

2025 SUSTAINABILITY REPORT

—
DAYU Irrigation Group Co., Ltd



About This Report

This report is the fifth consecutive sustainability-related report released by DAYU Irrigation Group Co., Ltd. Following the principles of standardization, transparency, objectivity, and comprehensiveness, the report presents the Company's specific practices and performance results in such areas as operations, environment, society, and public welfare, and responds to the key concerns of stakeholders.

- Report Reliability Assurance**

This report was organized and prepared by DAYU Irrigation Group Co., Ltd. and approved by the Board of Directors of the Company. The Board of Directors and all its members guarantee that this report contains no false records, misleading statements, or material omissions, and assume corresponding responsibility for the authenticity, accuracy, and completeness of this report.
- Scope and Boundaries of the Report**

This report takes DAYU Irrigation Group Co., Ltd. as the principal reporting entity and covers all subsidiaries and branches of DAYU Irrigation Group.
- Reporting Period**

This is an annual report covering the period from January 1, 2025 to December 31, 2025. To ensure continuity of information, certain content may cover previous years or involve 2026.
- Data Sources**

Unless otherwise specified, the financial data contained in this report are derived from the annual financial data of DAYU Irrigation Group Co., Ltd. and its subsidiaries, while other data come from the Company's internal statistics and manual compilation. Unless otherwise specified, all currencies and amounts mentioned in this report are denominated in Renminbi (RMB).
- Reporting Standards**

This report has been prepared in accordance with *Guidelines No. 17 on Self-Regulation for Listed Companies—Sustainability Reporting (Trial)*, issued by the Shenzhen Stock Exchange with reference to the *Global Reporting Initiative (GRI) Sustainability Reporting Standards*. It also refers to and responds to the relevant issues addressed by the United Nations Sustainable Development Goals (UN SDGs), and has been prepared in light of the Company's current stage of development and actual sustainability practices.
- Terminology**

For ease of reference, "DAYU Irrigation Group Co., Ltd." is referred to in this report as "DAYU Irrigation Group," the "Company," or "we." The data and information disclosed in this report are derived from the Company's official documents and internal statistics, including:

 - Gansu DAYU Irrigation Group Water Resources and Hydropower Engineering Co., Ltd. ("DAYU Water Conservation Group"),
 - DAYU Design Consulting Group Co., Ltd. ("DAYU Design & Consulting Group"),
 - Beijing Huitu Technology (Group) Co., Ltd. ("DAYU Huitu Tech. Group"),
 - DAYU Irrigation (Tianjin) Co., Ltd. ("DAYU Equipment Development Group"),
 - Huai'an Water Conservancy Survey And Design Institute.
- Report Availability**

This report is published in both print and online versions. The online version is available for viewing and download at:
DAYU Irrigation Group official website (www.dyjs.com)
Shenzhen Stock Exchange (www.szse.cn)
Cninfo (Giant Tide Information Network) (www.cninfo.com.cn)
(To practice the concept of green and environmental protection, readers are encouraged to choose the electronic version. Thank you for your support!)

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Chairman's Message



Wang Haoyu

Chairman, DAYU Irrigation Group Co., Ltd.

Water security is an important cornerstone of the country's long-term stability and prosperity, and the sustainable use of water resources is a key consideration in advancing Chinese modernization. General Secretary Xi Jinping has repeatedly called for "vigorously developing the water-saving industry" and emphasized that "to advance Chinese modernization, water resources must be taken into account," thereby pointing the way for the high-quality development of the water conservancy sector. As the final year of the 14th Five-Year Plan, 2025 marks the completion of the world's largest water conservancy infrastructure system in terms of scale, functionality, and population served in China, thereby building a solid water security safeguard for national development. As the opening year of the 15th Five-Year Plan, 2026 will also be a critical period for water conservancy to reach a new level of high-quality development. Against this backdrop, the cause of water conservation and water governance is embracing new development opportunities while shouldering an even greater mission in this era.

Since its establishment, DAYU Irrigation Group has always upheld the corporate spirit of "Carry out the Water Conservation Undertaking of Dayu with the Spirit of Dayu's Water Control", and has remained deeply engaged in the fields of water conservation, water utilization, and water governance, integrating the responsibility and commitment of a private enterprise into the national water conservancy development strategy. In 2025, in the face of multiple challenges, we forged ahead against the odds and achieved steady breakthroughs, contributing to national water security and other areas of development while demonstrating "DAYU's strengths" in multiple dimensions.

Focusing on Core Strengths, Refining Strategic Deployment, and Leading a New Journey for the Industry Ecosystem

We have closely aligned ourselves with the strategic direction of the national agricultural water conservancy agenda and actively responded to major initiatives such as the development of modern water networks, the modernization and upgrading of irrigation districts, and the development of high-standard farmland. In 2025, we assembled a professional team of more than 100 members to participate extensively in project planning across different regions, reinforcing the supporting role of private enterprises in national water conservancy development through our professional capabilities.

To serve national regional strategies and facilitate the implementation of major national water conservancy projects, we established a branch in Tibet. At the same time, we have focused on addressing persistent industry challenges such as "Difficulties in Financing, Operation, and Maintenance", and have explored and promoted an "Integrated Fundraising-Investment-Construction-Management-Service" model in more than 20 provinces and regions across China, while participating extensively in integrated agricultural water price reform projects. We led the research project of the Ministry of Water Resources of the People's Republic of China on Modernization Irrigation District Water Conservancy Investment and Financing has successfully passed acceptance, enabling us to turn our "soft-construction" solution capabilities in water conservancy projects into the industry's "hard power," and achieve a leap from a "policy responder" to national strategy to an "innovation driver" of industry development.

In 2025, we officially completed the strategic acquisition of a controlling stake in Huai'an Water Conservancy Survey And Design Institute, an enterprise with a development history of nearly 70 years, thereby successfully strengthening our closed-loop layout across the entire industrial chain and comprehensively enhancing its core competitiveness and industry service capabilities. In the same year, we renamed former "Agricultural Water Group" as "DAYU Water Conservation Group," further sharpening our focus on core business and strengthening brand synergy.

Deepening Industrial Synergy, Innovating Development Models, and Driving New Breakthroughs in Business Development

As the pioneer of the first case in China involving social capital participation in farmland water conservancy reform, we continued in 2025 to engage deeply in various innovative practices of mechanisms and models in the national farmland water conservancy sector, and explored and developed a series of benchmark projects across more than 20 provinces, municipalities, autonomous regions, cities, and counties nationwide. The agricultural deep water-conservation project in Shaya County, Xinjiang was selected as a national-level exemplary case, creating a replicable and scalable model for water conservation and efficiency improvement; the modernized irrigation district project in Jinning, Yunnan accelerated the integration of digitalization with engineering systems, enhancing the refined management of irrigation districts; the efficient water-saving irrigation project in Yuanmou was selected as a national rural revitalization exemplary

case, promoting the coordinated realization of water conservation, yield increase, and farmers' income growth. These practices have effectively addressed the difficulties faced by local governments in funding, technology, and long-term operation and maintenance, and achieved a win-win outcome in terms of social, ecological, and economic benefits.

We continued to deepen high-level cooperation by entering into strategic partnerships with central State-Owned Enterprises (SOEs) such as China Railway Construction Corporation and China Railway Engineering Group, signing agreements with governments in 20 provinces and municipalities as well as 7 provincial-level water investment companies, and innovating the "Equity Investment + EPC + O" model. This became the first practice nationwide following the introduction of the national "soft construction" policy and has set an example for the industry. The exploration of innovative projects such as the Xiangyang urban-rural water supply project and the Hainan Dalong irrigation district project has also supported our transformation from a "product supplier" into a "system solution provider."

Meanwhile, our international expansion also accelerated in parallel. In 2025, our products and services had reached more than 60 countries around the world, leaving a distinctive Chinese mark on the global water conservancy landscape. In the Middle East and Central Asia markets, we signed a memorandum of cooperation with the Saudi Water Authority (SWA) and entered into large-scale cooperation with the Almaty Region Government of Kazakhstan. In the African market, we participated deeply in Ghana's national agricultural development planning and provided systematic solutions for the construction of water conservancy facilities for tens of thousands of mu of farmland, helping to safeguard food security.

Strengthening the Core through Scientific and Technological Innovation, Building the Foundation through Smart Water Solutions, and Achieving New Leaps in Core Technologies

In 2025, smart information and design consulting businesses accounted for nearly 30% of the total business mix, marking our transformation from a traditional water conservancy engineering enterprise into a technology-driven leading high-tech enterprise, and demonstrating the strong capabilities of a technology-based DAYU.

In terms of the application of artificial intelligence and digital twin technologies, we have deeply integrated new quality productive forces into all business segments. Centering on a series of models represented by "Chanshui," DAYU Huitu Tech.Group has developed solutions covering such traditional water conservancy functions as flood forecasting, flood control dispatching, flood evolution and inundation analysis, water resources dispatching, irrigation district water demand and allocation, and hydraulic structure safety, which have been widely applied in water resources management, irrigation district water conveyance and distribution, and urban-rural water supply, thereby strongly supporting the development of new quality productive forces for smart water conservancy.

In terms of end-to-end deployment in smart agriculture, the "Huiguanjia" Smart Agriculture platform developed by us covers such core links as land resources and planting planning, precision irrigation through water-fertilizer integration, digitalized management of procurement, sales and inventory, the application of Internet of Things (IoT) and remote sensing technologies, and intelligent equipment control, thereby providing full-process intelligent management services for agricultural production.

In terms of innovation in intelligent manufacturing equipment, the "Acoustic Rainfall Enhancement Device" jointly developed by us and Tsinghua University, as one of the representative tools of new quality productive forces in agriculture, has been experimentally applied in provinces including Shaanxi, Ningxia, Hebei, Henan, Yunnan, and Guizhou, and has achieved sound results.

In terms of scientific research honors, we delivered fruitful results, winning four provincial- and ministerial-level science and technology

progress awards, one National Agricultural Water Conservation Science and Technology Award, and a total of 16 technical awards throughout the year, and was recognized as a "2025 Global Digital Agriculture Brand Enterprise." In addition, DAYU Huitu Tech.Group was awarded the national-level specialized, sophisticated, distinctive and innovative "Little Giant" certification, marking its continued breakthroughs on the path of specialized development.

Upholding Our Founding Mission, Focusing on People and Nature, and Writing a New Chapter of Social Responsibility

We have embedded social responsibility into the very fabric of our development and remain committed to the contemporary imperative of harmony between humanity and nature. We always adhere to a people-oriented approach, continuously improves our compensation and benefits system so that hard work is duly rewarded, attaches great importance to occupational health and safety to ensure that every employee can work safely and live healthily, and pays close attention to employees in need, distributing nearly RMB 700,000 in care funds throughout the year. We have also established a training system covering all employees with tiered and targeted development pathways, enabling every employee to grow in their role and excel in their career.

We promote harmony between humanity and water through our professional strengths. By advancing efficient water-saving technologies, we support the control of groundwater over-extraction in North China and ecological restoration in the arid regions of Northwest China. Taking the Yuanmou large-scale irrigation district project as an example, following the implementation of the project, the fertilizer-saving rate reached 25%-30%, while the coefficient of effective utilization of farmland irrigation water increased from 0.5 to 0.9, making a significant contribution to water conservation, the protection of aquatic ecosystem health, and the reduction of energy consumption associated with water use. Behind these figures lies our commitment to nature.

From flood control and disaster relief to donations for education, we have always fulfilled our responsibilities through concrete actions. When Yuzhong, Lanzhou was struck by torrential rain that triggered mountain flood disasters, we immediately launched an emergency response and worked overnight to produce and dispatch pipes and daily necessities to support the disaster-hit areas. We have also continued to grant the "DAYU Scholarship," benefiting a number of schools including China Agricultural University, Gansu Agricultural University, and Pingchuan Middle School in Jiangxi, demonstrating our commitment to fulfilling the responsibilities of a corporate citizen.

We firmly believe that corporate development should align with national strategies, respond to social needs, and coexist with ecological protection. As the opening year of the 15th Five-Year Plan, 2026 is a crucial year for embarking on a new chapter and also a pivotal year for accelerating the modernization of water conservancy. We will continue to uphold our original aspiration and mission of "managing water for the people," take technological innovation as our driving force, tackle frontier challenges in water conservancy science and technology, and strengthen the core foundation of smart water conservation. Grounded in practical commitment and responsibility, we will continue to contribute to the development of the national water network, safeguard water resource security, and support people's livelihood and development. We are willing to join hands with partners from all sectors, work together with one heart, and move forward side by side to jointly paint a new picture of a beautiful water China and compose a new chapter in the development of water conservation and water governance on the new water conservancy journey of Chinese modernization!

About DAYU Irrigation Group

The predecessor of DAYU Irrigation Group Co., Ltd. was established in 1994, and the Company was listed among the first batch of enterprises on the ChiNext Board in October 2009 (stock code: 300021.SZ). The Company has consistently upheld its corporate mission of "Make agriculture smarter, make countryside better, and make farmers happier." For more than 30 years since its establishment, it has remained dedicated to addressing and serving issues relating to agriculture, rural areas, and water resources, actively responding to national strategies on rural revitalization and food security, while also expanding its global vision and business footprint, with its products and services now reaching more than 60 countries and regions worldwide. DAYU Irrigation Group empowers the agriculture and water conservancy sectors in an all-round way and has established a nationwide market presence, evolving into a comprehensive solutions service provider integrating R&D and intelligent manufacturing, planning and design, investment and financing, construction and delivery, digital intelligence, and operation and maintenance.

Corporate Vision

To establish a world-renowned century-old enterprise in water-saving irrigation.

Corporate Mission

Make agriculture smarter, make countryside better, and make farmers happier.

Corporate Values

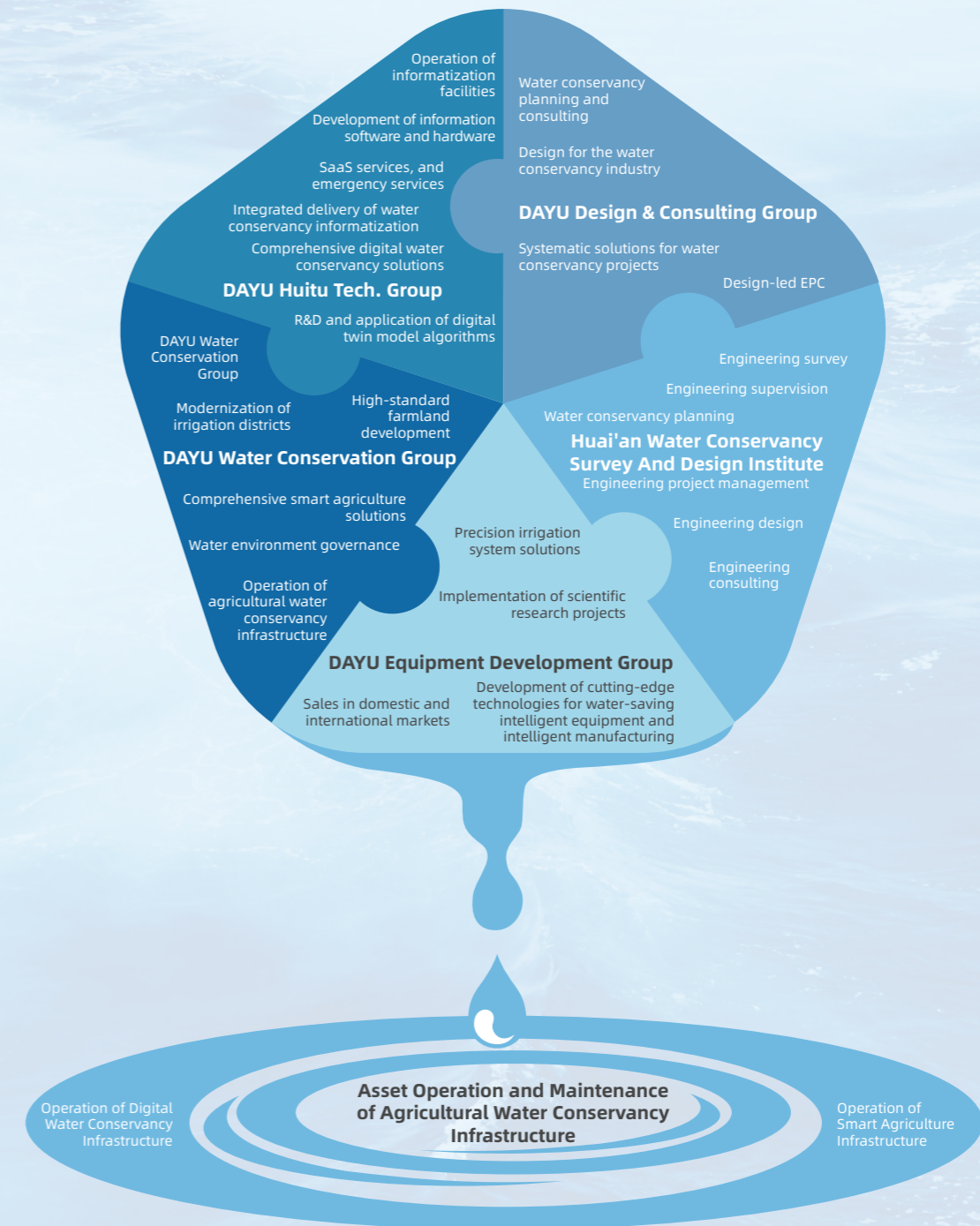
Ordinary people do extraordinary things
 $1.01^{365} = 37.78$
 Constantly innovate and embrace change
 Keep the original intention and keep in awe
 Be reliable and trustworthy
 Hard work and perseverance, creating and sharing together
 Strike where it matters, and honor only those who deliver results

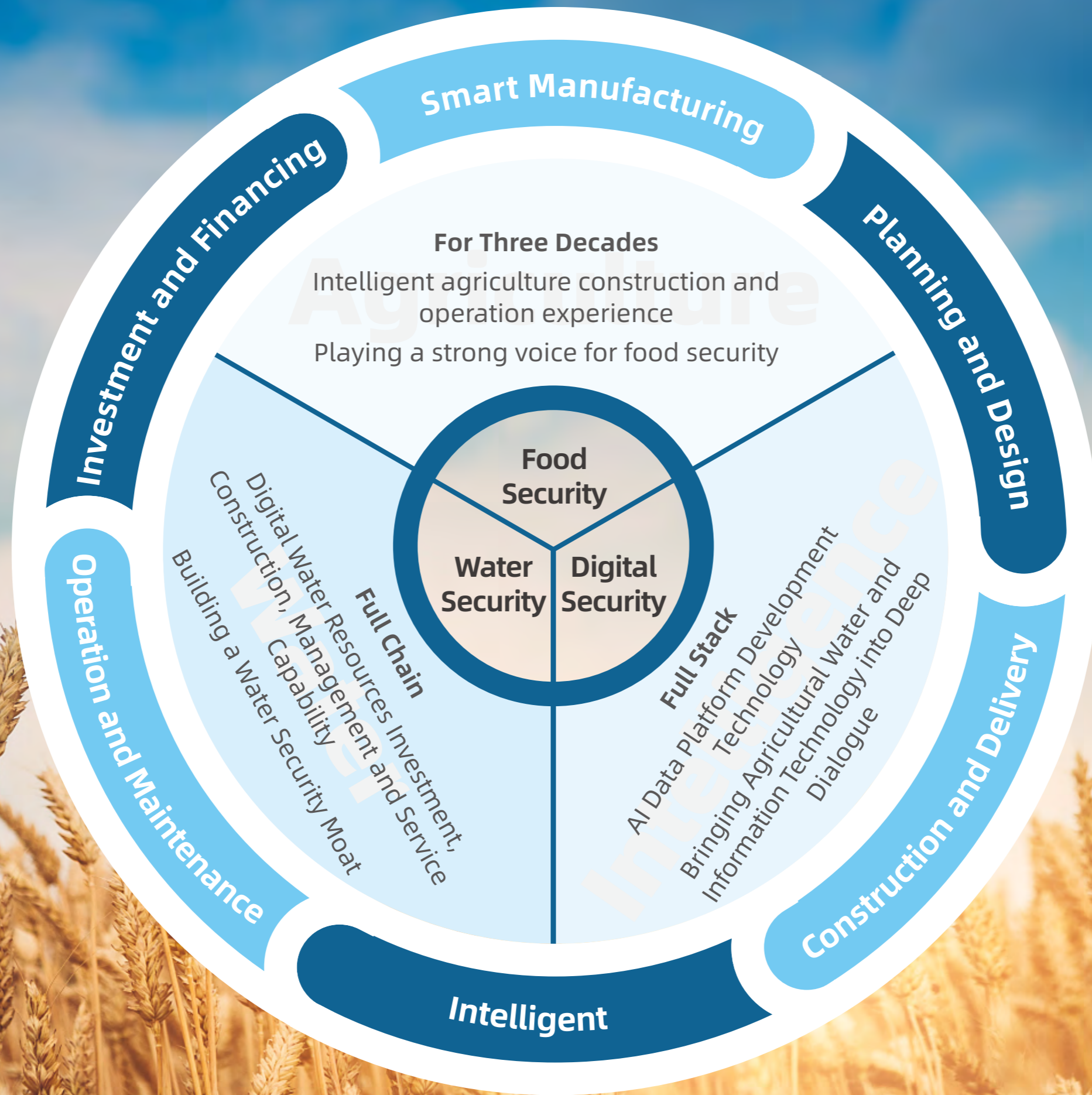
Strategic Approach

Three Agricultures, Three Waters, Three Networks; Dual Forces, Joint Responsibilities.

Corporate Spirit

Carry out the Water Conservation Undertaking of Dayu with the Spirit of Dayu's Water Control.





