting routine and ad hoc evaluations and testing of workplace hazards
-  Providing essential protective equipment to employees working in hazardous roles
-  Distributing high-temperature allowances and health food subsidies during summer
-  Organizing occupational health examinations for employees

Additionally, the Company enforces the Safety Management Policy for Related Parties to bolster the health and safety of outsourcing and other external personnel. Specific measures include rigorous qualification checks for key partners, such as hazardous chemical suppliers, requiring certified personnel, mandatory three-tier safety training and testing, and daily safety inspections to ensure safe operations and elevated safety management levels. All external workers must follow the Company's safety protocols (e.g., wearing hard hats and not smoking). Any violations incur penalties.

KEY PERFORMANCE

During the Reporting Period,

Occupational health checkup coverage

100%

Total investment in occupational health and safety

1,388.77 RMB10,000

Number of work-related injuries

7 Cases

Number of work-related fatalities

0 Persons

Total hours lost due to work-related injuries

1,838 Hours

Building Safety Capabilities

XIZICE prioritizes safety education and training and has established the Safety Culture Development Policy. Through various forms of safety culture communication, the Company cultivates a strong atmosphere of safety awareness. Each March, an internal "Safety Month" campaign is held to reinforce employees' accountability for safety.

Drawing on the system of inherent safety management, the Company disseminates safety culture across diverse channels, such as online platforms, cloud classrooms, the safety experience center, and bulletin boards. An immersive, hands-on safety experience center has been created to simulate real-world operating scenarios, strengthening employees' ability to recognize and mitigate risks. Additional safety awareness moves include installing safety signage and slogans at production sites, organizing emergency drills, company-wide safety knowledge contests, and calligraphy competitions focused on safety themes, safe operation skill contests, and safety discussion sessions. Through these activities, employees deepen their appreciation for the value of life and health, develop a "life first, safety foremost" mindset, and are encouraged to propose practical suggestions for improving safety management and hazard control. We will further enhance the development of a safety culture among employees, continuously exploring and implementing new approaches and methodologies. Our goal is to build a safety culture system that reflects modern trends, industry characteristics, and the unique identity of our organization, empowering and strengthening workplace safety.

During the Reporting Period, XIZICE received a First Prize in the Nationwide Competition for Outstanding Safety Culture Development Cases.

KEY PERFORMANCE

During the Reporting Period,

Number of occupational health and safety training

25 Sessions

Number of employees trained in occupational health and safety

2,409 Persons

Total hours of occupational health and safety training

1,352 Hours

Number of emergency drills

83 Sessions

Number of employees involved in emergency drills

2,409 Persons

Total duration of emergency drills

160 Hours

Case

37th Safety Month Mobilization Conference

On March 1, 2024, XIZICE convened its 37th Safety Month Mobilization Conference, themed "Strengthening Red-line Awareness, Advancing Safe Development". The meeting highlighted the importance of safe work and recognized outstanding teams and individuals for their achievements. Company executives also signed the 2024 Management Responsibility Agreement for Work Safety and Fire Control Objectives with each department, outlining detailed safety objectives and responsibilities, and showing the Company's commitment to continuously advancing inherent safety management.



Fire Safety Knowledge Promotion

In March 2024, to fully implement the fire safety policy of "Prioritizing Prevention, complemented by Firefighting Measures", the Company conducted a fire drill to assess the effectiveness of emergency response plans in real-life scenarios. This activity aimed to enhance employees' understanding and awareness of fire safety knowledge.



Case

Specialized Hoisting Safety Training

In March 2024, the Company's Environment, Health & Safety (EHS) Department and Equipment Office jointly conducted a three-phase specialized safety training program for 322 subsidiary and outsourcing personnel. The training covered accident video analysis, case studies, and equipment safety procedures, helping employees enhance safety awareness, master hoisting operation protocols, and prevent workplace accidents.