History

1999

Company founded



2009

First batch of companies listed on the ChiNext Market



2003

Established engineering construction capabilities



2013

Established planning and design capabilities



2017

Passing the baton



2019

Initiated the China Water Conservation Forum



2018

Expanded into the ecological and environmental protection sector



2021

Strategic upgrade officially launched



2020

Established digital water conservancy capabilities



2022

Established the Beijing R&D Center



2023

Operations became the top strategy



2024

Fully expanded overseas, with successful implementation



2025

Acquired Huai'an Water Conservancy Survey And Design Institute, completing the Company's Class-A design capabilities



Honors and Awards



National-level Specialized, Sophisticated, Distinctive and Innovative "Little Giant" Enterprise

Ministry of Industry and Information Technology of the People's Republic of China



China Water Conservation Award - Advanced Individual

Ministry of Water Resources of the People's Republic of China

序号	技术名称	推广单位
20250104	多模式多要素灌溉决策智能决策系统	水利部灌溉研究所有限公司、灌溉水利技术服务有限公司
20250105	大禹节水灌溉智慧水务	水利部灌溉研究所有限公司
20250106	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司、北京慧图科技股份有限公司
20250107	高标准农田智慧灌溉决策系统	水利部灌溉研究所有限公司、水利部灌溉研究所有限公司
20250108	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司、北京慧图科技股份有限公司
20250109	高标准农田智慧灌溉决策系统	水利部灌溉研究所有限公司
20250110	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司、北京慧图科技股份有限公司
20250111	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司
20250112	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司
20250113	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司
20250114	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司
20250115	灌溉智慧一体化运行控制技术	水利部灌溉研究所有限公司

2025 Key Promotion and Guidance Catalog of Advanced and Practical Water Conservancy Technologies - Intelligent Integrated Gate Measurement and Control Technology for Irrigation Districts

Technology Promotion Center of the Ministry of Water Resources of the People's Republic of China



First Prize of the Shaanxi Provincial Science and Technology Progress Award

CPC Shaanxi Provincial Committee; People's Government of Shaanxi Province



First Prize of the Gansu Provincial Science and Technology Progress Award

People's Government of Gansu Province



Third Prize of the Hebei Provincial Science and Technology Award

People's Government of Hebei Province



Third Prize of the Gansu Provincial Science and Technology Award

People's Government of Gansu Province



Best Practice of the Board of Directors of Listed Companies in 2025

China Listed Companies Association



Best Practice Case for Sustainability Development of Listed Companies in 2025

China Listed Companies Association



Best Practice in Internal Control in 2025

China Listed Companies Association



Best Practice in 2024 Annual Results Presentation

China Listed Companies Association



Best Practice of the Board Office of Listed Companies in 2025

China Listed Companies Association



2025 Series of Typical Cases of Private Enterprises Developing New Quality Productive Forces (Quality and Standardization Category)

General Office of the All-China Federation of Industry and Commerce



Gold Award for "Technological Innovation Enterprise" in the 3rd Gansu Provincial Enterprise Science and Technology Innovation Competition

Gansu Association for Science and Technology



Gansu Province Market Quality Credit Rating: AAA

Gansu Quality Association



First Prize of the Agricultural Water Conservation Science and Technology Award - Innovation and Application of Key Technologies and Products for Water-Saving, Quality-Enhancing and Efficient Irrigation of Specialty Fruits in Seasonal Drought Regions of Southwest China

China Agricultural Water Conservation and Rural Water Supply Technology Association



First Prize of the Agricultural Water Conservation Science and Technology Award - Market-oriented Allocation of Water Rights under Rigid Constraints on Water Resources

China Agricultural Water Conservation and Rural Water Supply Technology Association



Second Prize of the Agricultural Water Conservation Science and Technology Award - Farmland Water Conservation in Coastal Plain Areas

China Agricultural Water Conservation and Rural Water Supply Technology Association



First Prize of the Agricultural Water Conservation Science and Technology Award - Water-saving, Quality Improvement and Disease Resistance of Specialty Crops on the Yunnan Plateau

China Agricultural Water Conservation and Rural Water Supply Technology Association



Outstanding Case of Social Responsibility of Chinese Private Enterprises in 2025

General Office of the All-China Federation of Industry and Commerce



AAA Credit Enterprise in China's Agricultural Industry

All-China Agricultural Industry Chamber of Commerce



Top 100 Private Enterprises in Gansu Province

Gansu Federation of Industry and Commerce; Gansu General Chamber of Commerce

Sustainability Management and Governance

Sustainability Governance

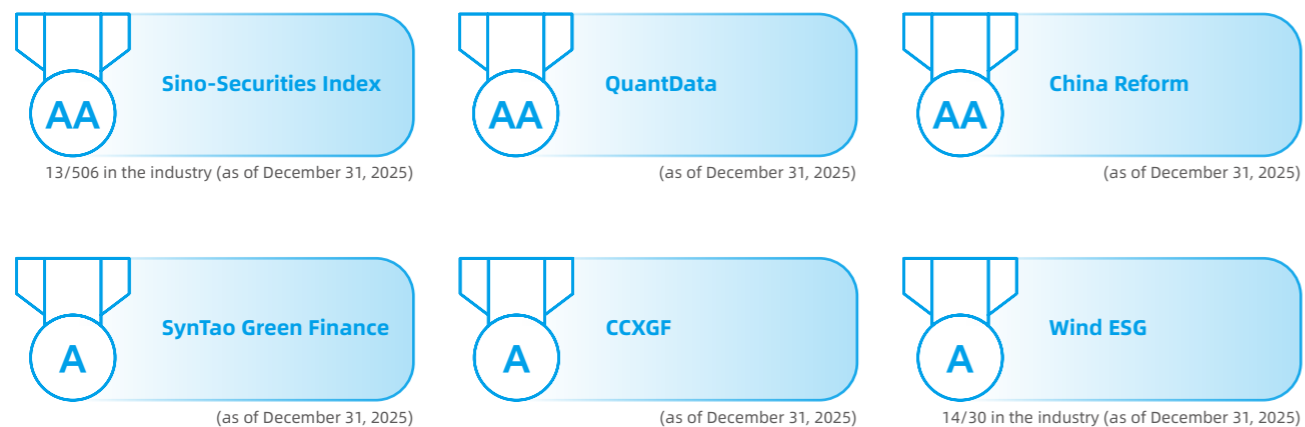
Since its establishment, DAYU Irrigation Group has consistently remained committed to agriculture, rural areas, and farmers. Focusing on farmland water-saving irrigation, safe drinking water for farmers, and rural water environment management, and upholding its corporate mission of "Make agriculture smarter, make countryside better, and make farmers happier," the Company closely integrates the relatively traditional issue of agricultural water infrastructure with environmental protection, social responsibility, and corporate governance, and deeply embeds the ESG philosophy and sustainable development into its core business. By actively expanding new agricultural water-saving models, improving farmland water conservancy facilities, advancing rural ecological and environmental protection, and enhancing the digitalization and intelligent development of water conservancy, we fulfill our commitment to green development and contribute to sustainable social development.

As a member of the ESG Professional Committee of the China Listed Companies Association, the Company is fully aware that strengthening its ESG governance has far-reaching significance for advancing ESG development, deepening ESG awareness across the Company, improving decision-making procedures, enhancing the scientific basis of decision-making, and raising the quality of major decisions. Following the Company's 2023 Board resolution to incorporate ESG strategic management into the responsibilities of the Board's Strategy Committee and to establish an ESG working group, the Company further established the Board Strategy and ESG Committee in 2024. The Committee is chaired directly by the Chairman of the Company, who serves as the Director and Convener, and is responsible for studying and making recommendations on the company's long-term development strategy, major investment decisions, and the enhancement of sustainable development capabilities in environmental, social, and governance aspects.

According to the *Implementation Rules of the Board Strategy and ESG Committee* of DAYU Irrigation Group, a Strategy and ESG Working Group is established under the Committee. The Committee convenes at least one regular meeting each year and may also hold ad hoc meetings from time to time. By improving the Company's strategic and ESG roles and responsibilities, refining decision-making procedures, maintaining regular communication, improving policies and systems, setting ESG targets, and conducting regular external information disclosure, the Company continuously strengthens its core competitiveness and sustainable development capabilities.



ESG Rating Performance



Stakeholder Communication and Due Diligence

DAYU Irrigation Group attaches great importance to the feedback and expectations of stakeholders regarding the Company's sustainability strategies and practices, and regards them as an important basis for advancing its sustainability efforts. Based on the characteristics of the Company's business and its current operational conditions, we fully identify key stakeholder groups and continuously improve diversified communication mechanisms to ensure close and effective interaction between the Company and all stakeholders.

Stakeholders	Key Concerns	Communication Channels
 Shareholders and Investors	<ul style="list-style-type: none"> Stable growth in business performance Sound corporate governance Delivery of strong results Integrity-based and compliant operations Information security and privacy protection 	<ul style="list-style-type: none"> Company announcements and periodic reports Shareholders' meetings Investor surveys Roadshows Platform-based communication Company Open Day Project site visits Company website
 Employees	<ul style="list-style-type: none"> Protection of employee rights and interests Occupational health and safety Employee compensation and benefits Career training and development Diversity, equality and inclusion 	<ul style="list-style-type: none"> Employee satisfaction surveys Employee Representative Congress Recruitment policies and promotion mechanisms Employee care activities Employee training Complaint and feedback mailbox Chairman Reception Day
 Customers	<ul style="list-style-type: none"> Safe and reliable construction services High-quality and comprehensive service High-quality operation services Protection of customer rights and interests Information security and privacy protection R&D and innovation 	<ul style="list-style-type: none"> Customer satisfaction surveys Service hotline Company website Regular inspections Customer privacy protection measures Performance assessment of operation services
 Business Partners / Suppliers	<ul style="list-style-type: none"> Performance of contracts in accordance with the law Fair and transparent procurement Mutual benefit and win-win cooperation Intellectual property protection Business ethics and anti-corruption 	<ul style="list-style-type: none"> Enhancement of supplier management processes Open and transparent procurement processes Responsible procurement Supplier management and audits On-site inspections Daily communication with suppliers
 Community Members	<ul style="list-style-type: none"> Community environmental protection Participation in public welfare initiatives Support for community development Promotion of employment growth 	<ul style="list-style-type: none"> Public welfare volunteer activities Environmental complaint hotline On-site visits and discussion sessions Regional assistance initiatives Charitable donations Job creation
 Media / NGOs	<ul style="list-style-type: none"> Law-abiding and compliant operations Responsible marketing and communications Environmental management 	<ul style="list-style-type: none"> Company website and official social media platforms Media interviews and cooperation Regular information disclosure Industry exchanges
 Government and Regulatory Authorities	<ul style="list-style-type: none"> Implementation of national policies, laws and regulations Promotion of local economic development Product quality and safety Ecological and environmental protection Advancement of industry development Business ethics and anti-corruption Tax payment in accordance with the law 	<ul style="list-style-type: none"> Regular work reports and information disclosure Timely acceptance of supervision and audits Government-enterprise dialogue meetings Policy recommendations

Sustainability Topic Analysis

In 2025, DAYU Irrigation Group conducted a comprehensive analysis of the Company's value chain, domestic and international sustainability standards (including but not limited to the relevant requirements for sustainability reports of the Shenzhen Stock Exchange and the GRI Standards), the weighting focus of ESG ratings, as well as national policies and industry development trends, in order to understand the sustainability context in which the company operates and to identify and screen the sustainability issues recognized by the company. In total, the Company identified and screened 27 sustainability-related issues, including 7 environmental issues, 13 social issues, and 7 governance issues.

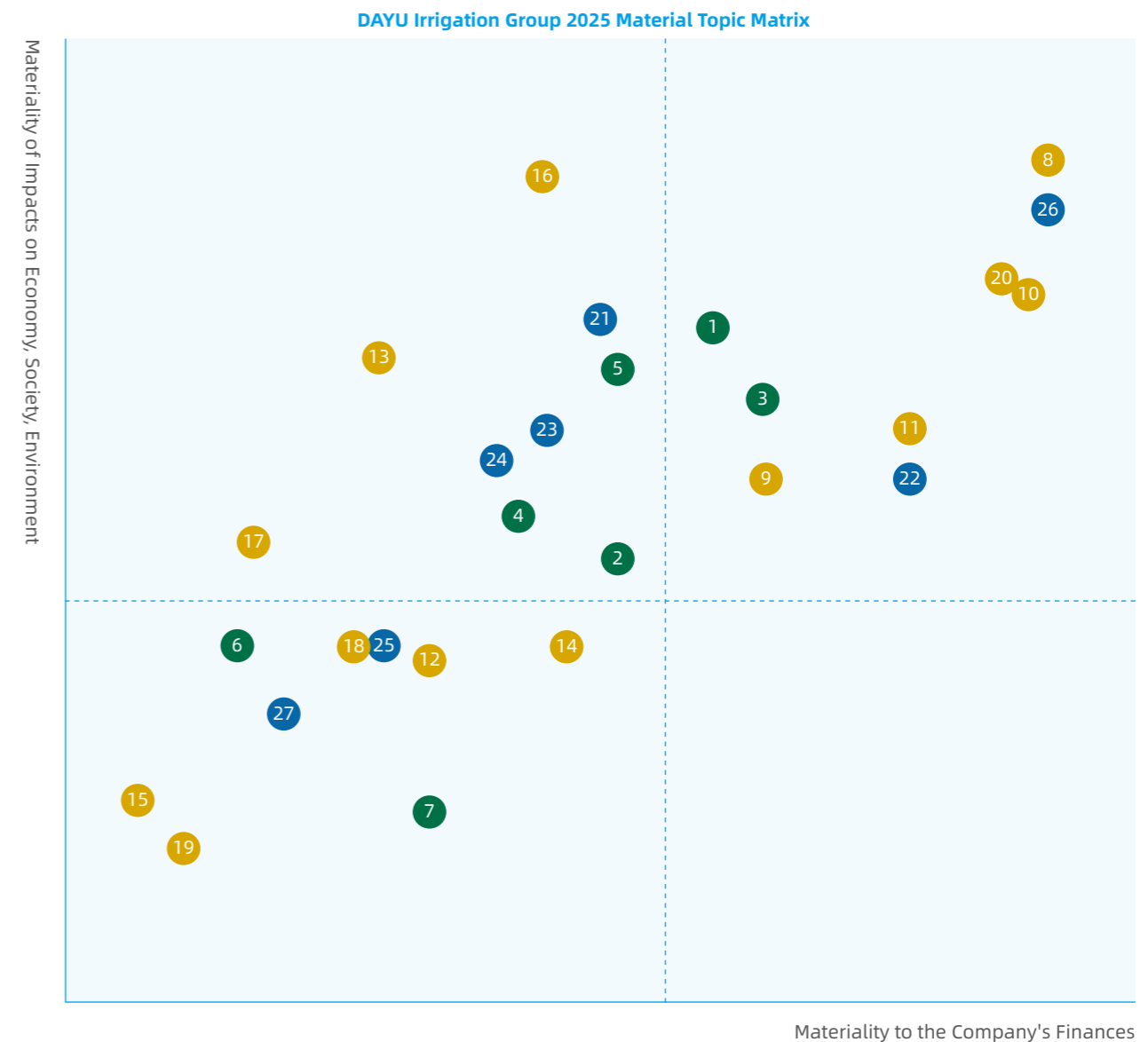
DAYU Irrigation Group's Material Topics for 2025

Environmental Topics	Social Topics	Governance Topics
1 Environmental Compliance Management	8 Product R&D and Technological Innovation	21 Corporate Governance
2 Addressing Climate Change	9 Intellectual Property Protection	22 Risk Management
3 Resource and Energy Management	10 High-Quality Products and Services	23 Compliance Management
4 Waste Management	11 Supply Chain Management	24 Business Ethics and Anti-Corruption
5 Water Resources Management	12 Employee Rights and Welfare	25 Information Security and Privacy Protection
6 Circular Economy	13 Employee Health and Safety	26 Stakeholder Communication
7 Biodiversity Protection	14 Employee Development and Training	27 Due Diligence
	15 Diversity, Equality, and Inclusion	
	16 Promoting Industry Development	
	17 Technology Ethics	
	18 Rural Revitalization	
	19 Public Welfare and Charity	
	20 Sustainable Agricultural Water Conservancy Infrastructure	

To respond more effectively to the close attention that stakeholders pay to the Company's sustainability practices, we conducted questionnaire-based surveys and quantitative analysis on the materiality of the Company's issues from two dimensions - impact materiality and financial materiality - in accordance with the *Self-Disciplinary Regulatory Guidelines No. 17 for Listed Companies on the Shenzhen Stock Exchange—Sustainable Development Report (Trial)* and *Self-Disciplinary Regulatory Guidelines No. 3 for Listed Companies on the Shenzhen Stock Exchange - Sustainable Development Report Preparation (2026 Revision)*.

The assessment of impact materiality was carried out through questionnaire surveys. DAYU Irrigation Group invited stakeholders to evaluate the impact materiality of issues from two dimensions: the "severity of impact" (including scale, scope, and irremediability) and the "likelihood of impact." To date, we have distributed more than 100 questionnaires to 10 categories of stakeholders, including Board members, senior management, shareholders, employees, customers, suppliers, regulatory authorities, industry associations, non-profit organizations, media, securities firms, and the general public, and, with reference to the opinions of internal and external sustainability experts, ranked the impact materiality of sustainability issues. At the same time, we conducted questionnaire-based communication with key stakeholders, including Company executives and personnel responsible for finance, investor relations, risk management, and internal control, to assess financial materiality from two dimensions: the "likelihood of financial impact occurrence" and the "magnitude of financial impact," and ranked financial materiality with reference to the opinions of internal and external experts.

DAYU Irrigation Group consolidated the quantitative results of both financial materiality and impact materiality, and presented the priority ranking of each topic in the form of a matrix.



2025 Annual Performance Highlights

Partnerships for the Goals

- Net assets attributable to shareholders of the listed company: RMB 2,611.35 million
- Net profit attributable to shareholders of the listed company: RMB 48.90 million
- Total tax paid: RMB 185.81 million
- Operating revenue: RMB 3,761.25 million
- Weighted average return on net assets: 2.20%

Peace, Justice and Strong Institutions

- Internal audits: 48
- Contracts reviewed in the year: 13,565
- Business ethics and anti-corruption training covered 2,460 participants
- Business ethics and anti-corruption training coverage rate: 100%

Life on Land

- Incorporated environmental impacts and biodiversity conservation into consideration throughout the full project life cycle
- Carried out soil and water conservation, watershed management, and ecological restoration to prevent soil erosion

Life Below Water

- Focused on developing rural wastewater treatment solutions
- Reduced eutrophication of water bodies and maintained ecological balance through the construction of rural wastewater treatment infrastructure

Climate Action

- Number of energy-saving and emission-reduction projects: 8
- Total environmental protection investment in 2025: RMB 1.168 million
- Total greenhouse gas emissions: 15,731.95 tons of carbon dioxide equivalent

Responsible Consumption and Production

- Obtained China Environmental Labeling Product Certification
- In 2025, the Tianjin Plant, Jiuquan Plant, and Wuwei Plant all completed ISO 14001 Environmental Management System certification
- General waste recycling and disposal rate: 100%

Sustainable Cities and Communities

- Number of environmental protection training sessions: 6
- Environmental protection training hours: 8 hours
- Encouraged employees to work in a green manner

Reduced Inequalities

- Proportion of ethnic minority employees: 4.1%
- Actively responded to the national "Rural Revitalization" initiative by supporting rural poverty alleviation and development through infrastructure construction



No Poverty

- Donation amount in 2025: RMB 1.74 million

Zero Hunger

- Applied efficient water-saving and smart agriculture technologies to improve grain yield per unit area and land output efficiency
- Innovatively promoted replicable agricultural industry development models, driving large-scale planting and the transformation toward agricultural modernization

Good Health and Well-being

- Social insurance coverage rate: 100%
- Occupational health examination coverage rate: over 80%

Quality Education

- Employee training coverage rate: 99%, up 3.5% from the previous year
- Total employee training hours: 95,000 hours
- Continued investment in education-related public welfare and established the "DAYU Scholarship" covering secondary schools and universities to encourage the growth of outstanding students

Gender Equality

- Number of female employees: 854
- Proportion of female employees: 26.0%
- Number of female employees in middle and senior management: 81

Clean Water and Sanitation

- Deepened presence in livelihood-related scenarios such as urban-rural water supply and farmland water conservancy, safeguarding rural drinking water safety and the stability of agricultural water use

Affordable and Clean Energy

- Focused on energy transition and the development of intelligent infrastructure
- Promoted the smart application of agricultural irrigation technologies and the new energy photovoltaic industry

Decent Work and Economic Growth

- Number of jobs created: 596
- Labor contract signing rate: 100%
- Number of employees receiving regular performance and career development evaluations: 2,301

Industry, Innovation and Infrastructure

- R&D investment: RMB 197.3093 million
- Number of patents granted: 19
- Undertook or participated in 15 national key scientific research projects / topics / sub-topics

Feature

Designing a New Chapter for Water Networks – DAYU Irrigation Group and Huai'an Water Conservancy Survey And Design Institute Jointly Build a New Ecosystem for Sustainable Water Resources Development

Water is the source of civilization, the foundation of ecology, and an essential driver of development. Against the backdrop of the country's vigorous efforts to advance ecological civilization, safeguard water security, and implement the rural revitalization strategy, the efficient utilization of water resources, the green and low-carbon development of water conservancy projects, and the systematic governance of watershed ecology have become core issues of common concern across society. In 2025, with strategic foresight, DAYU Irrigation Group completed the acquisition of a 70% equity stake in Huai'an Water Conservancy Survey And Design Institute and consolidated it into its financial statements, injecting strong momentum into the Company's high-quality and sustainable development.

This strategic cooperation is not only a key step in improving the Company's full-industry-chain layout of investment, research, design, construction, management, and operation, but also a vivid example of the Company's practice of the ESG development philosophy, deep cultivation in the water conservancy and water affairs sectors, and service to major national strategies. With nearly 70 years of deep engagement in the field of water conservancy design, Huai'an Water Conservancy Survey And Design Institute, leveraging its Class-A qualification in the water conservancy industry as well as its profound technical expertise and project experience accumulated in such areas as watershed management, ecological restoration, farmland water conservancy, and urban-rural water supply, has been deeply integrated with DAYU Irrigation Group's industrial strengths, innovation capabilities, and market presence. Together, they have formed a closed-loop service system featuring "front-end planning leadership, mid-stage construction implementation, and back-end intelligent operation and maintenance," and, with full-chain and integrated capabilities, provide more systematic, efficient, and greener solutions for the sustainable utilization of water resources.

Empowering Source Innovation through Design and Anchoring Green Development

Green development begins with planning and is refined through design. As the "starting point" of the full life cycle of water conservancy projects, planning and design directly determine a project's ecological benefits, resource efficiency, and long-term value. Huai'an Water Conservancy Survey And Design Institute has consistently adhered to the design philosophy of ecological priority, green development, and low carbon, integrating environmental protection, resource conservation, and ecological restoration into every stage of project planning, engineering layout, and technology selection.

In comprehensive watershed management, the team adopts systematic thinking to coordinate the integrated development of water resources, ecology, industry, and people's livelihoods, optimizing the layout of water conservancy projects and reducing disturbance to natural water systems and the ecological environment. In the modernization and upgrading of irrigation districts and the development of high-standard farmland, it precisely matches water-conservation irrigation technologies with crop water demand patterns, thereby improving water-use efficiency at the source and reducing water, fertilizer, and energy consumption. In urban-rural water supply and water environment management projects, it balances functional assurance with ecological aesthetics, driving the transformation of water conservancy projects from "functional construction" toward an "ecological, intelligent, and sustainable" model.

Through the green empowerment of front-end design, the environmental impact across the full project life cycle is effectively reduced, while multiple benefits such as carbon emission reduction, water conservation, and ecological protection continue to emerge, making every water conservancy project a solid vehicle for advancing ecological civilization.

Where water conservancy prospers, agriculture remains stable; where water systems function smoothly, people's livelihoods are secure. The deep integration of Huai'an Water Conservancy Survey And Design Institute with DAYU Irrigation Group has enabled professional design capabilities to reach the front lines of rural revitalization, food security, disaster prevention and mitigation, and urban-rural water supply, thereby strengthening the foundation of public well-being through water conservancy.

Across vast rural areas, leveraging the advantages of the full industrial chain, the Company provides integrated services for agricultural water conservancy infrastructure ranging from planning and design to construction, operation, and maintenance, improving agricultural production conditions and enhancing comprehensive grain production capacity, and thereby supporting the implementation of the national strategy of "storing grain in the land and storing grain in technology" through concrete action. In watershed and urban-rural governance, it gives full play to its technical strengths in flood control and drainage, water resources allocation, and water ecological restoration, improving regional resilience in responding to extreme weather, safeguarding the security of urban-rural water supply, and enhancing the living water environment. In numerous livelihood projects, the team, with professionalism, rigor, and a strong sense of responsibility, translates technical strengths into a tangible sense of well-being and security that people can truly see and feel, allowing the benefits of water conservancy development to reach more communities.

From comprehensive watershed management, to water conservation and efficiency improvement across vast stretches of farmland, to ensuring water supply for urban and rural residents, both parties are delivering answers for people's livelihoods through responsibility and commitment, enabling social responsibility and corporate development to resonate in the same direction.



Strengthening Strategic Synergy and Innovation to Unlock Momentum for Governance Upgrading

This cooperation is not only complementary at the business level, but also represents a comprehensive upgrade in governance, technology, and talent. The nearly 70 years of accumulated standardized management systems, mature technical standards, and professional talent team of Huai'an Water Conservancy Survey And Design Institute have been deeply integrated with DAYU Irrigation Group's modern governance mechanisms, market-oriented operating experience, and innovation-driven DNA, continuously enhancing the Company's governance capabilities.