Case

Participating in Hangzhou's "Hearing Protection" Campaign to Foster a New Future for Occupational Health

Conference & Enterprise Support and Public Benefiting "Hearing Protection" Action Launch Event. As a model enterprise, XIZICE engaged in in-depth discussions with other participating companies on building a healthy workplace, enhancing employee health awareness, and implementing effective health interventions. As one of the representative enterprises, XIZICE signed an Enterprise Support and Public Benefiting Action Agreement with the Hangzhou Occupational Disease Prevention and Control Institute, jointly launching the Hangzhou Enterprise Support and Public Benefiting "Hearing Protection" Action. This partnership showcases the Company's commitment and dedication to protecting employees' hearing health.



Safety Experience Center Training



Calligraphy Competition Focused on Safety Themes



Accident Case Awareness Sessions at the Safety Experience Center



In-depth Accident Case Analysis

22nd Occupational Disease Prevention Law Awareness Week Series

XIZICE invited experts from the Hangzhou Center for Disease Control and Prevention (Hangzhou Health Supervision Bureau) and Hangzhou Occupational Disease Prevention and Control Institute to conduct a series of occupational health awareness activities. These activities included expert consultations and dissemination of occupational health knowledge to raise employee awareness of occupational health's importance and promote knowledge of occupational disease prevention.



Fulfilling Social Value

XIZICE upholds the core values of “Excellence and Harmony, Practicing Responsibility and Commitment”. The Company supports public welfare and education programs, advances industrial park activities, and facilitates cultural exchanges, demonstrating its commitment to social responsibility and corporate citizenship through concrete actions.

Enthusiasm for Community Service

XIZICE plunges in community welfare initiatives, supports educational programs, and gives back to society through a variety of activities and projects, demonstrating its corporate social responsibility and commitment by channeling “Xizi Energy” into social harmony and progress. Chairman Wang Shuifu upholds the belief that “knowledge creates a dignified life” and has been dedicated to education and philanthropy for decades. He has made significant efforts to support education development through generous donations and active contributions to education. In recognition of his outstanding contributions, he was awarded the 2024 Zhejiang Province “Green Leaf Award”.

Case

“Cultivating Scientific Dreams, Nurturing Youthful Ambitions” -- First Session of the Xizi Science Academy’s “Model Worker on Campus”

In December 2024, Chairman Wang Shuifu visited Xizi Science Academy at Hangzhou Jianqiao Garden Primary School as part of a “Model Worker on Campus” event. He shared his entrepreneurial story, the history of aviation, and the Company’s zero-carbon technology, inspiring students’ enthusiasm for science and their environmental awareness. In an interactive Q&A session, Chairman Wang addressed questions on entrepreneurship, technological innovation, and social responsibility, motivating students to pursue science, innovation, and social responsibility in addition to highlighting XIZICE’s fulfillment of social responsibilities and contributions to advancing science education and environmental protection awareness.



Case

Exploring the Craftsmanship Spirit of the National Model Worker -- Hangzhou Jianqiao Garden Primary School’s XIZICE Study Tour

In December 2024, XIZICE hosted a study tour for students from Hangzhou Jianqiao Garden Primary School. During this visit, students met face-to-face with National Model Worker Ge Xiaoqing to explore clean energy demonstrations and gain insights into the Company’s development story and its overarching vision of “Improving the Environment for Humanity”. The event deepened the students’ appreciation for model workers and the craftsmanship ethos and planted the seeds of perseverance and commitment in their young minds, inspiring them to embrace responsibility as the next generation.



Driving Cultural Exchange

Xizi Smart Industrial Park builds collaborative platforms such as the “Xizi Spring Cultivation Society”, promoting intercompany cooperation and resource sharing. By building a community of entrepreneurs, the park provides an open forum for communication, offering a diverse range of topics and formats to bring information “in-house”, remove information barriers, and share the latest knowledge and news with business partners. Leveraging regional development advantages, the park also seeks to attract high-quality brands and services, co-creating new urban landmarks alongside commercial partners, empowering young talent, and providing thoughtful support to entrepreneurs, laying a strong foundation for sustainable business growth.

Case

“Xizi Spring Cultivation Society” Community Activities

Xizi Smart Industrial Park organized the “Industrial Connectivity” community event, inviting over ten outstanding tenant companies to present their businesses and evolution through engaging visual storytelling. A summer tea session on “Digital Empowerment + Culture & Tourism Integration for a Common Prosperous Future” also drew many of the park’s top entrepreneurs. Participants explored new development opportunities in the digital era, exchanging ideas on pathways toward common prosperity.