At the level of technological innovation, the two parties focus on such frontier areas as green water conservancy, smart water conservancy, and low-carbon engineering, strengthen collaborative efforts among industry, academia, and research institutions, and promote the deep integration of design solutions with digital technologies, water-saving technologies, and ecological technologies, thereby continuously enhancing core competitiveness. At the level of talent development, they have built platforms for technical exchange and professional growth to cultivate a group of versatile water conservancy professionals equipped with design capabilities, industrial thinking, and ESG philosophy, thereby building reserves for the high-quality development of the industry. At the level of governance improvement, with compliant operations, risk control, and transparent management as the foundation, they continue to improve the full-industry-chain management system and promote the steady and sustainable development of the enterprise.

What strategic synergy brings is not only an upgrade in scale and qualifications, but also a comprehensive improvement in development quality, innovation vitality, and governance standards.

Standing at a new starting point for development, DAYU Irrigation Group and Huai'an Water Conservancy Survey And Design Institute take "safeguarding water security, restoring water ecology, and enhancing water value" as their shared mission, and deeply embed the ESG philosophy into the very fabric of corporate development.

Looking ahead, the two parties will continue to rely on their integrated capabilities across the full industrial chain, guided by green design, driven by technological innovation, and oriented toward public livelihood services, to deepen their efforts in such areas as the efficient utilization of water resources, watershed ecological protection, comprehensive rural revitalization, and national water security. Through professional design, high-quality engineering, and intelligent operation and maintenance, they will create more water conservancy models that are sustainable, replicable, and scalable, and promote the transformation of the water conservancy industry toward greener, smarter, and higher-quality development.

With water as the lifeblood, design as the pen, and responsibility as the soul, DAYU Irrigation Group will move forward hand in hand with Huai'an Water Conservancy Survey And Design Institute to write a sustainability chapter with greater warmth, greater depth, and greater strength in the journey of protecting lucid waters and lush mountains, safeguarding public well-being, and serving national strategies, thereby contributing solid water conservancy strength to the building of a modern society in which humanity and nature coexist in harmony.

Joining Hands for a Sustainable Water Future and Fulfilling the Mission of Long-term Development

01

Green Waters and Lush Mountains — Building an Ecological Future Together

Key Environmental Performance Highlights in 2025

Number of energy-saving and emissions-reduction projects: **8**

Total environmental investment: RMB **1.168** million

Total wastewater discharge decreased by **24,537** tons compared with 2024

Corresponding SDG Goals



Double Materiality Topics

Environmental Compliance Management
Addressing Climate Change
Resource and Energy Management

Impact Materiality Topics

Waste Management
Water Resource Management

General Materiality Topics

Circular Economy
Biodiversity Protection

Addressing Climate Change

Climate change has become a global issue that can no longer be ignored and is one of the most urgent and severe challenges facing humanity. As a leading enterprise in the water conservancy industry, DAYU Irrigation Group fully recognizes the significant impact of climate change on water resource utilization and agricultural development. As climate-related challenges become increasingly prominent, enhancing business resilience and strengthening climate adaptation capabilities have also become essential tasks for DAYU Irrigation Group and the water industry as a whole. With reference to the *International Financial Reporting Standards Sustainability Disclosure Standard No. 2 – Climate-related Disclosures (IFRS S2)* framework, the Company analyzes its climate-related work from four dimensions: governance, strategy, risk management, and metrics and targets.

Governance

DAYU Irrigation Group has incorporated climate response into its ESG (Environmental, Social, and Governance) strategic framework and elevated it to the Board decision-making level. The Company has established the Board Strategy and ESG Committee, with the Chairman coordinating sustainability strategy planning, explicitly integrating climate response with the Company's core business, and assigning the Safety Committee responsibility for day-to-day work on overall safety and environmental protection. The Safety Committee regularly convenes risk analysis meetings to identify climate-related risks, assess climate risks and opportunities that may have actual or potential impacts on the Company's business, classify specific risks, formulate response plans, and assign responsibilities to designated personnel. Going forward, we will continue enhancing our climate response capabilities and contribute to global climate action, more efficient water use, and international cooperation.

Strategy

DAYU Irrigation Group actively responds to the national "dual-carbon" goals, comprehensively identifies climate-related risks and opportunities, and rigorously manages emissions from a Group-wide perspective.

In 2025, the Company continued advancing carbon emissions management, reducing greenhouse gas emissions, and promoting green and low-carbon development by improving production processes, refining operational workflows, accelerating digital and intelligent transformation, and developing energy-saving technologies. In addition, leveraging its strengths across the entire industrial chain, the Company incorporated climate-adaptive design into irrigation district development and high-standard farmland projects, such as drainage systems for irrigation districts exposed to heavy rainfall and drought-resistant crop irrigation solutions. While supporting agricultural production in adapting to climate change, these water-saving technologies also reduce water consumption and help alleviate water scarcity driven by global warming.

Risk and Opportunity Management

Climate-related Risks

The Company is fully aware that climate change primarily affects operations through two pathways: physical risks and transition risks. Physical risks refer to changes in the natural environment caused by extreme weather events and long-term climate trends, which may adversely affect production and operations, asset security, and supply chain stability. Transition risks mainly arise during the shift toward a low-carbon economy, as changes in policies and regulations, technological transformation, market preferences, and cost structures may have potential impacts on the Company's business model and financial performance.

In response to these risks, DAYU Irrigation Group further conducted systematic identification and analysis of climate-related risks in 2025, continuously assessed the potential impacts on the Company, formulated corresponding management and mitigation measures for identified risks, strengthened risk prevention capabilities, and continuously improved its adaptability and operational resilience in the face of climate change.

Climate Change-related Risks		Company Response Measures	
Physical Risks	Acute Risks	<ul style="list-style-type: none"> Infrastructure Extreme rainfall, typhoons, mudslides, and other climate-related disasters may lead to sudden rises in water levels, urban water-logging, reservoir overflow, dam damage, and drainage system failure. Drought may result in insufficient water supply, soil shrinkage, and damage to irrigation canals, severely threatening the safety and functionality of water conservancy infrastructure and causing direct economic losses to the Company. 	<ul style="list-style-type: none"> Assess potential sudden climate risks that may arise during production and operations and formulate corresponding contingency plans. Integrate climate risk into infrastructure planning, site selection, design, material selection, construction, and operation and maintenance, thereby improving infrastructure climate resilience and operational safety.
	Chronic Risks	<ul style="list-style-type: none"> Operating Costs To respond to climate change, investment is required to retrofit aging facilities and develop new water-saving technologies and intelligent management systems. In addition, climate warming may increase the operation, maintenance, and upkeep costs of production equipment. Energy Transition Global energy transition may lead to short-term changes in electricity prices and raw material prices. At the same time, the Company's deployment of clean energy may also lead to higher costs and adjustments to its energy structure. Market Demand As climate change continues, market demand for water-saving facilities and water conservancy infrastructure products may also change. Climate differences caused by long-term climate change may affect the Company's strategic positioning in different regions. 	<ul style="list-style-type: none"> Improve the Company's management system and enhance business adaptability to climate change. When selecting sites for new plants or offices, fully consider geographic factors and climate conditions and comprehensively evaluate construction and labor costs. Focus on energy transition and intelligent infrastructure development, prioritize energy-saving and emissions-reduction technology development, and improve the Company's ability to rapidly adjust products through digital and intelligent management so as to adapt to potential market demand. Strengthen carbon emissions management across manufacturing, office operations, and other aspects of the Company's operations.
Transition Risks	Technology Risks	<p>As climate change intensifies, more efficient water-saving technologies and more intelligent water resource management systems are required. Renewable-energy-driven infrastructure may also become necessary, and these technologies demand significant R&D investment or procurement costs. In addition, making the wrong choice among multiple technological pathways may result in immature R&D outcomes or limited scalability, increasing the risk of transition failure.</p>	<ul style="list-style-type: none"> Further strengthen the R&D system and commercialization of scientific research achievements to ensure that research projects generate tangible improvements in production capacity and equipment energy efficiency. Enhance DAYU Irrigation Group's industry leadership and insight, stay abreast of market developments, adjust industrial layout on time, and maintain industry competitiveness. Systematically cultivate technical talent and reinforce the workforce supporting technological innovation.

Climate Change-related Risks		Company Response Measures
Transition Risks	<p>Policy and Regulatory Risks</p> <ul style="list-style-type: none"> • Compliance Costs Governments may introduce more stringent laws and regulations on water resource management, protection, and sustainable utilization. Higher water treatment and ecological restoration standards may increase corporate compliance costs. • Carbon Quotas As carbon emissions trading markets continue to develop globally and in China, fluctuations in carbon prices may affect the Company's energy-use structure and increase the cost of controlling carbon emissions. • Environmental Data Statistics Regulators are imposing higher accuracy requirements on the environmental data reported by enterprises. Stricter requirements on disclosure quality and extent—and the possible introduction of third-party verification—may increase the pressure, internal coordination cost, and compliance risk associated with environmental data statistics and sustainability information disclosure. 	<ul style="list-style-type: none"> • Continue tracking policy requirements issued by governments and exchanges and make disclosures strictly in accordance with laws and regulations. • Closely monitor domestic and international carbon market developments, formulate reasonable emissions-reduction plans, and make early arrangements. • Improve the Company's environmental data statistics system, regularly publish sustainability reports, and strengthen stakeholder communication. • Strengthen the Company's carbon emissions management, promote overall green transformation, regularly disclose Scope 1 and Scope 2 greenhouse gas emissions within the reporting boundary, and accept external oversight.
	<p>Market Risks</p> <ul style="list-style-type: none"> • Customer Preferences As China's "dual-carbon" goals are progressively implemented, customers may demand more environmentally friendly and more efficient water resource solutions. If the Company fails to meet these new demands, it may face a decline in market share. • Competitive Landscape Technological innovation may attract new innovative entrants into the industry, creating new competitive pressure and accelerating the pace of transformation. • Supply Chain Resilience Climate change may affect suppliers, with raw material supply, product transportation, project construction, and other suppliers potentially exposed to climate risks, thereby transmitting risk to the Company and creating financial risk. 	<ul style="list-style-type: none"> • Continue advancing low-carbon technology upgrades, prioritize advanced technology R&D, continuously launch water-saving equipment and smart water-saving solutions that meet market demand, improve production efficiency, and refine production management. • Collaborate with upstream and downstream supply chain partners, enhance supplier empowerment, improve all parties' awareness of and responsiveness to climate change risks, and strengthen supply chain resilience.
	<p>Reputational Risks</p> <p>As attention to climate change issues rises, if the Company fails to take timely climate actions or if sustainability information is not disclosed in a timely and accurate manner, it may face reputational risks arising from unmet stakeholder expectations.</p>	<ul style="list-style-type: none"> • Continue paying close attention to stakeholder demands, establish a normalized communication mechanism, and respond to the concerns of all parties regularly in an open and transparent manner.

• Climate-related Opportunities

While climate change brings challenges, it also creates new development opportunities for DAYU Irrigation Group. On the basis of systematically identifying and effectively responding to climate-related risks, the Company places strong emphasis on transition opportunities arising in the context of climate change, actively seizes development space created by policy direction, technological progress, and changing market demand, and integrates these opportunities into its mid- to long-term development strategy and business layout. Through forward-looking planning and sustained investment, the Company continues to cultivate new growth drivers, accelerate business structure optimization and transformation, and promote high-quality, sustainable development.

Infrastructure Construction Demand

• Climate Adaptation Projects

As extreme weather events and chronic climate risks increase, there will be growing demand for more climate-resilient flood control and drainage systems, intelligent water resource management systems, water-saving agricultural equipment, and integrated watershed management projects.

• Smart City Development

The combined effects of climate change and rapid urban development have created growing demand for early warning systems to address natural disasters such as flooding, stormwater events, and drought-flood disasters. The design and implementation of urban rainfall and flood management solutions have therefore become a key focus in smart water conservancy infrastructure development.

Upgrading Agricultural Water Use Management

Focusing on planning and design, intelligent manufacturing, informatization, and operation and maintenance in the "Three Agricultures and Three Waters" fields—namely efficient agricultural water conservation, rural sewage treatment, and safe drinking water for farmers—DAYU Irrigation Group responds to new national demands for agriculture and rural development and new rural revitalization measures through integrated solutions, helping strengthen China's agricultural climate adaptation capacity.

Water Quality Improvement and Pollution Control

Long-term climate change may worsen water quality and intensify eutrophication, further aggravating regional environmental conditions overall. DAYU Irrigation Group's layout in centralized sewage treatment, beautiful-water villages, and related fields provides new technologies and new models for these areas and can further consolidate the Company's industry-leading position.

International Cooperation and Market Expansion

Developing countries and emerging markets are likely to be more heavily affected by climate change and therefore have urgent demand for water resource management and infrastructure development. At the same time, the Belt and Road Initiative also creates new opportunities for water-saving and water resource management needs in participating countries. Looking ahead, DAYU Irrigation Group will enhance its international influence, promote overseas business expansion and technology development, and contribute Chinese wisdom to the global water resource management market.

Metrics and Targets

Focusing on climate-related work, DAYU Irrigation Group continues to improve its climate management indicator system in light of its business characteristics and development stage, explores the establishment of quantifiable and trackable management indicators, and gradually incorporates climate-related requirements into day-to-day operations and performance management, thereby continuously enhancing the standardization and systematization of climate management and actively supporting implementation of the national "dual-carbon" goals.

DAYU Irrigation Group Greenhouse Gas Emissions, 2023-2025

Indicator	Unit	2023	2024	2025
Total Greenhouse Gas Emissions	tons of CO ₂ equivalent	12,126.69	15,756.63	15,731.95
Greenhouse Gas Emissions - Scope 1	tons of CO ₂ equivalent	2,044.06	5,391.09	2,072.53
Greenhouse Gas Emissions - Scope 2	tons of CO ₂ equivalent	10,082.63	10,365.54	13,659.42

Implementing Green Production

DAYU Irrigation Group integrates the concept of green production throughout the entire production and operating process. By continuously improving its environmental management system, strengthening refined management of energy and water resources, and promoting standardized management of waste in a coordinated manner, the Company steadily enhances its green manufacturing capabilities.

Environmental Management

Management System and Structure

Guided by the principle of "full participation, strengthened supervision, prevention first, environmental protection, and compliance with local management policies and requirements," DAYU Irrigation Group strictly complies with environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*. The Company integrates energy conservation, emissions reduction, and environmental protection into every aspect of production and operations, and has established a sound environmental protection management system through coordinated efforts in organization, policy, and implementation.

The Company has established a Group Environmental Protection and Energy Conservation & Emissions Reduction Supervision Committee, headed by the Group Chairman and composed of chairpersons or general managers of each business segment and subsidiary. Sub-committees have also been set up at each subsidiary, implementing a top-down responsibility system for environmental protection, energy conservation, and emissions reduction, and earnestly carrying out relevant national and corporate policies, regulations, and systems.

The Company has formulated the *Measures for Environmental Protection, Energy Conservation, and Emissions Reduction Management* to regulate energy consumption, pollutant emissions, and related work across production, work, and living areas within its jurisdiction. In addition, it has established a range of management documents, including the *Environmental Protection Management Manual*, *Environmental Management System Procedures*, *Environmental Management Activity Records*, and *Detailed Rules for Environmental Protection, Energy Conservation, and Emissions Reduction Management for Supply Chain Companies*, ensuring environmental management is well-grounded and supported by a complete institutional framework.

Measures and Practices

In 2025, the Company's Tianjin, Jiuquan, and Wuwei plants all received ISO 14001 Environmental Management System certification and obtained China Environmental Labeling Product certification, further strengthening environmental management system development to high standards. DAYU Irrigation (Jiuquan) Co., Ltd. was recognized as a National Green Factory, and DAYU Irrigation (Tianjin) Co., Ltd. was recognized as a Tianjin Municipal Green Factory.



Wuwei Plant ISO 14001 Environmental Management System Certification



Tianjin Plant ISO 14001 Environmental Management System Certification



Jiuquan Plant ISO 14001 Environmental Management System Certification



In May 2025, the Group's Tianjin plant added photovoltaic power generation facilities, significantly reducing electricity costs for daily factory equipment operation.

Metrics and Targets

Environmental Management Targets

Hazardous waste stored by category, with a **100%** collection and disposal rate

100% timely handling rate for social and environmental complaints

Effective fire prevention, with no major fire incidents

Zero environmental pollution incidents (including air pollution and noise pollution)

Energy Management

Management System and Structure

To strengthen its energy management system, DAYU Irrigation Group formulated a Group energy management system in accordance with the requirements of GB/T 23331-2020 Energy Management Systems, and continuously improved energy management through energy policies, energy targets, and performance appraisal. The *Measures for Environmental Protection, Energy Conservation and Emissions Reduction Management* specify energy-saving requirements for different scenarios, including production workshops, laboratories and office premises, cafeterias and living areas, and infrastructure maintenance, and promote implementation of energy-saving measures through clear supervision and accountability requirements.

Measures and Practices

The Company gives priority to energy-saving variable-frequency equipment to reduce energy consumption. In addition, subsidiaries under DAYU actively promote mutual learning and experience sharing, using pilot practices to drive Group-wide implementation of energy conservation and emissions reduction. The Company also actively carries out market research, introduces advanced energy-saving and emissions-reduction technologies, improves production processes, and increases production efficiency, thereby reducing excessive energy consumption and unnecessary waste at the source. The Company has obtained the ISO 50001:2018 Energy Management System certification.

Metrics and Targets

Metrics and Targets DAYU Irrigation Group Energy Use, 2023-2025

Indicator	Unit	2023	2024	2025
Energy Consumption - Diesel	tons	18.46	19.58	14.38
Energy Consumption - Gasoline	tons	642.81	650.00	613.20
Energy Consumption - Natural Gas	m ³	13,977.00	13,136.67	14,132.00
Energy Consumption - Purchased Electricity	MWh	17,679.52	18,175.58	13,659.42*

Water Resources and "Three Wastes" (Waste Gas, Wastewater and Solid Waste) Management

DAYU Irrigation Group attaches great importance to water resource management and waste management, systematically integrating relevant requirements into its environmental management system and implementing refined control through the management framework.

Water Resources Management

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the Company classifies water use into production water and domestic water. Wastewater generated from production water is used for recirculating cooling and is not discharged externally. Domestic wastewater is professionally treated, and the effluent meets the limit requirements of Class III under DB12/356-2018 *Integrated Wastewater Discharge Standard*. It is then settled in sedimentation tanks installed in the plant area, discharged into the park sewage pipeline system, and ultimately sent to a municipal sewage treatment plant for centralized treatment and discharge. In addition, the Company is committed to improving employee awareness of water conservation, strengthening daily publicity and education on water saving, and guiding employees to develop sound water-use habits.

*In 2025, the Company's photovoltaic power generation totaled 1,079 MWh.

DAYU Irrigation Group Water Resource Use, 2023-2025

Indicator	Unit	2023	2024	2025
Water Usage	tons	92,763.00	96,766.00	97,240.00
Water Usage Density	tons per million revenue	26.87	22.10	25.85
Total Wastewater Discharge	tons	62,709.60	77,412.80	52,875.80

"Three Wastes" Management

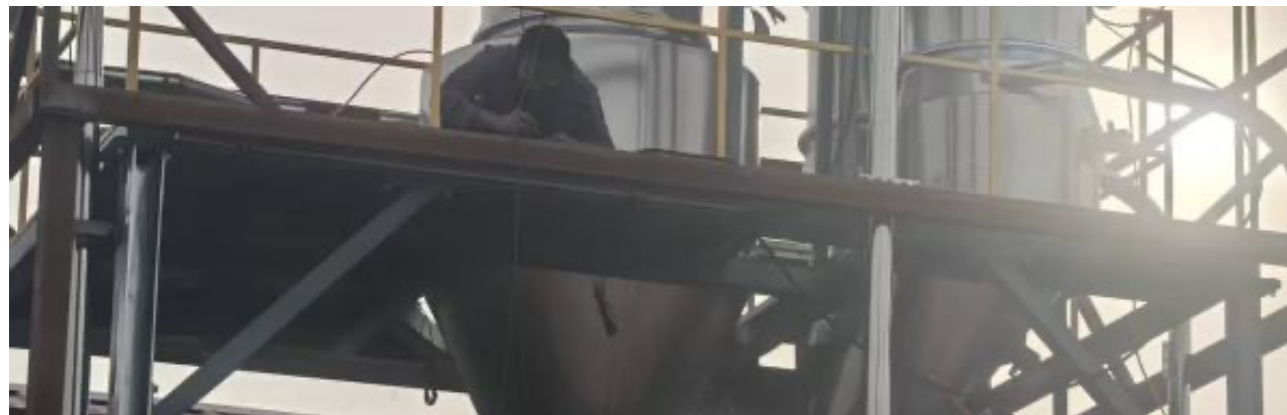
For waste, waste gas, and noise management, the Company conducts differentiated management in strict compliance with pollution prevention laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*.

For waste management, the Company classifies production waste into general waste, hazardous waste, and domestic waste, and handles them in accordance with the principles of "reduction, resource utilization, and harmless disposal". Hazardous waste—including waste engine oil, waste oil drums, oil-contaminated rags, spent activated carbon, and spent ion-exchange resin—is centrally collected in fixed hazardous waste storage rooms at plants and disposed of by qualified companies in accordance with the *Standard for Pollution Control on Hazardous Waste Storage*. Production scrap and defective products are treated as general waste, collected by the plants in designated storage facilities and storage areas, and controlled through measures preventing dispersion and loss. These materials are regularly recovered via dedicated transportation routes and reused in production, achieving a 100% recycling and reuse rate. Domestic waste generated in living areas is cleared and handled by the urban management authorities.

DAYU Irrigation Group Waste Emissions, 2023-2025

Indicator	Unit	2023	2024	2025
Total Solid Waste Emissions	tons	131.78	94.24	353.36
Total Hazardous Waste Emissions	tons	1.26	0.76	1.13
Total Non-hazardous Waste Emissions	tons	130.52	91.88	36
Hazardous Waste Intensity	tons per million revenue	0.0004	0.0002	0.0003
Non-hazardous Waste Intensity	tons per million revenue	0.0378	0.0210	0.0095

DAYU Irrigation Group places high importance on exhaust gas pollutant management. In 2025, exhaust gas treatment facilities in production workshops at all plants operated properly. Each quarter, professional institutions conducted testing to ensure that VOC emission rates and concentrations complied with the relevant limits set out in DB 12/524-2014 *Emission Control Standard for Volatile Organic Compounds for Industrial Enterprises* and GB 16297-1996 *Integrated Emission Standard of Air Pollutants*.



Upgrades to centralized material feeding in Jiuquan improved emission concentration control in the centralized feeding area.