“With Gratitude, Xizi Offers a New Perspective on the World” Thanksgiving Event

In November 2024, Xizi Smart Industrial Park hosted a Thanksgiving-themed event titled “With Gratitude, Xizi Offers a New Perspective on the World”, featuring a keynote from a prominent economist offering insights into China’s economic outlook for 2025, as well as workplace-themed stand-up comedy performances. The General Manager of Xizi Smart Industrial Park delivered remarks expressing thanks to its tenant companies for their contributions to the park’s development, awarding gratitude certificates and Xizi SVIP honors to outstanding enterprises. This event not only showcased the Company’s culture of innovation, dynamism, and openness but also strengthened connections and friendships with customers, partners, and the broader community. Upholding the principle of “Appreciating Customers, Growing Together, and Enjoying Life”, the park will continue providing high-quality, efficient services and support for more businesses and individuals in the future.



Appendix

Looking Ahead

2025 marks the final year of the 14th Five-Year Plan and the 70th anniversary of national five-year plan implementation. XIZICE will leverage technology and innovation as a driving force, concentrating on a path of innovative, green, and sustainable high-quality development. We aim to propel advancements in clean energy technology and expand our global footprint, continuously enhancing XIZICE's core competitiveness and brand influence.

At the governance level,

the Company will continue to optimize its governance structure, enhance risk management and internal control systems, and ensure the protection of shareholder rights and operational compliance. Amid complex environments, XIZICE will maintain strategic agility while advancing digital and intelligent transformation. We will strengthen our core competitiveness through lean manufacturing and rigorous quality control. By excelling in the execution of key projects, we strive to establish a benchmark for high-end manufacturing brands.

In the environmental sector,

the Company will continue to focus on core technologies such as molten salt energy storage and solar thermal power generation, accelerate the construction of zero-carbon industrial parks, and transform thermal power plants for greater flexibility, facilitating the green transformation of the energy structure. Furthermore, leveraging competitive products like waste heat boilers, we will expand into markets in Southeast Asia, South America, Africa, and the Belt and Road regions. By exporting low-carbon technologies, we aim to enhance our international competitiveness and contribute Chinese solutions to global climate goals.

When it comes to fulfilling social responsibilities,

the Company will enhance systems for protecting employees' occupational health and supporting their career development. By offering diversified training programs and professional growth opportunities, we will continue to promote the spirit of craftsmanship. As we enhance operational efficiency and corporate profitability, we remain committed to creating a more dignified life for our workforce. The Company is committed to educational support, environmental initiatives, and community engagement, working alongside various partners to amplify the impact of its public welfare efforts.

Looking forward, XIZICE firmly believes that corporate vitality is grounded in an unwavering commitment to sustainable development. We align our corporate development with national strategies, driving green growth through innovation and uniting our efforts through a sense of responsibility. As we pursue high-quality development, we are committed to providing greater momentum for building a harmonious coexistence between humanity and nature.

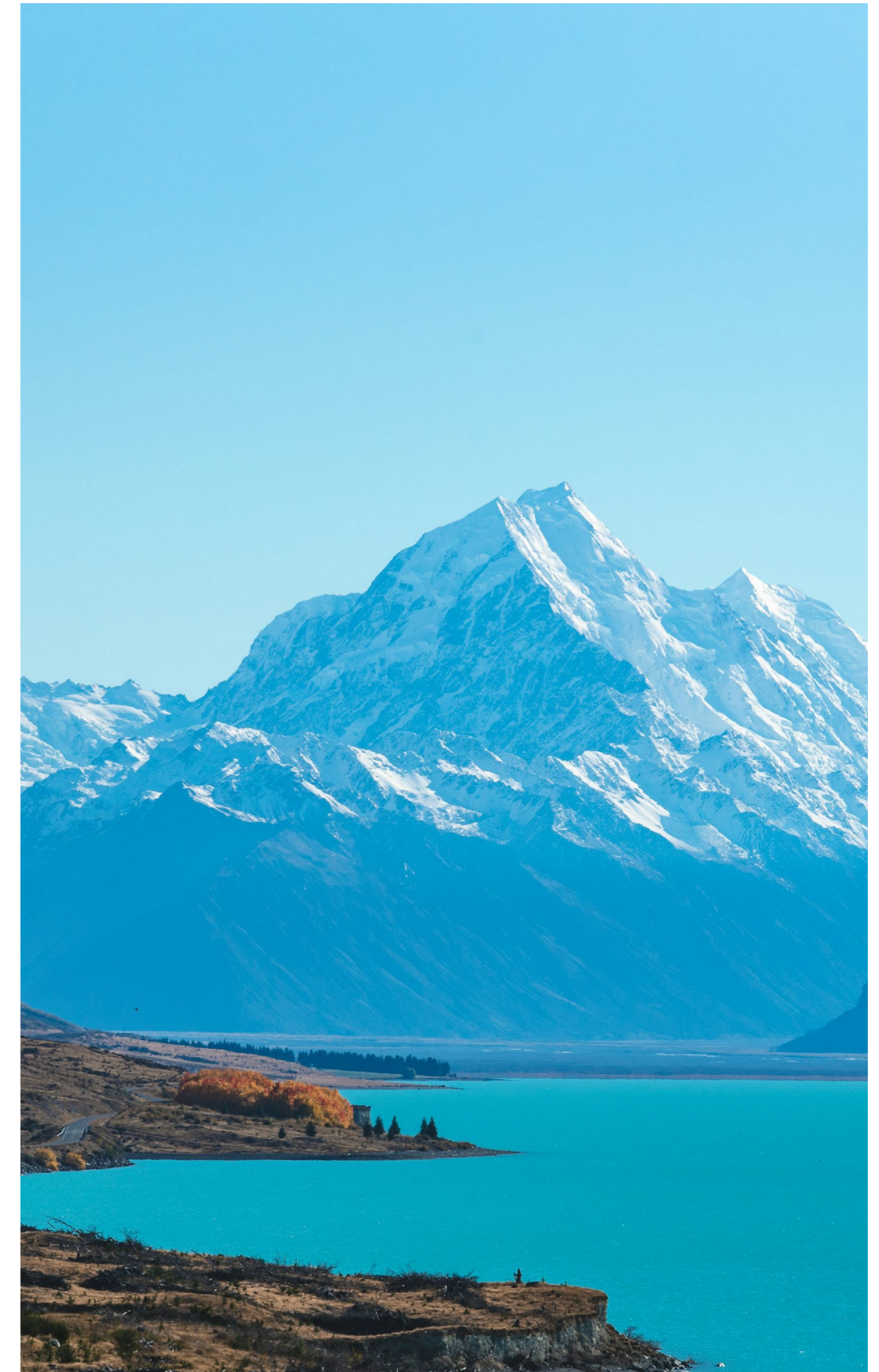


Table of ESG KPIs

Indicator	Unit	2024
Economic and Governance Performance		
Operating revenue	RMB10,000	643,662.78
Net profit attributable to the shareholders of the listed company	RMB10,000	43,978.76
Total assets	RMB10,000	1,501,326.77
Compliant Operation		
Number of audits conducted	Time	25
Special audits conducted	Time	6

Indicator	Unit	2024
Social Performance		
Diversity and Equal Employment		
Total number of employees	Person	2,409
Percentage of full-time employees	%	100
Number of male employees	Person	1,915
Number of female employees	Person	494
Percentage of male employees	%	79.5
Percentage of female employees	%	20.5

Indicator	Unit	2024
Number of employees aged under 30	Person	460
Number of employees aged 30-50	Person	1,615
Number of employees aged over 50	Person	334
Percentage of employees aged under 30	%	19.1
Percentage of employees aged 30-50	%	67.0
Percentage of employees aged over 50	%	13.9
Production staff	Person	1,019
Sales staff	Person	179
Technical staff	Person	689
Financial staff	Person	88
Administrative staff	Person	295
Other staff	Person	139
Employees in Zhejiang Province	Person	1,431
Employees outside Zhejiang Province	Person	978
Disabled employees	Person	10
Ethnic minorities	Person	219
Total number of employees left	Person	259
By gender - Number of male employees left	Person	209
By gender - Number of female employees left	Person	50
By age - Number of employees aged under 30 left	Person	91
By age - Number of employees aged 30-50 left	Person	122