DAYU Irrigation Group Air Emissions, 2023-2025

Indicator	Unit	2023	2024	2025
Air Emissions - Particulate Matter (PM)	tons	0.16	0.26	0.68
Air Emissions - Non-methane Hydrocarbons	tons	0.29	0.45	2.5
Air Emissions - Volatile Organic Compounds (TVOC)	tons	5.06	10.03	1.73
Air Emissions - Hydrogen Chloride	tons	0.27	1.27	0.314
Air Emissions - Vinyl Chloride	kg	0.11	0.16	0.0024
Total Air Pollutant Emissions	tons	5.78	12.16	3.84

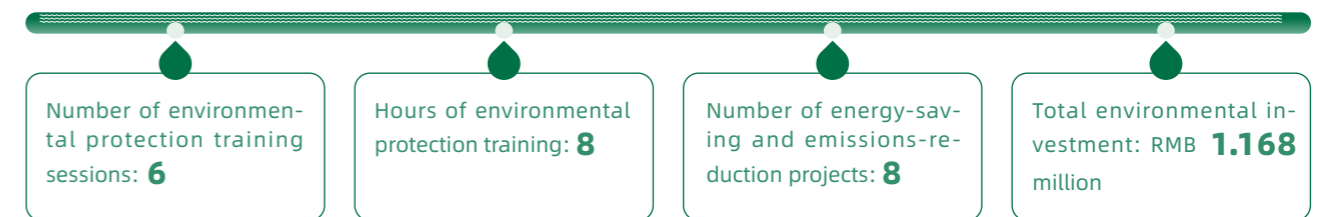
For noise management, plants under DAYU Irrigation Group identify noise sources in the manufacturing process—such as injection molding equipment, circulating water equipment, machining equipment, and fans of environmental protection facilities—and take targeted measures to reduce noise.

Practicing Low-carbon Operations

DAYU Irrigation Group continues to deepen the implementation of "green office" practices, steadily promoting green and low-carbon operations while actively advocating a green office culture. Guided by the *DAYU Irrigation Group Low-carbon and Environmental Protection Code of Conduct*, the Company continuously encourages employees to cultivate green and low-carbon lifestyles and help maintain a sound environment for the Company's overall green development through everyday actions.

In 2025, the Company further strengthened paperless, intensive, and shared management in office scenarios. Guided by the *DAYU Irrigation Group Low-carbon and Environmental Protection Code of Conduct*, it fully promoted electronic document circulation and online approval processes internally to reduce paper consumption; advanced centralized allocation of office resources, including equipment and space, to reduce idle resources; and built a shared office collaboration platform to encourage cross-departmental and cross-regional sharing of office resources and information. These efforts guide employees to adopt green office habits and safeguard the Company's green and low-carbon development environment through behavioral details in daily office work.

Environmental Management Performance



Protecting the Ecological Environment

In 2025, DAYU Irrigation Group strictly complied with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Soil and Water Conservation*, actively responded to and implemented the *China Biodiversity Conservation Strategy and Action Plan (2023-2030)*, took the full project lifecycle as its starting point, fully considered the impacts of project implementation on the local ecological environment and biodiversity, and actively leveraged its own strengths to carry out soil and water conservation, ecological restoration, pollution control, and other ecological protection efforts.



Protection of Ecosystem Integrity

Avoid fragmenting important ecological areas (such as wetlands, forests, and wildlife habitats). Assess project impacts on ecological connectivity and, where necessary, design ecological corridors (such as fish migration channels and wildlife migration corridors).



Hydrology and Water Resources Protection

Maintain natural river flows and ecological base flow, and avoid river flow interruption or drastic changes in hydrological conditions. Protect water source quality and prevent eutrophication or pollution.



Biodiversity Protection

Investigate rare and endangered species within project areas, avoid their habitats or design protection measures (such as artificial breeding or ex-situ conservation). Reduce impacts on aquatic organisms (such as fish and benthic fauna) by establishing fish passages, stock enhancement stations, and other measures.

02

Towards a Shared Future — Creating Social Value Together

Key Social Performance Highlights in 2025

Maintained a research and development (R&D) team of **313** personnel.

Invested RMB **197.3093** million in R&D activities.

Led the development of **3** group standards and participated in **1** group standard.

Generated **596** new employment opportunities in 2025.

Contributed RMB **1.74** million in charitable donations.

Corresponding SDG Goals



Double Materiality Topics

- Product R&D and Technological Innovation
- Intellectual Property Protection
- High-Quality Probably and Services
- Supply Chain Management
- Sustainable Agricultural Water Conservancy Infrastructure

Impact Materiality Topics

- Employee Health and Safety
- Promoting Industry Development
- Technology Ethics

General Materiality Topics

- Employee Rights and Welfare
- Employee Development and Training
- Diversity, Equality and Inclusion
- Rural Revitalization
- Public Welfare and Charity



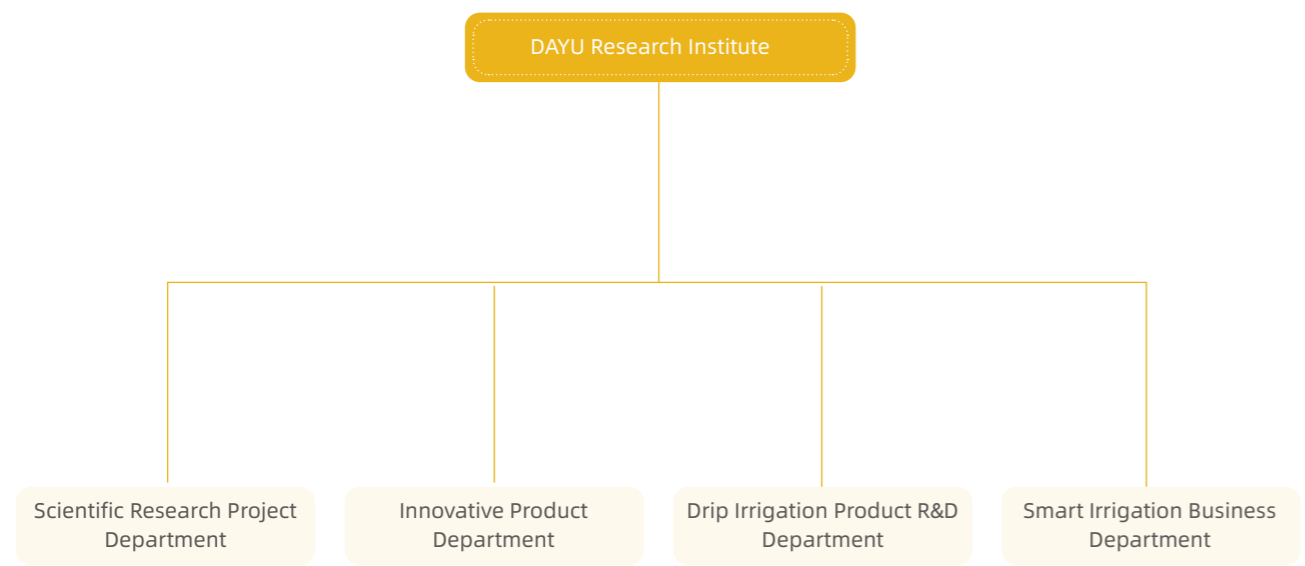
Innovation Driving Development

R&D and Technological Innovation

DAYU Irrigation Group has consistently adhered to an innovation-driven development strategy, conducting technological research and scientific innovation across core domains including agricultural water-saving irrigation, intelligent equipment, and smart water services. Through a series of measures—strengthening the development of R&D platforms, improving the R&D system and collaborative innovation mechanisms, advancing breakthroughs in key core technologies, and promoting the application and commercialization of results—the Group continuously enhances its capacity for independent innovation and core competitiveness. We uphold the principles of technology for good and responsible innovation. In the research, development, and application of frontier technologies such as smart irrigation, drip irrigation technology, and acoustic rainfall enhancement, we systematically identify and proactively mitigate ethical risks, embedding ethical norms deeply throughout the full lifecycle of technology design, product development, and application scenarios.

Governance

DAYU Irrigation Group has made the development of a scientifically sound and efficient R&D organizational structure the key lever for advancing the organized, systematic, and standardized operation of innovation and research activities. Drawing on the Key Laboratory of Smart Agricultural Water-saving Irrigation Equipment under the Ministry of Agriculture and Rural Affairs, the Company has established an R&D organizational support framework comprising four core departments, and built an end-to-end R&D operating mechanism covering scientific research project management, product development, hardware and software development, results commercialization, and standards formulation.



To ensure the standardization and efficient execution of R&D management, DAYU Irrigation Group has formulated a series of systems and processes to ensure that R&D work can be carried out efficiently and compliantly.

- Completed the design of the laboratory organizational structure and the skill inventory of R&D personnel, and unified R&D coding rules
- Drafted and organized the review of core institutional documents such as the *Measures for the Performance Appraisal of R&D Personnel of DAYU Equipment Development Group* and *Product Committee Explanatory Documents*, continuously standardizing R&D and technological innovation work
- Compiled the first set of Integrated Product Development (IPD) process documents to promote the preliminary implementation of the R&D management system

Strategy

In 2025, DAYU Irrigation Group concentrated its key R&D efforts on critical fields including agricultural water-saving and smart irrigation technology, intelligent equipment and automated control, acoustic rainfall enhancement technology, digital and smart water solutions, and the integrated application of IoT and AI, while continuing to advance technological innovation and the commercialization of results. During the same period, DAYU Equipment Development Group, anchored in consolidating and enhancing its leading position in the agricultural water-saving irrigation market, strives to advance its intelligent equipment business into the top tier domestically, and to build core competitive advantages in segmented fields such as smart solutions for high-standard farmland.

Risk Management

Regarding R&D incentives and talent guarantees, the Company has formulated specific incentive systems such as the *Administrative Measures for Technological Innovation*, *Administrative Measures for Rewards for Scientific Research Project Declaration*, *Administrative Measures for Intellectual Property Rights*, and *Administrative Measures for Rewards for Qualifications and Honors* to commend and reward teams and individuals who have achieved outstanding results in technical innovation and other areas, effectively stimulating innovation vitality and creative potential. Meanwhile, the *DAYU Equipment Development Group* has established a stable, efficient, and clearly oriented performance appraisal system for R&D personnel based on the characteristics of product R&D work, aiming to motivate R&D teams, improve R&D efficiency and quality, and ensure the implementation of the IPD R&D system.

In addition, DAYU Irrigation Group actively expands international scientific and technological cooperation and deepens resource complementarity and joint construction of scientific research capabilities. By continuously enhancing R&D and innovation capabilities, the Company promotes high-quality industry development and the transformation of industry-university-research achievements, building a long-term exchange and collaborative innovation platform for leading industry talents.

R&D and Innovation Achievements

Core Water-Conservation Irrigation Products

- **Iteration of drip irrigation emitter series**
Design finalization and anti-clogging testing were completed for the new inline pressure-compensated emitters (two specifications); design finalization was completed for the new anti-leakage on-line pressure-compensated emitter (one specification); design finalization was completed for the new non-pressure-compensated emitter, meeting relevant standard requirements.

Smart Gate Control Equipment

- **Productization of gate control hardware**
The productization of the new double-point intelligent control gate was achieved, supporting functions such as remote monitoring and anomaly protection, and is compatible with the intelligent transformation of traditional gates; simultaneously promoted the lightweight design, rapid deployment, and independent power supply of portable agricultural gates, integrating water level / gate position measurement and flow monitoring capabilities.
- **Precise gate control algorithms**
Fuzzy PID and other control strategies were introduced to improve gate opening control precision and response stability, and stability of the control system was enhanced by combining flow control technologies such as multi-segment control and multiple approximation.
- **Multi-gate collaborative control technology**
Stable communication and coordinated control of multiple gate systems via wireless communication have been achieved, and data fusion and intelligent control algorithms were introduced to improve scheduling efficiency and precision.

Field IoT and Monitoring Terminals

- **LoRa terminal equipment wireless networking technology**

Circuit design, prototype production, performance testing, and multi-node network testing have been completed, with network stability and communication reliability improved through design and system optimization.

- **Multi-module communication Remote Terminal Unit (RTU)**

Flexible switching is achieved through multiple built-in communication modules, enhancing the continuity and compatibility of RTU remote monitoring and data transmission in complex environments.

- **Low-power groundwater collection equipment**

Integrating sensing, low-power control, and remote communication modules, the equipment supports multiple transmission methods such as 4G and adopts intelligent sleep modes and durable protective structures to adapt to humid outdoor environments.

Digital Products and Intelligent Applications

- **Iteration of IoT platform functions**

Continuous upgrades focused on performance enhancement, stability, and protocol expansion.

- **Operation and maintenance (O&M) office software**

Released Xiaohui Cloud Hub V1.0 to support process-oriented O&M office work, and advanced the construction of a standardized framework to adapt to localized databases/middleware and HarmonyOS mobile application packaging, enhancing productized delivery capabilities.

- **AI application capabilities**

Developed applications such as Q&A assistants, digital human "Xiaohui", and intelligent inspection agents to improve interaction experience and intelligent O&M levels.



Acoustic-wave-enhanced Rainfall Equipment Technology

- **Improvement of key equipment performance**

Completed the optimization and upgrade of fixed acoustic-wave-enhanced rainfall equipment, with the sound pressure level increasing from 138 to over 150 decibels.



R&D Mode Innovation

- **Acceleration of "Design-Verification" iteration**

Introduced Stereolithography (SLA) 3D printing rapid prototyping technology to break the constraints of traditional molds, forming a rapid development process of "modeling-simulation-printing-testing-trial mold development," which shortens the development cycle of emitters and reduces development costs.

Innovative Construction Method for Advanced Geological Prediction and Intelligent Dynamic Regulation

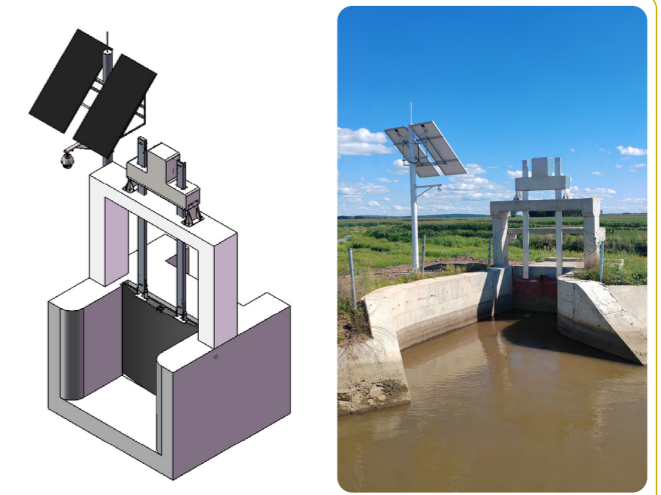
Based on the practical application of projects such as the Shulehe River Water Diversion Project in Yumen City, this systematic construction method has been finally developed through three years of technical research and engineering verification. It integrates six geophysical prospecting technologies including ground-penetrating radar (GPR) and TSP seismic wave detection, and establishes an intelligent regulation algorithm model.



In terms of national-level scientific research projects, the "New Technologies and Equipment for Water-Saving, Extraction Reduction, and Capacity Enhancement in Over-exploited Groundwater Areas of North China" project—a national key R&D program during the 14th Five-Year Plan led by the Company—passed its mid-term assessment, yielding a batch of products, technologies, and technical models suitable for such areas. Meanwhile, major agricultural science and technology projects led by the Company have all passed their annual acceptance inspections. Regarding provincial and municipal-level projects, the Jiangsu Provincial Water Conservancy Science and Technology Project *Research and Application of Standardized Prefabricated Inlet Channels for Small Pump Units Based on BIM*, undertaken by the Huai'an Water Conservancy Survey And Design Institute, successfully passed its completion acceptance. Two other topics, *Research on Anti-collision Mechanism and Design Methods for Ship Lock Chambers Based on CGI-UHPECC Composite Anti-collision Systems* and *Research and Application of Dimensionless Standardized Combined Vortex Elimination and Prevention Measures for Inlet Pools of Small and Medium-sized Pumping Stations*, were approved as 2025 municipal-level technology projects, providing technical support for ship lock anti-collision, pump station vortex elimination, and standardized design of pump station projects. In 2025, the Company undertook or participated in 15 national key scientific and technological research projects/topics/sub-topics, consistently driving breakthroughs in core technologies through major missions.

Case Study: Xiaohui Double-point Intelligent Control Gate

"Xiaohui Double-point Intelligent Control Gate" is an innovative product specifically created to address the pain points of intelligent transformation for gates in old irrigation districts. Targeting chronic issues of traditional single-point lifting gates, such as susceptibility to unbalanced loading, jamming, and maintenance difficulties, it pioneers the core technology of "double-point synchronous lifting + steel cable drive," effectively solving the challenges of safe and stable operation for large-span gates. The product integrates millimeter-level precise measurement and control, remote IoT intelligent control, and open interfaces, allowing for the flexible transformation of traditional gates in a modular form to achieve low-cost, high-efficiency intelligent upgrades. As a key execution terminal connecting field water use with smart irrigation district management platforms, it not only significantly improves irrigation scheduling efficiency and water safety but also provides reliable and efficient equipment support for the modernization of old irrigation districts and the refined management of water resources.



Double-point Intelligent Control Gate Design Drawing

Case Study: Low-altitude UAV + AI Filtering Creates a New Paradigm for Efficient Surveying

This technological innovation utilizes ordinary visible-light UAVs paired with intelligent filtering algorithms to overcome long-standing obstacles of vegetation and building obstruction in irrigation district topographic mapping. By generating point clouds through aerial modeling and applying the CSF filtering algorithm to precisely strip away non-ground points, the project successfully achieved centimeter-level precision real-terrain restoration across 200,000 mu in the Liyang Plain Irrigation District of Hunan Province, at less than 1/5 the cost of traditional radar solutions. This technology improves operational efficiency by approximately 50%. The resulting high-precision 3D models and pure terrain data provide a reliable foundation for irrigation district planning, digital twins, and earthwork calculations, offering a highly efficient, economical, and precise new solution for large-scale water conservancy engineering surveying.



High-precision, high-definition model files



Scanning point cloud results from airborne radar UAVs

Case Study: AI Intelligent Assistants Empowering Irrigation District Management and Flash Flood Warning Decisions

Centering on the two core business scenarios of Yishala Irrigation District management and flash flood "Four Pre-s" (forecasting, warning, rehearsal, and contingency planning), DAYU Huitu Tech.Group deployed AI dialogue assistants to provide efficient and convenient intelligent Q&A services for frontline staff, O&M personnel, and relevant users. In their daily work, users do not need to consult paper materials or frequently switch systems; by simply asking questions in natural language, they can quickly obtain business processes, laws and regulations, industry standards, and basic data, achieving "instant answers with precision and efficiency", which significantly enhances the efficiency of information acquisition and work convenience.

Through the deep application of AI technology, DAYU Huitu Tech.Group effectively promotes the refined management of irrigation districts and the enhancement of flash flood disaster prevention and control capabilities, facilitating the digital and intelligent transformation of business.



DAYU Huitu Tech.Group was honored with the title of national-level "Little Giant" enterprise specializing in fine, specialized, novel, and unique products



DAYU Irrigation Group won the First Prize of the Science and Technology Progress Award in both Gansu and Shaanxi Provinces



DAYU Irrigation Group won the First Prize of the Shaanxi Provincial Science and Technology Progress Award



DAYU Irrigation Group won the Gold Award for "Technology Innovation Enterprise" in the 3rd Gansu Enterprise Technology Innovation Competition



DAYU Huitu Tech.Group respectively won the First, Second, and Third Prizes of the Science and Technology Progress Award in Gansu, Fujian, and Hebei Provinces



DAYU Irrigation Group won two First Prizes and one Second Prize of the Agricultural Water-Saving Technology Award



DAYU Irrigation won two First Prizes and one Second Prize of the Agricultural Water Conservation Science and Technology Award.

Metrics and Targets

Key R&D Performance of Dayu Irrigation Group 2023-2025

Indicator	Unit	2023	2024	2025
R&D Investment Amount	10,000 RMB	12,337.55	12,393.90	19,730.93
Proportion of R&D Investment to Main Business Income	%	3.6	2.8	5.25
Number of National Key Scientific Research Projects / Topics / Sub-topics Undertaken or Participated in	Units	9	13	15
Number of R&D Personnel	Persons	253	290	313
R&D personnel Ratio	%	8.95	10.4	9.54

Information Security and Privacy Protection

DAYU Irrigation Group attaches great importance to data security and privacy protection, actively responding to the requirements of national laws and regulations such as the *Data Security Law of the People's Republic of China*. The Company continuously improves relevant institutional documents and clarifies management requirements for network and information security as well as master data management rules to ensure that systems are in place to build a solid management foundation. The Company has formulated and implemented institutional documents such as the *Network Management Measures, Information Security Management Measures, and Master Data Management Measures*. Meanwhile, DAYU Huitu Tech.Group has released supporting documents including the *Computer Room Operation Management Specifications and Software Information Security Guiding Manual* to provide operational basis and guidance for security control during computer room O&M and software R&D processes.



Information Security Management System Certification

DAYU Irrigation Group has integrated information security management into its organizational governance structure. The Information Security Committee, established under the Company's Production Safety Committee, serves as the competent authority for information security. The Information Department, acting as the centralized management department, is responsible for formulating systems and standards, risk monitoring and early warning, assistance in incident handling, training and communication, and operational guarantees for networks and computer rooms. Simultaneously, each unit is responsible for the implementation of systems, daily inspections and training, employee behavior management, and the security O&M of their respective systems and data. At the subsidiary level, DAYU Huitu Tech.Group has established a Network Security Leading Group to further strengthen network security protection capabilities.

DAYU Huitu Tech.Group continues to strengthen security controls over key systems and the R&D delivery process, conducting self-inspections and reinforcement around key risk points such as component versions, management ports, account passwords, and connection methods to enhance system operational security and privacy protection capabilities. In 2025, DAYU Huitu Tech.Group organized three specialized training sessions centered on enhancing information security capabilities. The content covered security self-inspections and self-rectifications for internal group servers and software systems deployed on the client-side or in the cloud, as well as information system security inspection tools, processes, and report compilation specifications. The training coverage reached 100%, and no major information security accidents or user privacy leakage incidents occurred throughout the year. DAYU Huitu Tech.Group has now obtained the ISO 27001 Information Security Management System certification.

Intellectual Property Protection

Governance

DAYU Irrigation Group consistently regards intellectual property (IP) as an important carrier of independent innovation achievements and a key support for core competitiveness. It continues to promote the application, maintenance, and standardized use of IP such as patents and software copyrights. The Company strictly abides by laws and regulations such as the *Civil Code of the People's Republic of China*, *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, and *Anti-Unfair Competition Law of the People's Republic of China*. It also continuously optimizes internal systems such as the *Administrative Measures for Intellectual Property* and *Brand Maintenance and Administrative Measures for Innovation*, improving the IP management system to ensure closed-loop management where innovation achievements are executable and traceable throughout the entire process of rights confirmation, utilization, and protection. In 2025, the IP management systems of the Company and its relevant units remained in effective operation and successfully passed external audits.

The Company relies on the collaboration of the Legal and Risk Control Department, Marketing Management Center, and Scientific Research Project Department to carry out coordinated IP management. On one hand, it strengthens supervision over the compliant use of external knowledge resources to ensure that R&D, production, and business activities are conducted in accordance with laws and regulations. On the other hand, it safeguards the legitimate rights and interests of the Company's patents, software copyrights, trademarks, and other IP in accordance with the law. Meanwhile, the Company strengthens IP management within the supply chain and with partners, requiring suppliers and partners to strictly comply with IP protection regulations to ensure the legal and compliant source and use of products and technical materials. To enhance management efficiency, the Company has established a dedicated management team and built a digital management platform for scientific research information to implement systematic and digital O&M management of innovation achievements and IP information such as patents, software copyrights, and standards.

Strategy and Risk Management

Risk Identification

- Technical Risks: Identify and monitor risks of technical secret leakage, patent invalidation, and the risk of innovation achievements failing to receive effective protection.
- Contractual Risks: Ensure that contract terms provide sufficient, clear, and enforceable protection for IP rights and interests during commercial activities such as authorization, transfer, and cooperation.

Risk Assessment

- Conduct qualitative and quantitative assessments of identified risks, comprehensively determine the probability of occurrence and the degree of impact, and use risk assessment tools to identify high-priority risk points requiring key focus, forming a priority control list.