Indicator	Unit	2024
By age – Number of employees aged over 50 left	Person	46
By region – Number of employees left in Zhejiang Province	Person	149
By region – Number of employees left outside Zhejiang Province	Person	110
Protection of Employees' Rights and Interests		
Percentage of employees represented by independent labor union representatives or covered by collective bargaining agreements	%	100
Supplemental insurance coverage rate	%	100
Employment contract signing rate	%	100
Percentage of employees enrolled in social insurance	%	100
Employee satisfaction survey participation rate	%	97.2
Employee satisfaction	%	93.5
Annual paid vacation days per capita	Day	6.45
Assistance for employees in need	RMB10,000	2.75
Talent training and development		
Total number of employees trained	Person	2,409
Total number of training sessions	Time	912
Total training hours	Hour	82,978.50
Average training hours per employee	Hour	34.45
Total investment in employee training	RMB10,000	184.50
Number of manufacturing quality training sessions	Time	273

Indicator	Unit	2024
Number of participants in manufacturing quality training	Participant	15,516
Total hours of manufacturing quality training	Hour	50,902
Number of R&D training sessions	Time	145
Number of participants in R&D training	Participant	734
Total hours of R&D training	Hour	14,339
Number of policy training sessions	Time	16
Number of policy training participants	Participant	833
Total policy training hours	Hour	1,241
Number of management training sessions	Time	240
Number of management training participants	Participant	4,875
Total management training hours	Hour	15,542
Percentage of employees receiving regular performance and career development reviews	%	100
Number of employees receiving reimbursement/award support	Person	821
Occupational Health and Safety		
Number of work-related injuries	Case	7
Number of work-related fatalities	Person	0
Total hours lost due to work-related injuries	Hour	1,838
Occupational health checkup coverage	%	100
Total investment in occupational health and safety	RMB10,000	1,388.77
Rate of signing work safety responsibility agreements	%	100

Indicator	Unit	2024
Number of safety hazard inspections	Time	246
Number of emergency drills	Session	83
Number of employees involved in emergency drills	Person	2,409
Total duration of emergency drills	Hour	160
Number of training sessions on occupational health and safety	Time	25
Number of employees trained in occupational health and safety	Person	2,409
Total hours of occupational health and safety training	Hour	1,352
Innovation and R&D		
R&D investment	RMB10,000	39,179.10
R&D investment amount and its proportion to main operating income	%	6.09
Green R&D investment	RMB10,000	5,860
Number of invention patents applied to core business operations	Count	43
Number of R&D personnel ¹	Person	780
Percentage of R&D personnel in total workforce	%	32.38
Aged above 50	Person	280
31 to 50	Person	340
Aged 30 or below	Person	160
Doctoral Degree	Person	9
Master's degree	Person	88
Bachelor's degree	Person	492
Undergraduate and below	Person	191

¹R&D personnel includes both technical R&D and R&D management personnel.

Indicator	Unit	2024
Number of patent	Count	477
Number of trademarks	Count	45
Number of software copyrights	Count	87
Customer Services		
Resolution rate of customer complaints	%	100
Customer satisfaction survey result	%/Score	88
Business Ethics		
Number of suppliers who have signed the integrity and transparency agreements	Number	804
Supplier ESG Training		
Number of training sessions conducted	Session	32
Number of supplier personnel participating in training	Person	308
Total training hours	Hour	90
Sustainable Supply Chain²		
Number of suppliers with contracts containing environmental, labor, and human rights requirements	Number	804
Number of new suppliers	Number	294
Number of suppliers audited	Number	469
Percentage of suppliers covered	%	94.18
Number of suppliers required to implement corrective actions	Number	30

²The denominators for the following percentages involving suppliers are the total number of qualified suppliers.