Risk Management Strategy

- Continuously improve internal IP management systems and processes, including confidentiality measures, IP application processes, and infringement early warning mechanisms.
- Formulate emergency plans for IP infringement litigation or disputes and maintain close cooperation with professional legal advisors.
- Regularly conduct risk screenings and strengthen IP protection awareness training for employees.

Risk Response

- Proactive Defense: Timely conduct IP registration, maintenance, and updates, and continuously advance patent and trademark layouts.
- Reactive Handling: Once an infringement occurs, quickly initiate legal procedures to safeguard the Company's rights and interests, resolving disputes through litigation or mediation when necessary.

Metrics and Targets

A total of **25** patent authorizations were obtained throughout the year, including **9** invention patents and **16** utility model patents.

35 new software copyrights were added throughout the year.

Science and Technology to Prosper Water and Enrich Farmers

Excellent Delivery and Efficient Achievement

Governance

The Company builds a quality management responsibility system guided by "responsibility to the post, management to the chain, and appraisal to the individual", forming a vertical integration mechanism from group coordination to business line implementation, and from project organization to frontline execution. In the fields of engineering and project delivery, the project manager responsibility system and key post responsibility lists are used to clarify project goals, quality baselines, and process control requirements. For major projects and critical links, professional technical oversight and cross-departmental synergy are further strengthened, driving the shift of quality control from single-point management to full-chain synergy. Meanwhile, the Company incorporates quality supervision and inspection into institutionalized management, clarifying inspection duties, procedures, application of results, and appraisal requirements. This promotes the transformation of "problem discovery-rectification closed-loop-review and solidification" into a normalized management action, ensuring the stability and consistency of delivery quality through organizational mechanisms.

Regarding system construction, the Group and several subsidiaries continue to promote quality management system construction and maintain effective operations, obtaining and maintaining GB/T 19001-2016/ISO 9001:2015 Quality Management System certification. Relevant systems complete supervision audits and annual reviews on schedule. At the same time, various agricultural companies under the DAYU Water Conservation Group, based on product standards and process control, promote the achievement of higher quality standards for specialized agricultural products and obtain third-party recognition such as organic certification, providing solid management and credibility support for high-quality delivery.

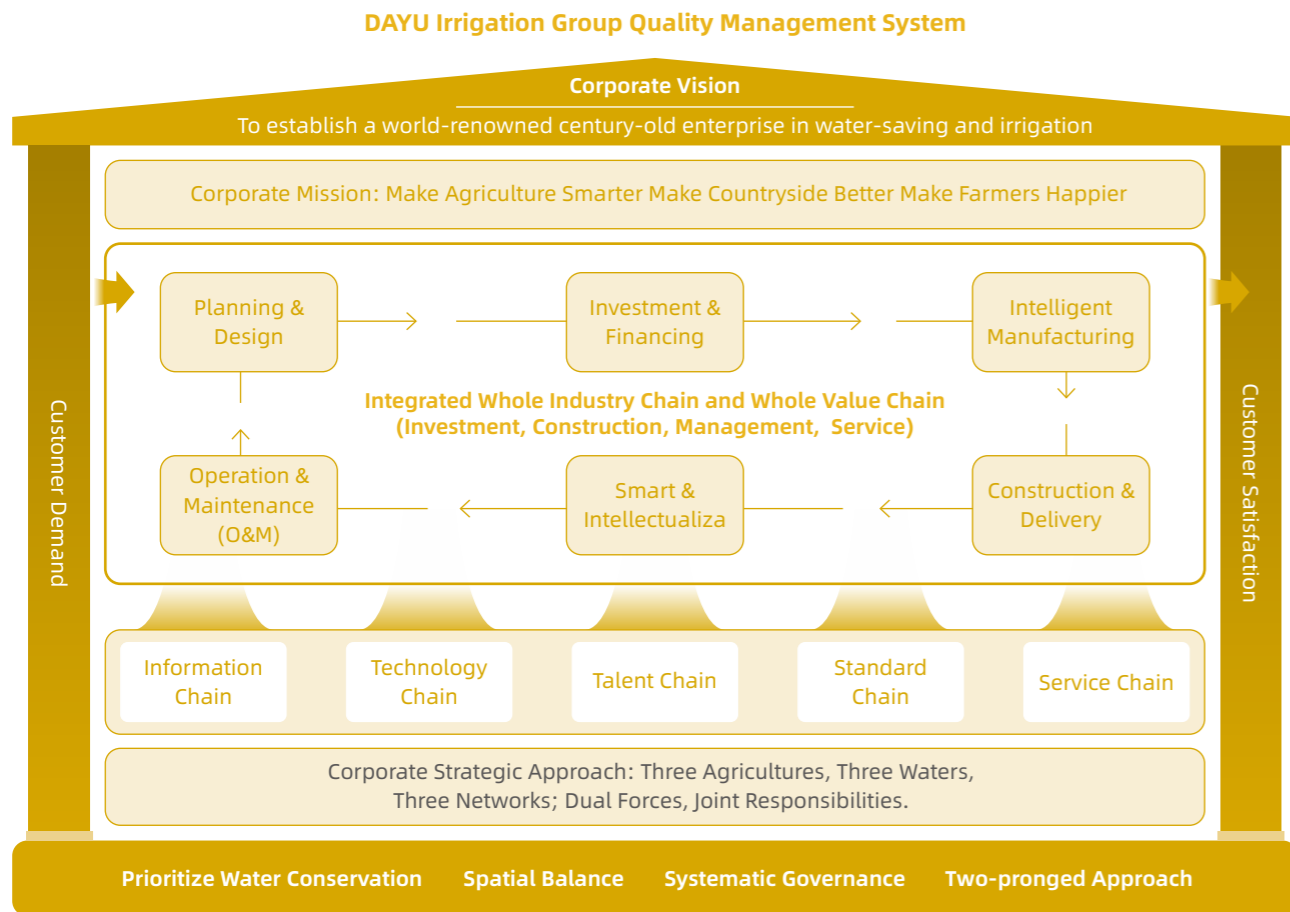
Strategy and Risk Management



Quality Management System Certification

DAYU Irrigation Group takes the full-chain delivery process as the main thread, establishing an all-process quality management mechanism covering design, procurement, construction, and operation and maintenance (O&M). Taking regulatory compliance as the baseline, quality requirements are embedded into the planning, execution, inspection, and improvement of key links. Through technical clarification before construction, process inspection during construction, joint acceptance of hidden works, completion verification, and post-delivery review and improvement, a closed-loop management path of "pre-prevention, in-process control, and post-improvement" is formed to ensure quality issues are identifiable, traceable, rectifiable, and verifiable.





Guidance of Systems and Acceptance Standards

The Company continuously improves institutional documents such as the Detailed *Rules for Engineering Quality Management*, *Engineering Project Inspection and Patrol System*, and *Construction Operation Instructions* centered on engineering quality and project management. These clarify control points and acceptance standards for key processes and form specialized quality control specifications for scenarios such as overseas projects and agricultural circular irrigation, enhancing adaptability to complex working conditions and differentiated projects.

Full-process Closed-loop Control

The Company strengthens front-end planning and strict process control within the delivery chain. Through key node controls such as pre-construction technical clarification, in-process inspection, joint acceptance of hidden works, and completion verification, supplemented by problem rectification tracking and review/filing mechanisms, closed-loop management and continuous improvement of quality issues are achieved.

Normalization of Supervision and Inspection

The Company establishes a tiered inspection mechanism, promoting a combination of project department self-inspections, headquarters quarterly inspections, and irregular Group spot checks. In specific execution, a standard process of "pre-planning-on-site verification-rectification tracking-review and filing" is formed. Different frequencies such as daily patrols, specialized inspections, monthly comprehensive inspections, and quarterly audits are set according to project attributes to enhance the coverage and timeliness of quality supervision.

Digitalization and Synergistic Efficiency

The Company promotes the digital upgrade of quality traceability and project management, enhancing process transparency and manageability through quality data accumulation and traceability mechanisms. Simultaneously, it optimizes cross-departmental quality synergy mechanisms, integrating quality control requirements throughout planning, construction, and delivery stages to reduce quality fluctuations caused by information gaps.

Metrics and Targets

2025

The one-time acceptance pass rate of projects under the DAYU Water Conservation Group remained at a high level (one-time acceptance pass rate **100%**), and the rectification of common quality defects achieved closed-loop management (rectification rate **100%**).

The DAYU Water Conservation Group supervised and inspected a total of **15** projects and conducted **43** quality inspections.



The "Phase I Survey Report Compilation Service for the Quality and Capacity Enhancement Project of Strategic Water Sources in Jiaodong Peninsula," participated in by the Huai'an Water Conservancy Survey And Design Institute, won the Silver Award for Excellent Engineering from the China Association for Geographic Information Society in 2025.

Stable Operation and Safety Escort

DAYU Irrigation Group adheres to the O&M philosophy of "strengthening institutional and mechanism innovation, expanding business scope, and improving service capabilities," committing to providing high-quality service guarantees to ensure a worry-free process from project delivery to operation. The Company focuses on the construction of the O&M service system, integrating four key resources—O&M teams, information platforms, after-sales support, and digital empowerment—to continuously improve the quality and efficiency of O&M services. It strives to maximize service quality, reduce costs, and enhance customer satisfaction through intelligent and refined management in every link.



Operation and Maintenance After Project Delivery

- **Digital O&M Platform:** DAYU Water Conservation Group conducts continuous management of projects through a digital O&M platform, performing performance monitoring and preventive maintenance to ensure the long-term stable operation of equipment and systems.
- **Regular Inspection and Feedback:** To guarantee long-term project operation, DAYU Water Conservation Group implements monthly and quarterly project inspection mechanisms to ensure that projects consistently meet design and functional requirements.



Pre-sales Support

- **Precise Pre-bid Gross Profit Calculation:** The business team of DAYU Water Conservation Group collaborates with the marketing department to conduct field surveys before project initiation and perform precise calculations of pre-bid gross profit to ensure project feasibility and profitability during actual execution.
- **Pre-bid Risk Control:** During the pre-sales stage, DAYU Water Conservation Group conducts detailed analysis and control of potential risk points in contracting agreements to ensure no major issues occur during implementation.
- **Synergistic Support and Preliminary Communication:** DAYU Farming under DAYU Water Conservation Group provides collaborative support for project landing across multiple regions/subsidiaries, ensuring high alignment between project implementation and customer needs.

After-sales Service

- **Customer Feedback System:** All customer complaints are entered into the management system. Through a strict processing flow, complaint information is reported to the supervisor within 1 hour, and relevant departments immediately organize investigations and issue handling plans. Feedback is provided to the customer within 24 hours after resolution, enhancing customer trust and service satisfaction.

Customer Satisfaction Management

- **Customer Satisfaction Improvement Measures:** All ongoing projects across various sectors are fully incorporated into the customer service system, and a complete customer information database is established. Through the 400 hotline, full-platform embedding, and full-cycle closed-loop management, problems are discovered and solved in advance, resolving customer complaints and potential risks in their infancy.

Case Study: Smart Water Conservancy 4S Supply Chain Centralized Procurement Platform Focuses on "Full-Chain, Integrated" Services

The Smart Water Conservancy 4S Supply Chain Centralized Procurement Platform deeply integrates IoT, digital twin, and AI technologies. Through a three-level service system of "equipment + data + intelligence," it provides one-stop solutions from precise procurement to smart decision-making for scenarios such as agricultural irrigation and high-standard farmland construction. It effectively solves pain points like fragmented traditional water conservancy procurement and discontinuous services. It reduces construction costs through centralized procurement and utilizes data analysis and AI algorithms to improve water resource utilization efficiency and disaster prevention and control capabilities. Since its launch, the platform has built an ecological hub linking suppliers, integrators, and owners. It not only serves agricultural water conservancy projects by empowering procurement but also promotes synergy across the entire industrial chain, supporting smart water conservancy construction with a digital supply chain and helping agriculture reduce costs, increase efficiency, and revitalize the countryside.

Second Prize of the 2025 Business Model Innovation Award



Case Study: Jinta Project "Consortium Mode" Solves the Long-term O&M Challenge of High-Standard Farmland

The Jinta County High-standard Farmland Project innovatively adopts the "Consortium + PCO" whole-region promotion mode, using an integrated construction-management-service approach to solve the traditional pain point of "prioritizing construction over management." By partnering with local platform companies, the project undertakes 65% of the county's construction tasks while extending services to long-term post-delivery maintenance and operation, relying on its unique "dual operation qualifications" in water conservancy and agriculture. This mode not only guarantees construction quality and efficiency but also injects continuous operational vitality into farmland by planning smart agriculture pilots and exploring innovations like "land trust + irrigation services," ensuring long-term project benefits. This O&M-oriented systematic solution has formed a replicable model now being promoted in the Hexi Corridor and even the Xinjiang region, providing a practical path for the sustainable utilization of high-standard farmland.

In 2025, five projects and project managers from the Hydropower Engineering Company of DAYU Water Conservation Group were awarded the titles of Excellent Project Department and Excellent Project Manager by owners, and more than 10 projects received commemorative banners from owners and the public.



Smart Agriculture and R&D Development

DAYU Irrigation Group actively responds to the national "Rural Revitalization" strategy and is committed to solving the "Three Rural Issues". Throughout this process, the Company comprehensively considers the mutual influences between agriculture, rural areas, and farmers, proposing a series of innovative solutions centered on water resource management, covering various fields such as intelligent water and fertilizer management systems, intelligent water supply systems, and digital twins.

Case Study: Ningxia Hongsibao Project

DAYU Irrigation Group created an intelligent integrated solution of "high-standard farmland construction + industrial chain introduction" in Hongsibao, Ningxia. Through the "investment-construction-management-service integration" mode, the project actively undertook land transfer and smart agriculture operations after completing efficient water-saving engineering construction. This systematically solved core issues such as the "lack of maintenance" for efficient irrigation facilities, land abandonment due to low grain-growing income, and intensified salinization caused by a lack of scientific farming.

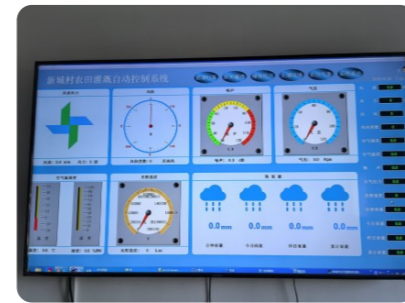
Utilizing technologies such as "Whole-region One Map for Irrigation Districts," intelligent irrigation, and water-fertilizer integration, the project realized full-chain digital management from water-saving construction and land productivity enhancement to large-scale planting, building a sustainable operation model characterized by "someone to build, someone to manage, and someone to plant". This mode not only guaranteed project acceptance and payment collection but also formed a replicable and promotable demonstration of smart high-standard farmland, providing a practical paradigm for cracking the "Three Rural Issues" and assisting rural revitalization.



Ningxia Hongsibao Project

Case Study: "Huinongbao" Smart Agriculture Decision-making System

The "Huinongbao" smart agriculture decision-making system empowers large-scale chili planting in the Northwest Gobi with original algorithms. The system deeply integrates 30 years of local climate data with real-time soil moisture content, generating "one plot, one policy" precise water and fertilizer plans through AI algorithms, achieving approximately 20% savings in water and fertilizer. Its innovatively integrated European standard pesticide residue database can intelligently match green prevention and control medications, safeguarding agricultural product quality and export compliance from the source. Through a mobile APP, the system transforms complex agronomic knowledge into visualized full-cycle planting regulations, directly serving field management and effectively solving traditional agricultural pain points such as difficulty in technology implementation, high resource consumption, and weak quality control, providing a replicable intelligent sample for quality enhancement, efficiency improvement, and income growth for farmers in arid regions.



Farmland Irrigation Automatic Control System

Case Study: Sichuan Yishala Agricultural Water Price Reform Project

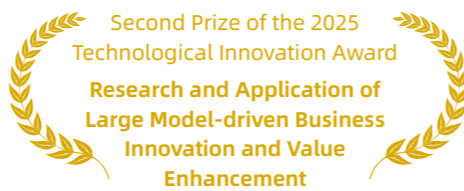
In the Yishala Agricultural Water Price Reform Project, DAYU Huitu Tech.Group improved the management efficiency of rural water resources through intelligent water supply systems and remote control systems. The project realized field water withdrawal via card swiping and remote water use and recharging via a user mini-program. By combining multiple water-use methods, the project enhanced the water-use experience for users, reduced production and operation costs, and addressed agricultural water-use pain points, providing solid support for rural revitalization and water conservancy reform.

Case Study: Qinghai Small Watershed Flash Flood Disaster "Four Pre-s" Project

The Qinghai Provincial Flash Flood Disaster "Four Pre-s" Platform builds a technological defense line to protect rural safety using digital twin and intelligent technologies. Through a monitoring network covering the entire province, distributed hydrological models, and a "three defense lines" progressive warning mechanism, the project achieved full-chain, minute-level precise warnings from "rain in the clouds" to "water in the rivers." Its core innovation lies in using 3D simulation and digital twin technology to perform centimeter-level flood evolution simulation and risk rehearsal for 121 small watersheds, combined with electronic fences and population heat maps to achieve targeted and precise release of warning information to dangerous areas. This system significantly improves the refinement and intelligence levels of flash flood disaster defense, providing a reliable intelligent solution for safeguarding the lives and property of people in mountainous areas and enhancing the disaster prevention and mitigation resilience of rural regions.



Flash Flood Disaster Monitoring, Forecasting, and Warning Platform



Industrial Cooperation and Win-win

Scientific Research Innovation Driving Industrial Development

Technological innovation is the core driving force for DAYU Irrigation Group to promote industrial development. The Company adheres to an open and collaborative R&D governance mode, strengthening key core technology breakthroughs and the integration of innovation resources by deepening industry-university-research-application cooperation. Centering on key directions such as intelligent irrigation technology, water-saving and extraction reduction technology, and clean energy applications, the Company continuously carries out high-level collaborative scientific research innovation to empower the efficient utilization and sustainable development of agricultural water resources through technological innovation.

In 2025, the Company continued to promote industry key technology innovation and the transformation and application of achievements with more than 30 well-known domestic and foreign universities and research institutions, including China Agricultural University, China Institute of Water Resources and Hydropower Research, and Farmland Irrigation Research Institute of the Chinese Academy of Agricultural Sciences, establishing long-term and stable industry-university-research cooperative relationships.

Key Scientific Research Cooperation Projects

Project Objectives and Achievements

Agricultural Science and Technology Projects

Aimed at developing a series of efficient micro-irrigation emitters, micro-irrigation system pressure equalization regulation and intelligent control equipment, etc. Relevant achievements have been successfully demonstrated and applied in projects with stable operation, significantly reducing the overall cost of micro-irrigation systems, effectively improving the automated control level of micro-irrigation systems, and providing strong technical support for the large-scale promotion and application of efficient water-saving irrigation engineering.

New Technologies and Equipment for Water-conservation, Extraction Reduction, and Capacity Enhancement in Over-exploited Groundwater Areas of North China

Focusing on the key scientific issues of "agricultural water saving-optimal production-extraction reduction" in over-exploited areas, breaking through core technologies such as water demand monitoring, restricted water irrigation, unconventional water utilization, multi-source optimization, and intelligent equipment, and building a complete set of efficient water-use technologies and application models to safeguard regional water and food security.

Water-conservation, High-yield, High-quality, and Water-adaptive Planting Technologies for Major Grain and Economic Crops in the Hexi Corridor

Aimed at researching the mutual feedback mechanisms and quantitative characterization methods between water resource shortage, low water efficiency, and the unclear water-agriculture-ecology synergy mechanism in the Hexi Corridor. Constructed irrigation scale and planting structure optimization models to optimize spatial layout and water-use patterns; integrated key technologies and equipment such as intelligent precision irrigation and agronomic water saving, forming a high-water-efficiency integrated technical model for demonstration and application.

Development and Demonstration of Key Products for Agricultural Smart Water-conservation Irrigation

Based on the actual needs of smart water-saving irrigation, focused on the R&D of key products such as high-precision ultrasonic water meters for agricultural irrigation, intelligent control devices for motorized wells, and smart micro-irrigation cloud service management platforms, and built a smart water-saving demonstration area for food crops in Gansu.

Development and Demonstration of Small-flow Long-distance Drip Irrigation Tapes

Aimed at overcoming technical bottlenecks such as small-flow drip irrigation emitter design, flow channel clogging, mold processing, and formula processes. Optimized flow channel structures and design methods, developed high-precision rapid manufacturing technology, and created 0.8-2.0 L/h small-flow long-distance drip irrigation tapes and complete sets of equipment to improve water and fertilizer utilization efficiency and achieve water and fertilizer saving and efficiency enhancement.

Research on Key Intelligent Irrigation Products and Technologies Oriented Toward a Smart Agriculture Ecological Closed Loop

Aimed at building an "equipment-data-service" ecological closed loop, developed four core products: reinforced thin-walled drip irrigation tapes, intelligent irrigation and fertilization machines, well-electricity dual-control intelligent irrigation controllers, and a micro-irrigation cloud service management platform. Created an integrated "perception-control-decision" closed-loop system to realize full-process integrated intelligent irrigation, significantly improving irrigation efficiency and water resource utilization efficiency.

By the end of 2025, the Company had built more than 10 innovation platforms, including the Key Laboratory of Smart Agricultural Water-Saving Irrigation Equipment of the Ministry of Agriculture and Rural Affairs, national and local joint engineering laboratories, and postdoctoral scientific research workstations, among other national, provincial, and ministerial-level scientific research carriers. Through deepening industry-university-research cooperation and optimizing resource integration and open sharing mechanisms, these platforms provide solid support for the continuous iteration and upgrade of the Company's technology and product innovation, strongly promoting the deep integration of modern agricultural technology and agricultural industries, and effectively empowering industrial transformation, upgrading, and comprehensive benefit enhancement.



Standard Formulation Leading Industry Construction

Industry Standard Formulation

DAYU Irrigation Group attaches great importance to the construction of the standard system and actively participates in standard formulation in related fields. The Company led the formulation of several group standards such as the *Evaluation Specifications for Smart Irrigation System Construction Services* and *Management Standards for EPC General Contracting of Water Conservancy Projects*, and participated in compiling local standards such as the *Technical Regulations for the Operation and Maintenance of Non-engineering Measures for Flash Flood Disaster Prevention*, driving industry technical progress and standardized development through standardization construction.

Among them, multiple achievements such as "Mortise and Tenon Prefabricated Hydraulic Structure Technology" won the "New Technology Application Capability" award from the Provincial Water Conservancy Survey and Design Association and have been transformed and applied in actual projects. Relying on the continuously improving standard system, the depth and breadth of the Company's application in cutting-edge technical fields such as digital twins, BIM forward design, and LiDAR measurement continue to expand, providing solid support for the high-quality construction and intelligent upgrade of water conservancy projects.

Overview of 2025 Industry Standard Formulation

Lead the Formulation of Local and Group Standards

- Technical Regulations for Planning and Design of High-standard Farmland Construction Projects (DB32/T 5223-2025)
- Technical Specifications for Revetment Design of Small and Medium Rivers (T/JSSLKX 008-2024)
- Evaluation Specifications for Smart Irrigation System Construction Services (T/WEA 010-2025)
- Management Standards for EPC General Contracting of Water Conservancy Projects (T/CAIEC 187-2025)

Participate in the Formulation of Local and Group Standards

- Technical Regulations for Planning and Design of High-standard Farmland Construction Projects (DB32/T 5223-2025)
- Technical Guide for Engineering Construction and Reconstruction of Modernized Irrigation Districts (T/CAIEC 188-2025)

Industry Advocacy and Exchange

DAYU Irrigation Group actively builds and participates in high-level industry dialogue platforms. By hosting and undertaking major technical exchange meetings, continuously building authoritative forum brands, and deepening global industrial cooperation, the Company fully demonstrates its leading advantages in full-industrial chain system integration and mode innovation, committing to promoting technical progress and ecological synergy in the water-conservation industry.

Activity: The 5th China Water Conservation Forum

In October 2025, the 5th China Water Conservation Forum was successfully held in Zhengzhou, hosted by the Central Committee of the Chinese Peasants and Workers Democratic Party. With the theme "Water Conservation and Happy Rivers and Lakes," the forum gathered numerous guests from national ministries, scientific research institutes, well-known universities, and leading industry enterprises.

Ms. Cui Jing, Senior Vice President of the Company and Chairman of the DAYU Equipment Development Group, was invited to deliver a keynote speech titled "Fully Empowering Agricultural Water Saving, Building a Solid Foundation for Food Security." She systematically elaborated on Dayu Irrigation Group's dual support of technology and mechanisms for national food security under the guidance of the "Water Saving First" water management policy, through the implementation of digital twin irrigation districts, intelligent irrigation product matrices, water-fertilizer integration technologies, and mature business models like BOT and EPC+O in Yuanmou, Yunnan and Luyi, Henan. In addition, the Company continues to inject innovation momentum into the industry through measures such as the joint R&D of agricultural robots with CAS Smart-Power.

The forum deeply discussed the great plan of prioritizing water conservation, jointly promoted the construction of happy rivers and lakes, and assisted the high-quality development of China's water-conservation cause.



Ms. Cui Jing, Senior Vice President of DAYU Irrigation Group, invited to deliver a speech

Activity: National Irrigation District Engineering Technology Exchange Meeting

In November 2025, DAYU Irrigation Group undertook the "National Irrigation District Engineering Technology Exchange Meeting" held in Boao, Hainan. The meeting gathered more than 320 expert representatives from across the country. The Vice President of the Company profoundly analyzed the systemic contradictions between the construction of backbone irrigation district projects and field supporting facilities in a specialized report, innovatively proposing the synchronous design concept of "combining the upper and lower levels, iterative optimization." Combined with practices such as the "Whole-region One Map for Irrigation Districts," the report demonstrated systematic solution capabilities from planning and design to operation services.

Attending experts also conducted a field inspection of the Hainan Niululing Irrigation District Project, a major national water conservancy project constructed by the Company under the EPC+O mode. Its "vine-grown melon" smart water conservancy layout has become a replicable industry model, significantly strengthening the Company's technical leadership in the field of modernized irrigation district construction.



Mr. Yan Wenxue, Vice President of DAYU Irrigation Group, delivered a specialized report

Activity: International Exchange Event of Equipment Development Group

In 2025, DAYU Irrigation Group internationalization process accelerated comprehensively:

• Market Expansion

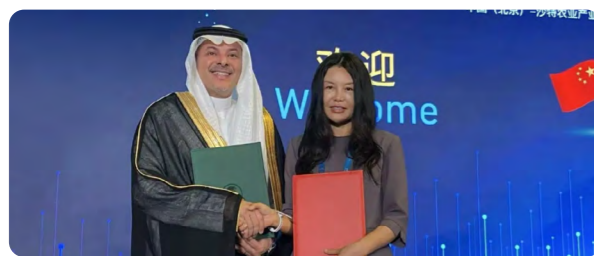
The Company's newly signed contract value increased by 70% year-on-year, with business covering core regions in Asia, Central Asia, Africa, and Latin America, successfully landing projects in multiple countries including Cambodia, Brazil, and Peru.

• Level of Cooperation

Signed Memorandums of Understanding (MoU) with the Saudi Arabian Water Authority and the Almaty Regional Government of Kazakhstan, and held high-level talks with the President of Ghana to discuss agricultural irrigation cooperation.

• Business Model

Achieved an upgrade from product export to "system solutions + O&M" and built a "project + channel" dual-wheel drive system. Meanwhile, by participating in world-renowned exhibitions and operating multi-language social media platforms, the Company continuously improved its international brand influence, promoting Chinese water-saving technology, intelligent equipment, and replicable business models to the world as a mature "Chinese Solution."



Signing an MoU with the Saudi Arabian Water Authority



Signing an MoU with the Almaty Regional Government of Kazakhstan

Deeply Cultivating Talent

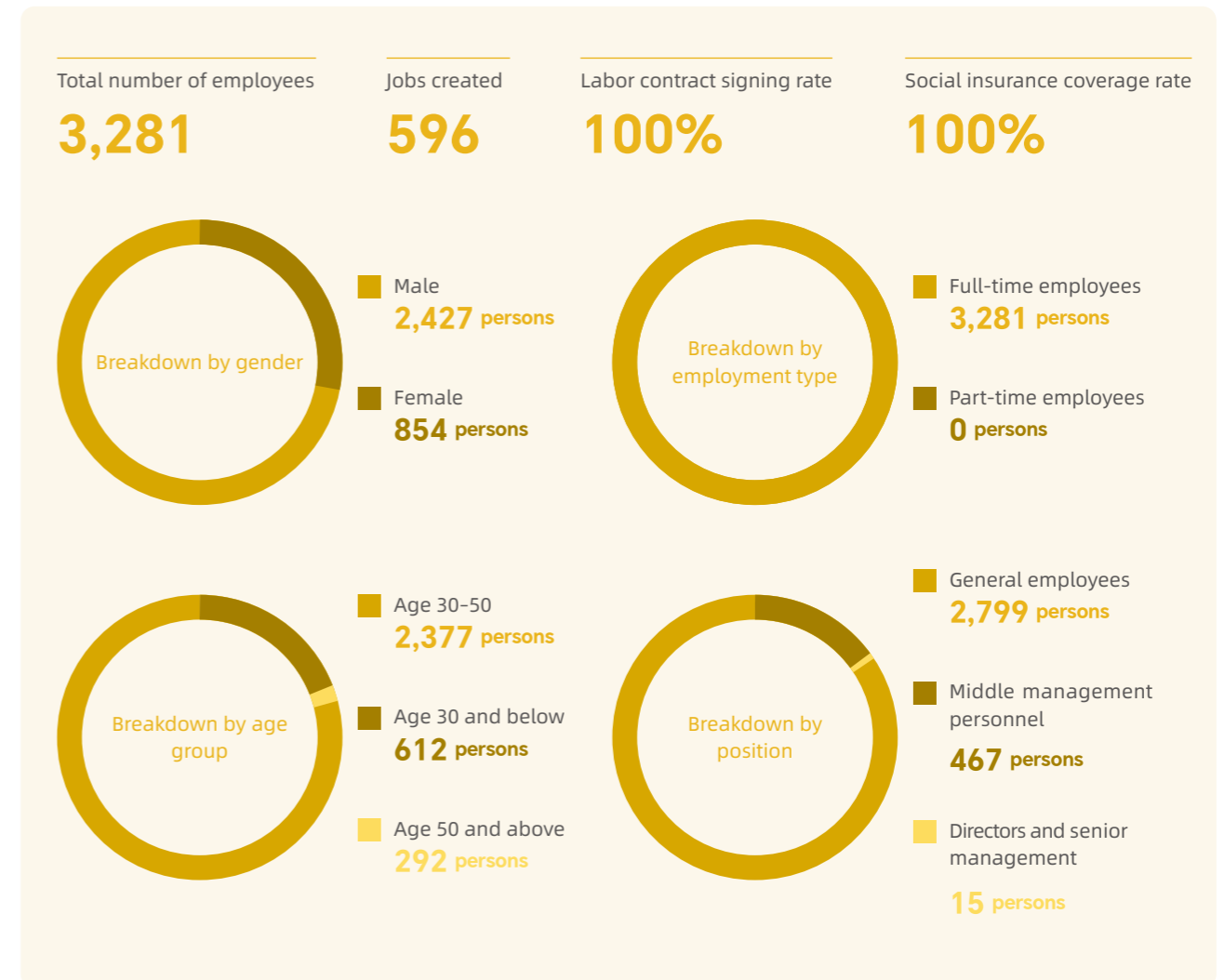
Protecting Employee Rights and Interests

Employee Rights and Interests

DAYU Irrigation Group always places the protection of employee rights and interests in a prominent position in corporate development and is committed to building a fair, just, transparent, and people-oriented working environment. The Company strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and has established comprehensive internal management systems covering key areas such as recruitment, employment, and compensation, forming a fair and transparent employment management mechanism.

We strictly follow the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Using Child Labor*, the *Universal Declaration of Human Rights*, and other relevant requirements. The Company has formulated and improved the *Employee Handbook*, which explicitly prohibits workplace harassment and ensures that all workers can work in a lawful and compliant environment. At the same time, the Company continuously standardizes employment systems and approval procedures, resolutely eliminates child labor and forced labor, and safeguards the legitimate rights and interests of employees.

In 2025, employee wages were paid in full on a monthly basis without any cross-month delay. In addition to paying statutory social insurance and housing provident fund contributions for all employees in accordance with the law, the Company also provided supplementary commercial insurance, effectively relieving employees' concerns and enhancing their sense of belonging and security.



• Employee Well-being



DAYU Irrigation Group Received the 2025 Employee-friendly Enterprise Title

Guided by the principle of "putting strivers first," DAYU Irrigation Group has formulated and continuously improved systems such as the *Equity Incentive System*, *Compensation Management Measures*, and *Total Payroll Management Measures*, building a market-competitive compensation and benefits system. The Company closely links performance bonuses with operating results, strengthens the incentive role of performance management, avoids egalitarianism, and effectively stimulates employee motivation and vitality.

To support work-life balance, the Company provides facilities such as employee gyms, billiards rooms, and staff dormitories, and periodically distributes welfare agricultural products so that employees can tangibly feel the Company's care. In addition, we have established a comprehensive welfare subsidy system covering seniority allowances, holiday benefits, maternity leave allowances, site allowances, professional title allowances, commission bonuses, funeral and bereavement benefits, and other benefits, continuously enhancing employees' sense of gain and happiness.

We also place strong emphasis on enriching employees' spiritual and cultural lives. By organizing diverse festival and team activities, the Company continuously strengthens employees' sense of belonging and cohesion. In 2025, the Company regularly carried out care visits for frontline employees during periods of extreme heat and cold, held all-staff sports meets, group birthday parties, retirement ceremonies for retired staff, International Women's Day themed activities, and outstanding DAYU employee sharing sessions, thereby creating a warm and energetic workplace atmosphere.



Spring All-staff Sports Meeting

The Company organized a spring sports meet covering employees from all regions, with fun competitions and team collaboration events. The program enriched employees' leisure lives while strengthening cross-department collaboration and cohesion.



Themed Cultural and Festival Activities

Diverse activities were organized around various festivals and occasions, including International Women's Day events, Labor Day and Youth Day celebrations, and group birthday parties, creating a warm collective atmosphere.



Integrated Sports and Cultural Scenarios

Sports and cultural activities were deeply integrated with Party building and team development. During annual (or semi-annual) meetings and training activities, interactive sports and cultural sessions were incorporated, while care activities for frontline employees during extreme heat and cold were also carried out, making such activities both engaging and meaningful in emotional connection and cultural transmission.

• Democratic Management

Through democratic procedures facilitated by the labor union, the Company signed agreements such as the *Collective Contract*, *Collective Wage Agreement*, *Agreement on the Protection of Female Employees' Rights and Interests*, and *Occupational Safety and Health Agreement*, thereby safeguarding employees' democratic rights. To strengthen communication and exchange with employees, DAYU Irrigation Group regularly convenes employee representative congresses, encourages employees to actively participate in discussions and make suggestions, and works together with employees to support the Company's development.

• Diversity, Equality and Inclusion

DAYU Irrigation Group actively promotes a diverse, equal, and inclusive corporate culture. Throughout the entire HR process—from recruitment and hiring to job placement and career development—the Company strictly prohibits discrimination in any form on the basis of gender, age, ethnicity, or other factors, ensuring that all employees enjoy fair development opportunities. We fully support the professional growth of female employees and encourage them to express themselves confidently and realize their value in the workplace.

⚙ Safeguarding Occupational Health

• Management System and Structure



The DAYU Equipment Development Group obtained the ISO 45001 Occupational Health and Safety Management System Certification.

DAYU Irrigation Group strictly complies with laws and regulations such as the *Emergency Response Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. It has formulated and implemented internal systems such as the *Occupational Health Management System* and the *Administrative Provisions on Personal Protective Equipment (Revised)*, and carries out systematic management of employee occupational health from the institutional source.

The Company has established a dedicated Safety Supervision Department and implemented a separation of "supervision" and "management" responsibilities to ensure the professionalism and independence of safety management. At the same time, it has established a Work Safety Committee as the highest decision-making body for work safety management, with the Chairman serving as Director and acting as the primary person responsible for work safety, together with the Executive Vice President, Vice President for Engineering, Chief Engineer, and heads of various functional departments and business segments.

Regarding occupational health and safety system development, the DAYU Equipment Development Group has established a sound occupational health and safety system based on the *Occupational Health Management System*. Specific measures include effectively separating production areas from warehouses and office areas to reduce cross-operation risks; strengthening ventilation, exhaust, and hazardous gas purification; continuously improving processes to enhance automation and cleaner production; and standardizing occupational hazard notification, monitoring, and health inspection mechanisms.

• Measures and Practices

DAYU Irrigation Group has established a health service assurance system covering the full employee lifecycle. The system begins with the creation of personal health files for employees, enabling systematic recordkeeping and dynamic tracking of each employee's health status. The Company provides employees with labor protection equipment that complies with national standards and offers professional guidance on its proper use to ensure protective measures are fully implemented. In strict accordance with legal requirements, the Company organizes regular occupational health examinations for employees exposed to occupational hazards, while also carrying out health education and psychological care to comprehensively safeguard employees' physical and mental well-being.

Focusing on the annual "four zeros" work safety objectives, the Company systematically carried out cross-inspection of safety management. Starting in 2025, DAYU Irrigation Group organized multi-department joint inspection teams every quarter to visit production bases and project sites, using report review, ledger inspection, and on-site inspection to identify risks in key areas such as construction protection, equipment operation, fire-fighting facilities, and electricity management, while simultaneously reviewing the implementation of rectification and accountability measures.

DAYU Irrigation Group continues to carry out systematic safety training. New employees may only take up their posts after passing enterprise-level, department-level, and position-level training and assessments. Training content covers key areas such as first-aid skills, hazard identification and risk assessment, and hidden danger investigation, helping employees systematically master hazard source identification and risk rating capabilities. In 2025, the Group and its business segments organized various safety training activities on an ongoing basis, further strengthening employees' safety awareness and practical capabilities.

In addition, the Company organizes internal emergency drills around common operational risk scenarios such as injuries caused by falling objects and sudden mechanical equipment incidents, strengthening all employees' safety awareness and emergency risk-aversion vigilance. Regular fire drills also enable personnel to master the practical use of fire-fighting equipment and evacuation routes, while testing the feasibility of fire emergency response plans and the coordination capabilities of emergency teams, thereby continuously enhancing the Company's emergency response capability.

Safety Production Month Theme Presentation

Systematically popularized basic knowledge of work safety and management among all employees and cultivated a safety culture.

Basic First-aid Knowledge and Skills Training

Covered the core knowledge and operational essentials of Cardiopulmonary Resuscitation (CPR), trauma first aid, and heatstroke emergency response.

Fire Safety Training

Popularized fire safety knowledge, including fire prevention and initial firefighting methods.

Hazard Identification and Risk Management Training

Introduced methods for hazard identification and the development of corresponding control measures.

Hidden Danger Investigation Training

Explained the manifestation, identification methods, and disposal measures for hidden dangers.

Case Study: Emergency Response Drill for an On-site Casualty Incident Caused by a Falling Object

In June 2025, to test the feasibility and effectiveness of emergency response plans, identify and improve weak links in emergency procedures, enhance workers' rapid response and coordinated disposal capabilities in the event of falling-object accidents, strengthen first-aid skills such as bleeding control, bandaging, fixation, and casualty transport, and clarify accident reporting procedures and division of responsibilities, the DAYU Huitu Tech. Group organized a special emergency drill for an accident involving injury caused by a falling object.

The drill covered key procedures including accident discovery and reporting, site warning and safety control, preliminary rescue, and medical transfer. The process was orderly and effectively strengthened multi-department coordination and practical emergency response capabilities, largely achieving the intended objectives.



Emergency Drill Photos

Empowering Employee Development

Talent is the core driving force behind sustainable corporate development. DAYU Irrigation Group has established a dual-track career development system, consisting of a management track (M) and a professional track (P), providing employees with clear promotion pathways. The Company also implements a cross-track development mechanism and, through annual grade evaluations, supports both vertical promotion and horizontal mobility. Employees can move forward in their careers after passing assessments of professional competence or job capability.

In talent development, the Company continues to improve its training system, clarifying organizational structure, division of responsibilities, training planning, and management mechanisms for internal and external instructors to ensure the systematic and professional execution of training work. The Company has established DAYU Academy and formulated relevant systems such as the *Training Management Measures*, developing customized training programs in line with employee characteristics and job-level requirements to support talent pipeline development.

New Employees	A "mentor system" is implemented to help new employees quickly familiarize themselves with and adapt to the corporate environment and build interpersonal connections.
Business Personnel	A normalized joint training mechanism involving internal and external experts has been established to continuously enhance business capabilities.
Professional and Technical Talent	Employees are encouraged to obtain professional and technical qualifications, and school-enterprise cooperation is used to support the continued development of technical skills and broaden career paths for technical development.
Management Talent	Personnel are sent to universities, enterprises, and other institutions for exchange and learning to improve management capabilities.

Total employee training hours

95,000 hours

The Company continues to carry out a range of distinctive offline training programs covering different levels and positions, comprehensively helping employees enhance their capabilities and quality, strengthen teamwork and execution, and consolidate the talent foundation for the Company's development. Examples include the "DAYU Pulse Program" onboarding training for new employees, "Campus Recruitment Boot Camp," "DAYU Master Lecture Hall" quarterly training, and the "DAYU Night Talk" cross-segment exchange platform.

Average training hours per employee

29 hours

General employees	29 hours
Middle management employees	31 hours
Senior management employees	28 hours

Training coverage rate

99%

General employees	99%
Middle management employees	100%
Senior management employees	100%

Case Study: "Together in DAYU Brilliance" Marketing Strategy Training

To implement the Group's integrated marketing strategy, strengthen coordinated regional market operations, and build marketing synergy, the Company planned and organized the "Together in DAYU Brilliance" integrated marketing training series, which was successively carried out in Northwest, North China, East China, and other regions. Through thematic sharing, case study analysis, group discussions, and checklist preparation, the training promoted "resource sharing, complementary strengths, and collaborative win-win" across business segments, enabling effective sharing and efficient allocation of various resources within regional markets and fostering mutually beneficial outcomes between segments and between individuals and the Group. The training comprehensively covered the business characteristics and market development paths of each segment, summarized past problems and successful experience in collaboration, looked ahead to future directions for collaboration, and, through region-based joint discussions on existing opportunities, formed a reserve list of collaborative projects and clarified follow-up promotion strategies.



Northwest Region Training Photos



North China Region Training Photos



East China Region Training Photos

Case Study: Campus Recruitment Boot Camp

In August 2025, under the theme "Set Sail with Youth, Create Infinite Possibilities," DAYU Irrigation Group successfully held its 2025 campus recruitment boot camp. During the 3.5-day fully offline program, more than 40 campus recruits not only completed an initial transition from "student" to "professional," but also gained a deeper understanding of the Company's culture and values through carefully organized site visits, professional courses, exchange sessions, and team-building activities, opening a new chapter of growth together with DAYU.



Campus Recruitment Boot Camp Photos

Case Study: "DAYU Pulse Program" New Employee Training

The "DAYU Pulse Program" is designed to help new employees gain an in-depth and comprehensive understanding of the Company. During the training, the Chairman first introduced the Company's profile and corporate culture, conveying the corporate spirit and helping new employees deeply understand DAYU's mission and vision. The Chairman of the labor union delivered integrity education and organized a sunshine pledge, guiding new employees to establish correct values and strengthen the bottom line of professional ethics. The HR manager systematically interpreted the personnel system, addressed employee concerns, and explained career development and promotion pathways. The marketing department manager comprehensively introduced the Company's business layout and operating model, helping new employees develop a clear understanding and enhancing their confidence and motivation for work.



"DAYU Pulse Program" Training Photos



Case Study: "DAYU Master Lecture Hall" Quarterly Training

To help employees broaden their horizons, enhance their overall capabilities, and empower corporate development, DAYU Irrigation Group carefully created the "DAYU Master Lecture Hall" quarterly training program. The event is held once each quarter, and the curriculum focuses on industry trends, cutting-edge technologies, and corporate development, aiming to promote organizational learning and growth.

The inaugural session was launched on October 20 in a "offline + companywide live-stream" format, with participation from all DAYU employees, systematically elevating their understanding of the water conservancy industry. The event was personally opened and concluded by the Group Chairman, and invited expert speakers delivered an in-depth sharing session on the theme of *Water Governance and Systems Thinking*, bringing profound wisdom and systematic methodology on water governance to the DAYU team.



"DAYU · Master Lecture Series" Photos

Case Study: DAYU Irrigation Group Employee Zhu Wantong Won the 2025 "National Model Worker" Honor

In May 2025, DAYU Irrigation Group employee Zhu Wantong received the title of "National Model Worker." This honor not only represents high recognition of the employee's outstanding individual contribution, but also reflects strong affirmation of the Group's commitment to innovation and the promotion of craftsmanship.

Since joining the Group in 2006, Zhu Wantong has long remained on the production frontline and gradually grown from an entry-level operator into a technical backbone and key management member. Over 18 years of work, he has consistently upheld the professional belief of striving for excellence, leading his team in completing multiple technical innovations that effectively improved production efficiency and reduced production costs. His achievements vividly embody the spirit of model workers in the new era—dedication, striving for first-class performance, hard work, courage in innovation, indifference to fame and fortune, and willingness to contribute—and have set a benchmark for all DAYU employees to learn from and follow.



Promoting Revitalization Through Good Deeds

Supporting Rural Revitalization

DAYU Irrigation Group actively responds to the rural revitalization strategy by deeply integrating its technological strengths in smart water affairs with rural drinking water safety projects, contributing "DAYU wisdom" to solving rural drinking water challenges. Through implementing water conservancy and irrigation projects, innovating agricultural development models, empowering industrial upgrading through technology, and improving industrial chain deployment, the Company has supported local agriculture and related industries in many regions across China.

Anchored to the direction of developing new quality productive forces, the Company's agricultural segment has built a full-industry-chain service system covering virus-free seedlings and industrialized nurseries, premium berry cultivation, specialty crop planting and processing, large-scale land operations and trusteeship, agricultural industry planning services, and agricultural product sales and distribution platforms. From seedling cultivation to end-market sales, it continues to empower the high-quality development of modern agriculture. In promoting rural revitalization, DAYU continuously deepens the integration of industry and rural development.

By the end of 2025, DAYU Irrigation Group had cumulatively invested more than RMB 50 million in rural revitalization-related initiatives and benefited more than 10,000 people. By deeply integrating technological capabilities, industrial resources, and rural development needs, the Company promotes resonance between corporate brand value and social value.

Case Study: Yuanmou High-efficiency Water-conservation Irrigation Project Selected as a National Rural Revitalization Model Case Study

Leveraging technological and model innovation, DAYU Irrigation Group advanced the high-efficiency water-conservation irrigation project in Yuanmou County, Chuxiong Prefecture, Yunnan Province. Through a systematic water-saving irrigation solution, the project improved agricultural water-use efficiency and planting benefits, helping enhance regional agricultural quality and efficiency. In recognition of its practical achievements in "improving agricultural efficiency," the project was selected in March 2025 as a model case study in the *CMG Rural Revitalization Observation Report (2023-2024)* released by China Media Group, and was commended at the *Rural Revitalization Annual Gala*, providing a solid and referable sample for advancing comprehensive rural revitalization.