Indicator	Unit	2024
Number of disqualified suppliers	Number	24
Total number of suppliers ³	Number	1,716
North China suppliers	Number	153
East China suppliers	Number	1,288
South China suppliers	Number	38
Central China suppliers	Number	106
Southwest China suppliers	Number	70
Northwest China suppliers	Number	15
Northeast China suppliers	Number	34
Hong Kong, Macao, and Taiwan suppliers	Number	4
Total number of overseas suppliers	Number	8

Indicator	Unit	2024
Environmental Performance		
Environmental protection training sessions	Time	56
Employees trained in environmental protection	Person	2,394
Total duration of training on environmental protection	Hour	1,978
Incident of Environmental violations	Time	0
Total environmental protection investment	RMB10,000	2,824.12
Environmental monitoring compliance rate	%	100
Waste Gas Pollutants		
Total waste gas emissions	Cubic meter	1,202,400
Volatile Organic Compounds (VOCs)	kg	4.56
Nitrogen oxides (NOx)	kg	184.91
Sulfur dioxide (SO ₂)	kg	130.50
Particulate matter	kg	0.30
Smoke and dust	kg	84.20
Waste Water Pollutants		
Total wastewater discharge	Tons	252,952
Total industrial wastewater discharge	Tons	42,882
Total domestic wastewater discharge	Tons	210,070
CODcr	Tons	26.49
Ammonia nitrogen	Tons	2.21

³ The total number of vendors includes 158 pilot vendors and 1,558 qualified suppliers.

Indicator	Unit	2024
Suspended solids (SS)	Tons	15.51
Biochemical oxygen demand (BOD ₅)	Tons	10.83
Total phosphorus (TP)	Tons	0.75
Waste Management		
Hazardous waste generated	Tons	3,596.36
Hazardous waste disposed	Tons	3,547.18
Fly ash ⁴	Tons	3,427.21
Waste developer and fixer	Tons	9.85
Waste engine oil	Tons	10.84
Waste paint bucket	Tons	36.51
Waste rust-proof oil containers	Tons	1.81
Waste filter cotton	Tons	2.42
Paint residue	Tons	22.48
Waste cutting fluid	Tons	0.75
Paint-stained cloth	Tons	6.34
Coloring containers	Tons	3.90
Waste activated carbon	Tons	25.06
Others	Tons	49.19
Non-hazardous waste generated	Tons	2,348.89
Non-hazardous waste disposed	Tons	2,348.89
Office waste	Tons	300.00

Indicator	Unit	2024
Kitchen waste	Tons	81.00
Others	Tons	1,967.89
Non-hazardous waste comprehensively utilized	Tons	1,771.10
Non-hazardous waste comprehensive utilization rate	%	75.40
Energy Management		
Energy-saving renovation investment	RMB10,000	2,685.46
Comprehensive energy consumption	tce	4,621.55
Comprehensive energy consumption intensity	tce/ revenue in RMB million	0.72
Gasoline	litre	112,912.00
Diesel	litre	204,389.76
Natural gas	m ³	1,612,679.01
Purchased electricity	MWh	17,076.01
Purchased green electricity	MWh	10,000.05
Photovoltaic installed capacity	MW	10.20
Photovoltaic electricity generation	MWh	10,129.41
Photovoltaic electricity sold	MWh	5,522.36
Self-consumed photovoltaic electricity	MWh	4,607.05
Water Resources Use		
Total water consumption	Tons	1,292,423.00
Water consumption density	Tons/ revenue in RMB million	200.79

⁴ Fly ash is chelated after production and temporarily stored for shipment. During storage, moisture volatilization will reduce the actual disposal amount.

Indicator	Unit	2024
Greenhouse Gas Emissions		
Scope 1 GHG emissions	tCO eq	4,339.00
Scope 2 GHG emissions	tCO eq	9,162.99
Total GHG emissions	tCO eq	13,501.99
GHG emissions intensity	tCO eq/ revenue in RMB million	2.10