Zhao Yue, Manager of DAYU Irrigation Group's Marketing Department (4th from right), represented the Group on stage to receive the award

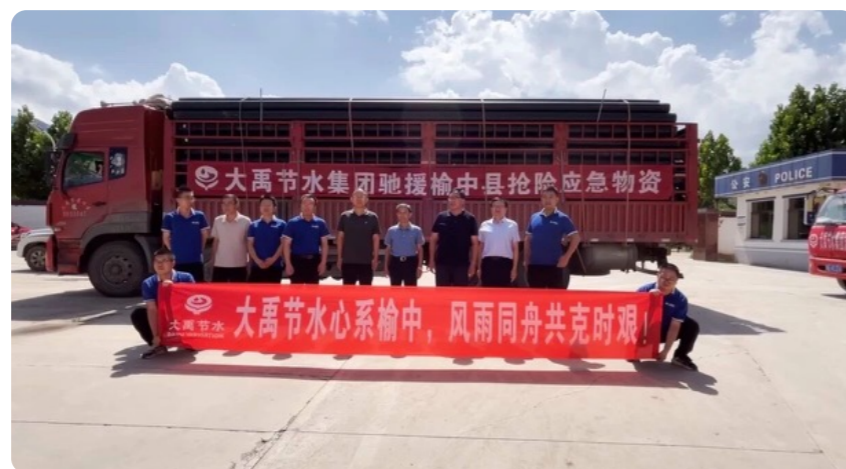
Practicing Public Welfare and Charity

While pursuing corporate development, DAYU Irrigation Group actively participates in public welfare initiatives and demonstrates corporate responsibility through concrete actions. The Company has formulated the *Administrative Measures for External Donations* to promote public welfare in an orderly manner and ensure that every act of kindness is delivered where it is most needed. At the same time, the Company has established an internal mutual assistance fund to provide timely support to employees suffering from serious illness or facing family difficulties. In 2025, the company donated a total of 1.74 million yuan for public welfare and charity.

Emergency Disaster Relief Actions



In January, 2025, a magnitude 6.8 earthquake struck Dingri County, Shigatse, Tibet. DAYU Group responded quickly and donated RMB 200,000 to the disaster area.



On August 7, 2025, Yuzhong County, Lanzhou City, Gansu Province, was hit by historically rare torrential rain. The Company rapidly coordinated resources from its Lanzhou and Wuwei production bases, worked overtime to produce materials, and urgently raised and dispatched a large quantity of emergency rescue supplies, including PE pipes used to restore rural water supply networks.

Supporting Educational Development



In May 2025, the "DAYU Scholarship" was awarded to Jiuquan Middle School to support student development.



In December, 2025, the "DAYU Scholarship" was awarded to Gansu Agricultural University to strengthen industry-university-research cooperation.



In December 2025, a donation was made to China Agricultural University to support university research and talent cultivation.

Looking ahead, DAYU Irrigation Group will continue to focus on serving national strategies and social needs, concentrate on key areas such as people's livelihood protection, education development, and rural revitalization, continue to give back to society through concrete actions, and demonstrate corporate responsibility by solving real-world problems.

03

Integrity and Accountability — Fostering a Clean and Upright Culture

Key Governance Performance Highlights in 2025

Issued **581** announcements and reference documents

Issued **48** regular and special audit reports

Conducted **48** internal audits

Business ethics and anti-corruption training covered **2,460** participants

Business ethics and anti-corruption training coverage rate reached **100%**

Supplier compliance rate reached **100%**

100% new suppliers were screened using environmental evaluation criteria

Corresponding SDG Goals



Double Materiality Topics

Risk Management

Impact Materiality Topics

Corporate Governance

Compliance Management

Business Ethics and Anti-Corruption

Stakeholder Communication

General Materiality Topics

Information Security and Privacy Protection

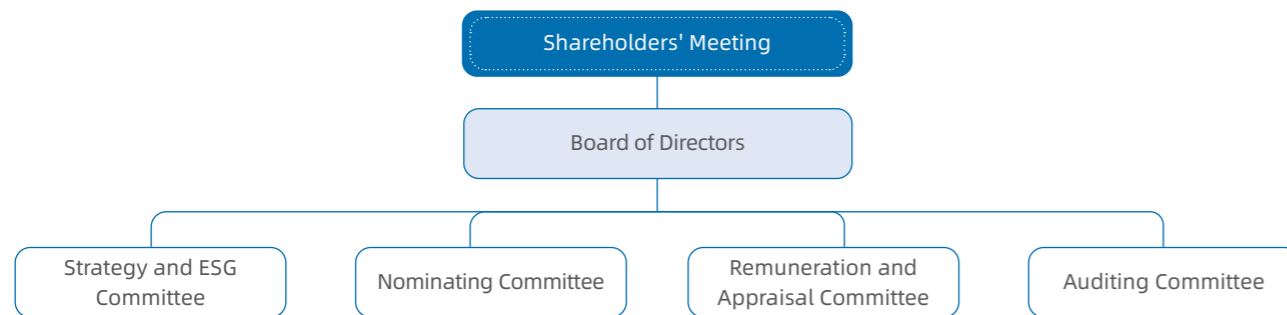
Due Diligence

Standardize Corporate Governance

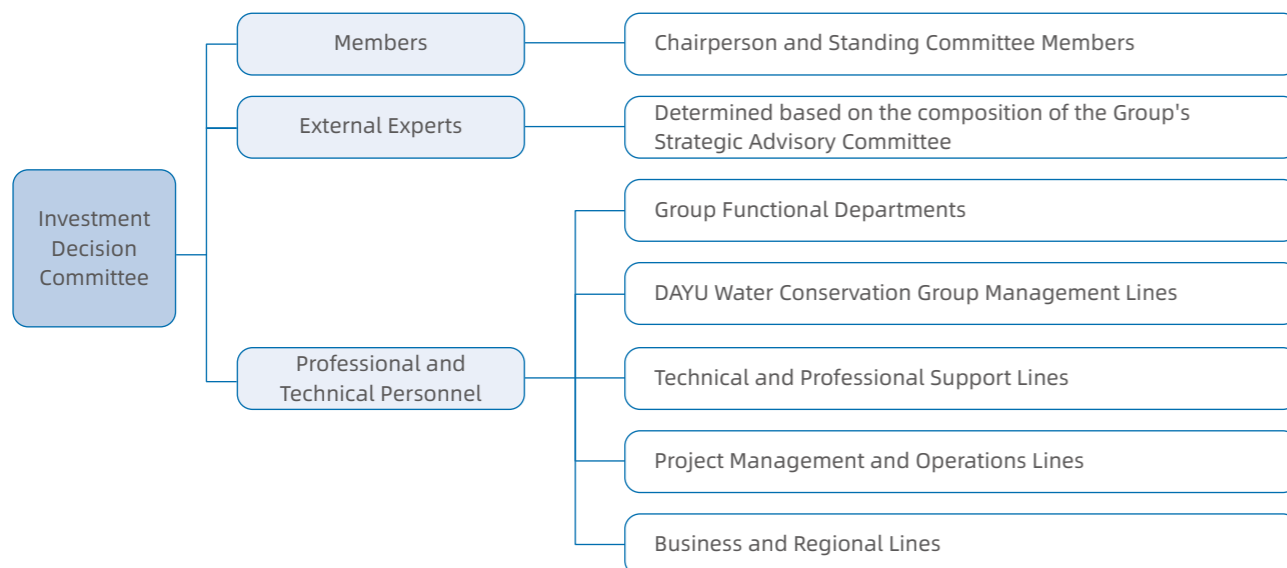
Board Governance

Governance Structure

DAYU Irrigation Group has been continuously optimizing its governance structure and strengthening the construction of its internal control system. The company strictly complies with laws, regulations, and regulatory requirements, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 2—Standard Operation of ChiNext Listed Companies (2025 Revision)*, and the *Administrative Regulations on Registration of Market Entities*. It has established a governance framework with clearly defined powers, responsibilities, and efficient operations, covering key levels such as the General Meeting of Shareholders, the Board of Directors and its specialized committees, and the management team. The company has concurrently improved the rules of procedure for the General Meeting of Shareholders, the Board of Directors, and other related bodies. It has also revised internal systems such as the *Work System for Independent Directors*, the *Articles of Association*, and the *Rules of Procedure for the Investment Decision Committee*, continuously solidifying the foundation for compliant operations. In the nomination and selection of Board members, the Company conducts director elections in accordance with the *Company Law*, the *Code of Corporate Governance for Listed Companies*, and the *Articles of Association*, among other relevant regulations. It also strictly implements the *Detailed Rules of Work for the President*, actively seeks the views of stakeholders, and effectively safeguards the independence of directors in performing their duties. As of the end of 2025, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee established under the Group's Board were each composed of 5 directors, including 3 independent directors. The proportion of independent directors reached 60%, forming an effective mechanism for supervision and checks and balances.



The company has established a control mechanism covering the entire investment process. It has also set up an Investment Decision Committee, composed of members of the Investment Decision Committee, external experts, and internal professional and technical personnel from the Group. This committee conducts multi-dimensional reviews and risk controls on proposed investment projects to ensure the scientific rigor, independence, and prudence of investment decisions.



Board Diversity

DAYU Irrigation Group aims to enhance the diversity and inclusiveness of its Board of Directors across multiple dimensions, including gender, professional fields, career experience, and observational perspectives. Through institutionalized arrangements, the Company ensures that the Nomination Committee, during the screening process for director candidates, places particular emphasis on candidates' diverse backgrounds in relevant fields such as finance, business management, ESG, and their capacity for independent judgment. By the end of 2025, the size, composition, and qualifications of the Company's Board of Directors were in full compliance with the requirements stipulated by laws and regulations such as the *Company Law and the Administrative Measures for Independent Directors of Listed Companies*, as well as the company's *Articles of Association*. The Company will disclose the progress of its board diversity initiatives through channels such as the annual report, regularly evaluate the effectiveness of policy implementation, continuously improve the scientific rigor and effectiveness of board decision-making, and support the implementation of the company's strategy and its sustainable development.

Compensation Policy

Regarding the formulation of director compensation, the Company has established a Board Remuneration and Appraisal Committee. This committee is primarily composed of independent directors with professional backgrounds and is independently responsible for formulating compensation policies and overseeing and reviewing the remuneration of senior executives to ensure the objectivity and fairness of decisions. During the process of establishing and adjusting compensation policies, DAYU Irrigation Group actively solicits opinions from shareholders and other stakeholders through various channels. These include soliciting shareholders' voting opinions on senior executive compensation plans at the Annual General Meeting of Shareholders; collecting relevant feedback via performance briefings, investor hotlines, and interactive communication platforms; and providing detailed disclosures of compensation policies in periodic reports, explaining their linkage to the company's long-term performance, thereby enhancing the transparency and reasonableness of the compensation system. Additionally, the Company engages external professional compensation consultants as needed to provide market benchmarking analysis and professional advice. In accordance with relevant systems such as the *Detailed Implementation Rules for the Board Remuneration and Appraisal Committee*, the Company has established clear requirements for the selection and appointment of external compensation consultants. It ensures their independence from the Company's management and the Board, and conducts strict reviews and disclosures regarding their professional qualifications, scope of services, and independence to effectively prevent conflicts of interest.

Protect Shareholders' Rights

To continuously improve corporate governance, the Board of Directors of DAYU Irrigation Group, in accordance with internal control systems such as the *Administrative System for Connected Transactions*, requires directors and key personnel to regularly disclose potential conflicts of interest and recuse themselves from related decisions. All significant matters involving conflicts of interest are disclosed to shareholders in a timely and complete manner via interim announcements and periodic reports (a total of 263 announcements were disclosed throughout the year), ensuring transparent operations. The Company has systematically revised core systems, including the *Administrative System for Connected Transactions*, the *Information Disclosure Management System*, and the *Rules of Procedure for the Board of Directors*. These revisions specifically clarify that, following the functional adjustment of the Supervisory Board, the responsibility for the ongoing review and supervision of conflicts of interest is now undertaken by the Audit Committee and the Independent Directors. In 2025, the Company formulated the *Public Opinion Management System*, the *Emergency Response System for Crisis Management*, the *Environmental, Social, and Governance (ESG) Management System*, the *Entrusted Wealth Management System*, the *Market Value Management System*, and the *System for Selecting and Appointing Accounting Firms*. These initiatives solidify the governance foundation at the institutional level, clarify the powers and responsibilities of the Board of Directors, and effectively safeguard shareholder rights and interests. In addition, the Company has strengthened the benefit-sharing capacity of minority shareholders through multiple measures, including establishing a regular dividend distribution mechanism, encouraging shareholding increases by certain directors, supervisors and senior management, implementing share repurchases, and enhancing the management of proceeds from fund-raising activities. In 2025, the Company implemented a profit distribution plan of RMB 0.30 in cash dividends per 10 shares.

Investor Communication

The Company's Board of Directors strictly adheres to the principles of "truthful, accurate, complete, timely, and fair" information disclosure, continuously building transparent and efficient communication mechanisms with investors. It addresses the concerns of all parties through various channels, including field research, performance briefings, conference calls, media interviews, and the Interactive Information Platform. The Company has held its annual performance briefing in a combined "on-site and live webcast" format for four consecutive years. We have designated China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, Economic Information Daily, and the Cninfo website as statutory channels

for information disclosure, striving to foster an open and transparent information environment. In 2025, the Company issued a cumulative total of 581 announcements and reference documents, received a 'B' grade in the information disclosure work evaluation, and achieved a 100% response rate on the Interactive Information Platform.

To enhance the investor communication experience, the Company actively leverages online and digital communication tools. Through diversified methods such as live interactive sessions, corporate "cloud tours," self-media platform development, visual, textual, audio, and video annual report interpretations, and organizing on-site project visits, the Company presents its information in a more vivid, intuitive, and comprehensible manner, helping investors access and understand relevant content more conveniently. In 2025, the Company's Securities Department regularly compiled and issued Investor Relations Management Bulletins. It also maintained close communication with investors through various channels regarding the company's strategic planning, development prospects, industry competitive landscape, and daily operations, effectively safeguarding investors' right to information and ensuring open communication channels.

DAYU Irrigation Investor Relations Management Process



Risk Management

Governance

DAYU Irrigation Group strictly adheres to laws, regulations, and regulatory requirements, including *the Audit Law of the People's Republic of China*. Upholding the work principle of "horizontal coverage, vertical depth, and specialized reinforcement," the Company continuously improves its internal supervision system. It focuses on daily management, key projects, and major initiatives, promptly identifying risks to provide a strong safeguard for the Company's healthy operation.

In 2025, the Company further optimized its risk control mechanism, focusing on enhancing its overall risk management capabilities. By revising a series of institutional documents, including *the Rules of Procedure for the Group Company's Investment Decision Committee*, *the Post-Investment Management Measures*, *the Legal Entity Organization Management Measures*, and *the Expatriate Personnel Management Measures*, the Company clarified risk management responsibilities and promoted the implementation of risk prevention and control measures. The Company's Risk Control Department coordinated all departments and business lines to comprehensively review, revise, and refine the DAYU Irrigation Group Risk Control Manual, continuously consolidating a comprehensive risk management system covering the entire Group. As of the end of 2025, the Company's risk control system had been extended to 15 business lines, including strategy, human resources, finance, investment, procurement, manufacturing, sales, R&D, engineering, operations, securities, compliance, audit, administration, and information technology. Each line has established an independent risk management team, implementing a line responsibility system to ensure clear risk control duties and effective execution. Building on this foundation, the Company has established a full-chain risk management mechanism, from front-end risk identification to back-end assessment and resolution, promoting business risk control to cover the entire project lifecycle. This constructs a solid defense line for the Company's sustained and healthy development.

Strategy

The Company's Risk Control Department periodically and systematically analyzes the various external risks that DAYU Irrigation Group may face in areas such as policy, market, technology, and compliance, based on the Company's operational reality and changes in the external environment. It formulates targeted response plans accordingly. This continuous process enhances the Group's overall ability to withstand and adapt to risks, safeguarding the achievement of strategic objectives and ensuring operational stability.



Key Risk Areas

Financial and Cash Flow Risks

Project Investment Risks

Legal Litigation Risks

Labor and Employment Risks

Integrated Operations and Compliance Risks

Risk Response Measures

- In response to the long business collection cycles and pressure on operating cash flow, the company has improved the full-cycle management mechanism for accounts receivable;
- Actively promotes the inclusion of eligible key projects in specialized government catalogs, such as those for local government debt resolution, to accelerate capital recovery;
- On the premise of ensuring operating funds, the company prudently utilizes idle capital for cash management to enhance fund utilization efficiency.

- The Company revised the rules of procedure for the Investment Committee, clarifying the list of matters subject to the committee's deliberation and decision-making;
- Conducts pre-investment project research to ensure the authenticity and comprehensiveness of the research reports;
- Strengthens post-investment tracking and management of projects, enabling timely course correction and rectification.

- The Company revised *the Contract Management Measures* to promote standardized contract review and daily management mechanisms;
- Established and dynamically improved a contract template library to reduce disputes arising from ambiguous contractual terms;
- Implemented a case study mechanism and a tracking mechanism for major and complex cases. Adopting a problem-oriented approach, it guides management improvements through the analysis of typical cases, achieving the goal of using cases to drive better governance.

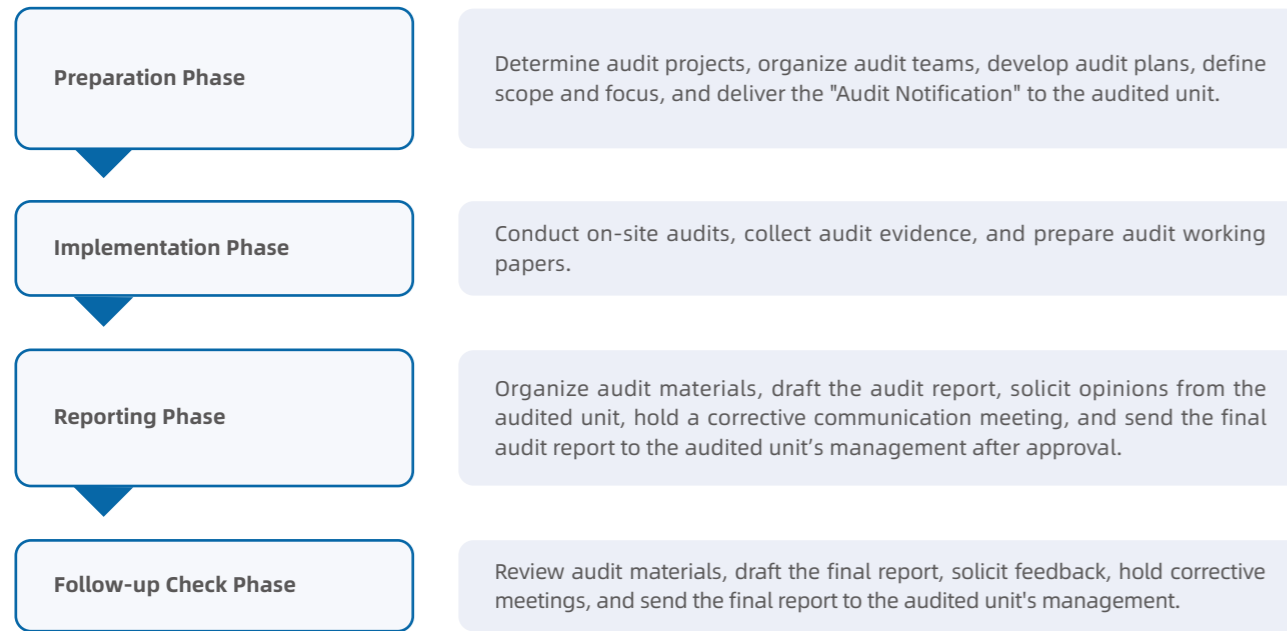
- The Company formulated *the Employee Handbook* to clarify relevant management requirements of the Group;
- Strengthened employee training, reinforced the corporate core values, and enhanced the risk prevention awareness of all staff members.

- The Company implemented linked reviews within key business processes;
- Actively explored the application of AI technologies, such as introducing "RPA Financial Robots" to automate the processing of high-frequency transactions;
- Developed a compliance risk early-warning system for real-time monitoring and alerts regarding abnormal business indicators.

Risk Management

To systematically identify, assess, and manage various risks, DAYU Irrigation Group, guided by the work principle of "Serving the Overall Situation, Holistic Coordination, Identifying and Filling Gaps, and Focusing on Key Areas," has established a risk management, internal control, and internal audit mechanism that covers the entire process. Since its implementation, this mechanism has effectively enhanced the systematic and precise nature of risk prevention and control, providing robust support for safeguarding the Company's stable operation and strategic execution.

Risk Management and Internal Control & Audit Process.



In 2025, the Legal Risk Control Center, Audit and Supervision Center, and Finance and Tax Management Center we established have implemented an integrated, coordinated linkage and collaborative review mechanism around key business processes such as contract signing. This cross-departmental collaboration helps break down potential management silos that may have existed in the past, effectively strengthening operational security safeguards. Concurrently, DAYU Irrigation Group is actively advancing the construction of a "Business-Finance-Tax Integration" management system. This system shifts key control points for finance, taxation, and other areas from the traditional post-facto review stage to the front-end of business initiation and integrates them throughout the entire business process. This approach extends risk prevention, control, and compliance management to the source and ensures their coverage across all stages, continuously enhancing the standardization and collaborative efficiency of the Company's overall operations.

• Metrics and Targets

DAYU Irrigation Group sets the annual management objective of preventing the occurrence of any major risk incidents. In 2025, the Company systematically advanced efforts in three key areas: risk culture development, improvement of the risk control mechanism, and strengthening of tax governance, providing robust support for achieving this objective.

In terms of risk culture development, the Company emphasized "endogenous drive" and "cultural integration," viewing these as core capabilities for navigating a complex business environment. By integrating the "Spirit of Dayu's Water Control" with modern corporate governance requirements, the Company infused core values such as integrity in tax payment and compliant operation into daily operations. This was achieved through organizational initiatives, institutional safeguards, and information technology, akin to "precise drip irrigation," making these values a central part of the corporate culture.

Regarding the construction of the risk control mechanism, the Risk Control Department took the lead in organizing all departments and business lines to comprehensively revise and refine the DAYU Irrigation Group Co., Ltd. Risk Control Manual. This effort continuously consolidated the comprehensive risk management and control system covering the entire Group, ensuring that risk prevention and control responsibilities are implemented at every stage of the business process.

In the area of tax governance, DAYU Irrigation Group completed tax declarations in accordance with laws and regulations and established a declaration review mechanism. The Company's tax planning strictly adheres to the requirements of being "legal, reasonable, explainable, and implementable." In the face of tax audits, the Company is able to provide complete and reliable supporting documentation, effectively controlling tax risks. Furthermore, the Company proactively expanded its tax management capabilities: For key and complex tax-related matters, it maintained smooth communication with tax authorities and implemented rectifications promptly. The team participated in over ten tax training sessions organized by external professional institutions throughout the year, broadening their professional horizons. The Company established specialized cooperation with Code Technology Company for the additional deduction of R&D expenses, advanced cooperation with Ganshu Huiruiyuan Enterprise for tax refunds for key demographics, and collaborated with a professional tax audit firm to complete the annual corporate income tax reconciliation and the special report for R&D expense additional deductions.