ESG Topic Index Table

Contents	GRI Sustainability Reporting Standards (GRI Standards)	Shenzhen Stock Exchange Guidelines	Page
Preface			
About the Report	GRI2-2、 GRI 2-3	Article 3, Article 4, Article 6, Article 9	P1
Letter from the Chairman	GRI 2-22	/	P2
About Us	GRI 2-1、 GRI 2-6	/	P3
Standardized Governance for Sustainable Development			
Advancing Sustainable Management	GRI 2-9、 GRI 2-11、 GRI 2-12、 GRI 2-13、 GRI 2-14、 GRI 2-16、 GRI 2-17、 GRI 2-22、 GRI 2-24、 GRI 2-26、 GRI 2-29、 GRI 3	Article 2, Article 5, Article 12, Article 15, Article 18, Article 51, Article 53	p8-9
Strengthening Governance Foundation	GRI 2-9、 GRI 2-10、 GRI 2-11、 GRI 2-18、 GRI 2-19、 GRI 405-1	Article 12	p10-13
Enhancing Compliance and Risk Control	GRI 2-23、 GRI 2-24、 GRI 2-27、 GRI 418	Article 52	p14-17
Upholding Business Ethics	GRI 2-15、 GRI 2-23、 GRI 2-24、 GRI 2-25、 GRI 205-2	Article 54, Article 55, Article 56	p18-19

Contents	GRI Sustainability Reporting Standards (GRI Standards)	Shenzhen Stock Exchange Guidelines	Page
Green and Low-Carbon for Ecological Civilization			
Deepening Environmental Management	GRI 2-23、GRI 2-24	Article 23	p20-21
Pollution Compliance Management	GRI 2-23、GRI 2-24、GRI 303-2、GRI 303-4、GRI 305-7、GRI 306-3、GRI 306-2、GRI 306-3、GRI 306-4、GRI 306-5	Article 23, Article 27, Article 29, Article 30, Article 31	p22-23
Optimizing Resource Utilization	GRI 2-23、GRI 2-24、GRI302-1、GRI 302-3、GRI 303-5	Article 20, Article 23, Article 28, Article 34, Article 35, Article 36, Article 37	p24-27
Response to climate change	GRI 2-23、GRI 2-24、GRI 201-2、GRI 305-1、GRI 305-2、GRI 305-4	Article 14, Article 21, Article 22, Article 24, Article 33	p28-29
Quality as the Core, Co-creating Industry Value			
Product Quality and Safety	GRI 2-23、GRI 2-24	Article 47	p31-35
Technological R&D and Innovation	GRI 2-23、GRI 2-24	Article 41, Article 42	p36-39
Customer Rights Protection	GRI 2-23、GRI 2-24、GRI 2-25	Article 44, Article 48	p40
New Ecosystem of Collaborative Development	GRI 2-6、GRI 308-1、GRI 308-2、GRI 414	Article 44, Article 45	p41-43
People First: Building a Harmonious Society			
Protecting Employee Rights	GRI 2-7、GRI 2-23、GRI 2-24、GRI 2-26、GRI 2-30、GRI 201-3、GRI 401-2、GRI 301-3、GRI 405-1、GRI 408-1、GRI 409-1	Article 49, Article 50	p45-48

Contents	GRI Sustainability Reporting Standards (GRI Standards)	Shenzhen Stock Exchange Guidelines	Page
Growing with Employees	GRI 2-24、GRI 404-1、GRI 404-2、GRI 404-3	Article 50	p49-51
Strengthening Safety Defenses	GRI 2-23、GRI 2-24、GRI 403-1、GRI 403-2、GRI 403-5、GRI 403-6、GRI 403-8、GRI 403-9、GRI 403-10	Article 49, Article 50	p52-54
Fulfilling Social Value	GRI 203、GRI 413	Article 38, Article 40	p55
Appendix			
Future Outlook	/	/	p56
Table of ESG KPIS	GRI 2-6、GRI 2-7、GRI 201-1、GRI 205、GRI 302-1、GRI 302-3、GRI 303-4、GRI 303-5、GRI 305-1、GRI 305-2、GRI 305-4、GRI 305-7、GRI 306、GRI 308-1、GRI 403-5、GRI 403-8、GRI 403-9、GRI 403-10、GRI 404-1、GRI 404-3、GRI 405-1、GRI 404-1、GRI 416-2	Article 24, Article 31, Article 35, Article 36, Article 50	p57-62
ESG Topic Index Table	/	Article 57	p62-63