Legal Department

Reviewed Contracts	Revised Contract Template	Provided Support for Major Legal Projects
13,565 documents	65 documents	17 times
Compiled Typical Case Summaries	Provided Specialized Legal Training	Risk Advisory Notice
12 articles	9 times	7 documents

Audit Department

Number of Internal Audit	Number of Routine Audit Reports	Number of Special Audit Reports	Audited for Subsidiaries Operational Management
48 times	3 documents	45 documents	5 companies
Audited Engineering Projects	Investigated Complaints	Participated Bidding Supervision Sessions	Assisted Construction Due Diligence Sessions
61 projects	13 cases	18 times	4 times

Risk Control Department

Legal Entity Management	Investment Decision Meetings (DingTalk/ Teleconference)	Preliminary Review Meetings (DingTalk/ Teleconference)	Post-investment Management Meetings (DingTalk/ Teleconference)
115 entities	32 times	7 times	19 times
On-site Post-investment Research	Post-investment Management Reports	Risk Advisory Notice	Risk Warning Notice
10 times	24 documents	8 documents	1 document

Build a Solid Compliance Baseline

Compliance Practices

DAYU Irrigation Group has established a comprehensive compliance management system. This system, with external independent audits, internal accountability mechanisms, standardized governance, and proactive investor communication as its core elements, forms a "supervision-prevention-accountability-feedback" governance closed loop, continuously driving the improvement of the Company compliance operation standards.

At the supervision level, the Company renews the appointment of an external auditing firm annually to conduct independent audits of financial reports and the internal control system, thereby strengthening third-party oversight. At the prevention and standardization level, the Company continuously refines the *Articles of Association* and related governance systems to optimize decision-making mechanisms. It also strictly implements information disclosure regulations to ensure operational transparency. Regarding decision-making risk prevention and control, the Company has established a standing Investment Decision Committee. The Company Risk Control Department acts as its day-to-day operational body, responsible for reviewing various investment projects and other major decisions within the Company and providing professional opinions. This systematically prevents investment risks and optimizes the investment decision-making process. In terms of fostering an internal culture of compliance, the company emphasizes enhancing compliance awareness among all employees. For example, in 2025, it organized two special compliance training sessions. Adopting a blended online and offline model, the Company provided employees with flexible and diverse learning pathways to deepen their understanding of compliance requirements and their practical implementation capabilities.

Case Study: Special Legal Training Series "Delivering Law to Projects, Compliance to the Grassroots"

In December 2025, to systematically enhance the legal risk prevention awareness and compliant operation capabilities of personnel in the engineering line, and to solidify the legal foundation of project management, the Legal Department of DAYU Irrigation Group organized a series of special legal training activities titled "Delivering Law to Projects, Compliance to the Grassroots." A total of 6 offline training sessions and 3 online training sessions were completed.

The training content was closely aligned with the realities of engineering operations, focusing on key legal needs in daily work such as contract signing, performance execution, and litigation case handling. The Company Legal Department systematically explained the standardized application of contract templates, interpreted core compliance requirements, and analyzed typical practical cases, providing clear operational guidance and risk prevention and control suggestions for various stages including project contracting, fulfillment, and settlement.



"Delivering Legal Knowledge to Projects and Bringing Compliance to the Frontline" On-site Specialized Legal Training of DAYU Irrigation Group

Case Study: DAYU Irrigation Group - The Path to Compliance from the Northwest Desert to the Global Water Network

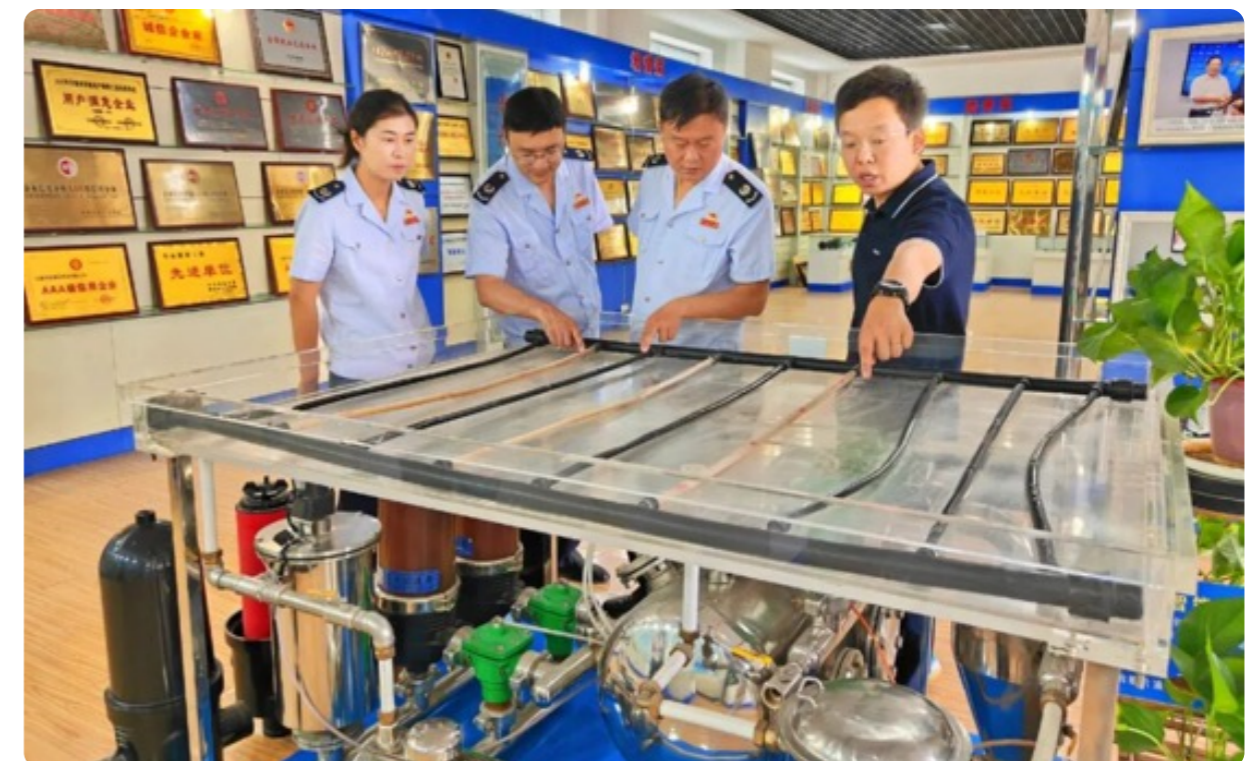
In December 2025, the State Taxation Administration of Gansu Province published a case study titled DAYU Irrigation Group: *The Path to Compliance from the Northwest Desert to the Global Water Network*. This study deeply focused on the practical experience of DAYU Irrigation Group in adhering to the bottom line of compliant operation and exploring a path of high-quality development throughout its growth journey, highlighting the company's responsibility and commitment to sustainable development.

In terms of organizational safeguards, DAYU Irrigation Group established a Legal and Internal Control Center, an Audit and Supervision Center, and a Finance and Tax Management Center. These three centers practice a compliance culture, operate in an integrated and coordinated manner, and synergistically ensure the security of the enterprise's operations. During the signing of important contracts, the Finance and Tax Management Center reviews matters such as invoice issuance and payment processing; the Legal and Internal Control Center reviews policy applicability and dispute resolution; and the Audit and Supervision Center reviews policy implementation and risk prevention and control.

Regarding institutional development, DAYU Irrigation Group compiled the *Compliance Management Manual*, proactively embracing compliance and deeply integrating compliance requirements into the company's strategic decisions, corporate governance, and daily operations. The company improved management mechanisms for production factors such as labor, talent, knowledge, technology, capital, and data, and strengthened internal oversight and risk prevention.

In the application of information technology, the Company actively explores the *use of artificial intelligence* to continuously enhance the standardization, regularization, and intelligence of compliance management. It introduced an "RPA" (Robotic Process Automation) financial robot to automatically handle tasks such as data entry, bank reconciliation, report generation, invoice reimbursement, and tax filing, eliminating a large amount of repetitive work. This allows finance and tax personnel to focus more on compliance management. The Company also developed a compliance risk early-warning system, establishing indicator models to conduct 24/7 real-time monitoring of abnormal business activities and common risks, enabling rapid feedback and response. This human-machine collaboration strengthens compliance management.

Over the years, DAYU Irrigation Group has earned a strong reputation through lawful operation. The Company has been successively recognized by the State Council as a "National Advanced Enterprise in Employment," awarded the "National May 1st Labor Certificate" by the All-China Federation of Trade Unions, and granted the titles of "National High-Tech Industrialization Demonstration Project" and the "National High-Tech Industrialization Decade Achievement Award" by the National Development and Reform Commission.



DAYU Irrigation Group staff explaining the operating principles of water-conservation irrigation filtration equipment to tax officials.

Business Ethics

Reporting Channels

- Telephone Reporting: 13299386868
- Email Reporting: Audit and Supervision Center Email sjjcb@dyjs.com
- In-Person Reporting: No.10 Minwang Road, Wuqing District, Tianjin

The Company strictly complies with laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. It has established a systematic business ethics supervision framework to continuously standardize operational conduct. By formulating and implementing the *Code of Conduct for Integrity and Self-Discipline* and the *Measures for Managing Reports and Complaints*, revising and improving the *Measures for Managing Employee Integrity Reporting*, and issuing the *Notice on Carrying Out Rectification of Management and Operational Violations* along with three supporting compliance guidelines, the Company has systematically constructed an employee code of conduct system. This system clarifies professional ethics and compliance requirements, effectively preventing and curbing the occurrence of various violations and illegal activities. In 2025, the Supervision Department conducted special supervision audits on key projects and related matters. The Company received a total of 2 reports related to business ethics and anti-corruption throughout the year, all of which were verified and handled according to regulations.

DAYU Irrigation Group consistently upholds integrity in operation and clean conduct as fundamental principles for enterprise development, continuously improving its internal supervision and risk prevention and control system. To encourage active participation in corporate governance by employees and partners, the Company continuously refines its reporting mechanism, broadens feedback channels, and effectively safeguards the legitimate rights and interests of whistleblowers. By establishing strict confidentiality systems and protective measures, the Company ensures that reporting information is not disclosed, preventing whistleblowers from facing unfair treatment and safeguarding their legitimate rights and personal safety. The Company has currently established a multi-channel reporting platform, including a hotline, physical reporting boxes, and in-person reception, ensuring that issue feedback channels are convenient, efficient, and unimpeded.

The Company places high importance on fostering a culture of internal integrity. In 2025, the Supervision Department organized 21 integrity advocacy and education sessions, covering a cumulative total of over 2,460 employees. This effectively integrated case investigations, warning reminders, ideological education, and quality improvement, driving the concept of integrity deep into the hearts of all staff.

Optimize Supply Chain Collaboration

Governance

Adhering to the principles of "Unified Database Establishment, Resource Sharing, Categorization and Grading, and Dynamic Management," DAYU Irrigation Group has formulated management measures such as the *Supplier Management Measures* and the *Detailed Safety Management Rules for Equipment Development Group* in accordance with relevant national laws and regulations. The Company focuses on building an efficient supply chain system to provide robust support for its sustainable development. In 2025, the Company further established the *Measures for Managing Supplier Non-Compliant Behaviors*, systematically optimizing the non-compliance management mechanism and enhancing management efficiency. By scientifically integrating supplier resources, implementing categorization and archiving, and establishing a standardized supplier database, DAYU Irrigation Group has not only optimized the efficiency of the procurement process but also significantly improved material quality and the overall controllability of the supply chain.

Guided by the principle of responsible procurement, the Company has formulated and implemented the *Supplier Qualification Assessment Form* and the *Supplier Cooperation Evaluation Form*. These are used to conduct systematic reviews and performance evaluations during both the qualification and cooperation phases, ensuring compliant supply chain operations. In 2025, to further optimize the procurement management mechanism, the Company established the *Measures for Procurement Communication and Coordination Management* to enhance the internal and external collaboration efficiency of the Procurement Department. Simultaneously, it issued the *Measures for Managing Single-Source Procurement* to standardize the implementation procedures for such procurement activities.

Strategy

DAYU Irrigation Group continuously strengthens supply chain management by systematically examining the risks the Company faces in procurement, supply, cooperation, and other areas. The Company has formulated and implemented the *Group Company Procurement Business Risk Management and Control Plan*. This plan clearly defines risk identification, management ownership, risk levels, and corresponding oversight measures, providing an institutional basis and operational guidance for supply chain risk prevention and control. The implementation of this plan has further improved the Company supply chain risk management system, enhancing its ability to respond to uncertainties and ensure supply stability and quality controllability.

Key Risk Areas

Material Change Risks

Supplier Identification Risks

Procurement Cost Risks

Delayed Shipment Risks

Acceptance Risks

Product Quality Risks

Supplier Credit Risks

Document Handover Risks

Risk Response Measures

- When undertaking material changes, a comprehensive risk assessment must be conducted to systematically identify potential impacts on quality, supply, safety, compliance, and other aspects. Corresponding risk mitigation and control measures must be formulated;
- System advocacy and process training must be provided to relevant personnel to ensure they fully understand the importance of change management, master the specific operational requirements, and guarantee the standardized execution of the change process and effective control of associated risks.

- Conduct comprehensive risk identification for suppliers, systematically analyzing various potential risks that may affect supply chain stability, covering multiple dimensions such as their financial status, market environment, and changes in policies and regulations;
- To mitigate the risk of over-reliance on a single supplier, the company should build a diversified system of qualified suppliers to enhance supply chain resilience;
- Formulate detailed supply chain contingency plans to ensure a rapid response in the event of sudden problems with a supplier, thereby minimizing the impact on the company's normal operations.

- Sourcing personnel shall conduct inquiries and comparative price analyses in accordance with the *Procurement Management Measures* to ensure that procurement costs do not exceed expectations;
- Reasonably formulate pricing mechanisms for categories, select appropriate procurement modes to determine purchase prices, and improve the price approval and decision-making mechanism;
- Establish a procurement price database and regularly conduct expenditure analysis and market trend analysis.

- Monitor project status and sales demand in real-time, and adjust delivery plans accordingly to reduce delays caused by demand fluctuations;
- Establish stable cooperative relationships with suppliers, conduct advance procurement and stockpiling, and identify alternative suppliers;
- Monitor the status of purchase orders throughout the entire process, and track the progress of supplier preparation, transportation, and delivery.

- Reduce procurement costs and hidden waste within the procurement process, and improve procurement efficiency through methods such as centralized procurement and bulk purchasing;
- During the material acceptance process, strictly operate in accordance with the company's acceptance management system. Substandard or non-conforming materials must not be approved in violation of regulations;
- Introduce advanced information technology and project management systems;
- Strengthen the training of acceptance personnel to enhance their professional knowledge and skill levels.

- Establish a supplier audit process and implement an exit mechanism for suppliers that consistently have quality issues or fail to meet cooperation requirements;
- Formulate detailed supplier evaluation criteria, including the quality management system, past performance, industry reputation, etc., to ensure the selection of suppliers with high-quality production capabilities.

- Conduct regular credit rating and risk assessments of suppliers;
- Clearly stipulate supplier liability for breach of contract and compensation clauses in procurement contracts to ensure appropriate compensation can be obtained if a supplier fails to deliver on time.

- Establish a standardized offboarding document handover process, clearly defining the handover content, responsible personnel, and deadlines to ensure an orderly work transition;
- Approvers must confirm the completeness of the handover documents and the scope of job responsibilities covered to ensure business continuity and information security.

• Risk Management

Focusing on supplier risk management, DAYU Irrigation Group has established a closed-loop management system covering the entire lifecycle of suppliers. Suppliers are categorized into manufacturing, trade, and service types. Systematic screening and dynamic management are achieved through four stages: "Categorized Qualification, Investigation and Assessment, Cooperation Performance Evaluation, and Freeze/Exit." This continuously advances the standardization and refinement of supplier management. To effectively prevent and respond to identified risks, the Company strictly adheres to the principle of "Transparent Procurement" and resolutely rejects violations such as bribery by suppliers. For suppliers that violate relevant social responsibility systems, the Company imposes serious penalties in accordance with regulations such as the *Plan for Handling Bribery Suppliers*. In 2025, through rigorous screening, the Company eliminated 26 suppliers, placing them on a blacklist and terminating cooperation.

Furthermore, the Company actively advances the digital transformation of its supply chain. By establishing a digital procurement management platform, it has achieved online closed-loop management of the entire supplier lifecycle—from qualification to performance evaluation and exit—enhancing management efficiency and transparency. Concurrently, leveraging its integrated "Investment-Construction-Operation-Service" business model, the Company incorporates green supply chain management (including green product evaluation and supplier collaboration) into the entire process, from project design and product manufacturing to operational services. It systematically evaluates and continuously promotes the performance of suppliers in fulfilling their environmental protection and social responsibility commitments.

Supplier Management System

Categorized Admission

- Suppliers are categorized into three major types and 17 subtypes based on the nature of their products;
- Suppliers are selected based on localization criteria, and those who register must sign documents such as the Quality Responsibility Commitment and Integrity Commitment, ensuring the authenticity, completeness, and effectiveness of the provided materials;
- The Company conducts follow-ups via letters, phone calls, and meetings to assess suppliers' anti-corruption.

Investigation

- The Company formed an evaluation team comprising representatives from the Procurement Department, relevant business units, and end-users to conduct on-site assessments of qualified suppliers;
- The evaluation focused on the suppliers' organizational structure, management systems, and equipment conditions, with particular emphasis on in-depth reviews of their production environments and corporate credibility, aiming to comprehensively assess their overall capabilities and compliance status.

Evaluation and Classification

Supplier evaluation is categorized into daily evaluation, on-site assessment and annual evaluation, which is an all-round evaluation of suppliers' daily performance, production process, quality control, etc. suppliers are classified into four grades, namely, A, B, C, D, according to the evaluation results.

Freezing and Exit

- Suppliers who violate relevant laws, company regulations, or contractual agreements are subject to freezing management;
- Suppliers who are reported as non-compliant by national industry departments due to product quality are subject to exit management.

• Metrics and Targets



Supplier System Training

DAYU Irrigation Group systematically formulates annual supply chain management objectives based on three dimensions: operational objectives, strategic objectives, and compliance objectives. These objectives are integrated throughout the entire supply chain management process. At the operational level, the focus is on cost optimization, delivery efficiency, and quality improvement. At the strategic level, the aim is to build a stable, reliable, and sustainable supply chain system to support the company's long-term development. At the compliance level, strict adherence to national laws, regulations, and internal policy requirements is ensured. Through clear objective orientation and process control, the Company continuously enhances the systematic, standardized, and effective nature of its supply chain management.

To improve the overall competitiveness and collaborative effectiveness of the supply chain, the Company systematically conducts supplier empowerment training. Through targeted communications and subsequent follow-up, it conveys advanced management concepts, industry trends, and business strategies, aiding in supplier capability enhancement. Simultaneously, the Company has established a positive incentive mechanism for suppliers. High-performing suppliers are motivated through methods such as benefit sharing, increased procurement share, public recognition, and preferential access to collaboration opportunities. This encourages continuous supplier improvement, fostering collaborative development and mutual value creation. In 2025, DAYU Irrigation Group carried out the construction of an SRM system. Online training on system operation for suppliers was conducted, themed "SRM Supplier Management System: Supplier Registration and System Operation Training," with over 500 participants.

Category	Target	Progress
Operational	• Ensure reduced impact of material change risks	✓ Achieved
	• Ensure in-transit / on-arrival tracking & management of purchased goods is in place	✓ Achieved
	• Ensure daily management of suppliers for purchased categories is effective	✓ Achieved
	• Ensure proper control over procurement costs to achieve cost reduction and efficiency improvement	✓ Achieved
	• Ensure comprehensive and efficient supplier identification to avoid risks	✓ Achieved
	• Ensure efficient and practical procurement negotiations for category - strategic sourcing	✓ Achieved
Strategic		
Compliance	• Ensure business supervision and performance management are properly implemented	✓ Achieved

Party Building Drives Development

DAYU Irrigation Group adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely focusing on the central task of enterprise development. It diligently advances Party building efforts, effectively leveraging the role of Party organizations as a strong fortress and the exemplary vanguard role of Party members. This provides robust support for the company to navigate complex market environments and achieve stable growth. The Company has launched a Party building brand initiative themed "The State of Yu Unites as One, Sharing Nature", with a focus on creating "One Zone, One Post, Two Teams". Through diverse activity platforms and practical integration, it promotes the organic unity of Party building with enterprise development and social services.

The Company continuously conducts various Party member education and training activities, strengthening Party members' awareness of branding and service, and injecting red momentum into the high-quality development of the enterprise. By establishing internal Party building exchange platforms, it facilitates experience sharing and ideological exchange among Party members across different sectors and subsidiaries, consolidating synergy in Party building efforts. At the conference celebrating the 104th anniversary of the founding of the Party, the Company awarded 132 grassroots organizations with titles such as "Party Member Responsibility Zone," "Party Member Demonstration Post," "Party Member Vanguard Team," and "Party Member Service Team." In critical tasks such as drought-resistance irrigation in Xiji, Ningxia, and winter construction of high-standard farmland in Qiqihar, Party members played a pivotal role in ensuring project progress and water supply safety, demonstrating the responsibility of "addressing farmers' concerns and safeguarding national food security" by advancing projects efficiently under high-quality Party leadership.

In recognition of its solid work and outstanding achievements in Party building, the Company has been honored with titles including "National Advanced Primary-Level Party Organization" and "Primary-Level Party Building Demonstration Site." As of the end of 2025, DAYU Irrigation Group had established five secondary-level Party organizations. These include the Party Branch Committee of the Organ of DAYU Irrigation Group Co., Ltd., and the General Party Branch Committees of its major business groups (DAYU Water Conservation Group, DAYU Design & Consulting Group, DYU Huitu Tech Group, and DYU Equipment Development Group). The Party Committee Office is established within the Group Administration Department, with a total of 183 full Party members and 3 probationary Party members.



July 1st Conference – National Anthem Ceremony

2025.05

The Company organized relevant personnel to participate in a five-day specialized training at the Party School of Jiuquan City. The training aimed to enhance the professional capabilities and overall quality of Party organization secretaries and Party affairs cadres, solidifying the foundation for Party building work.

2025.07

The Company convened a conference to celebrate the 104th anniversary of the founding of the CPC. The event commended outstanding Party branches, Party affairs workers, and other advanced individuals and collectives. All Party members and employees participated through a combination of on-site and online channels, rallying morale, consolidating strength, and promoting exemplary models.

2025.07

The Company Party Committee awarded 16 units, including the Responsibility Zone of the Wuqing Rural Sewage Treatment Project Department, the title of "Party Member Responsibility Zone." It also awarded 7 units, such as the General Management Department of the Northwest General Company of DAYU Water Conservation Group, the title of "Party Member Service Team."

2025.08

The Company dispatched personnel to attend a three-day 2025 Provincial-Level Demonstration Training on Party Building in Emerging Fields at the Gansu Provincial Party School. The participants studied cutting-edge Party building concepts and practical experience, contributing to the innovative development of the company's Party building work.

2025.12

The Company organized personnel to attend a seminar on studying and implementing the spirit of the Fourth Plenary Session of the 20th CPC Central Committee, held by the Work Committee of the Jiuquan Economic and Technological Development Zone. The event facilitated a deep understanding of the meeting's spirit, promoting the implementation of Party policies within the enterprise.



July 1st Conference – Award Ceremony



July 1st Conference – Plaque and Flag Presentation Ceremony

Future Outlook

DAYU Irrigation Group firmly follows the General Secretary's water governance guideline of "prioritizing water conservation, promoting spatial balance, pursuing systematic governance, and leveraging both government and market mechanisms," upholds its corporate mission of "Make agriculture smarter, make countryside better, and make farmers happier," and adheres to the strategic guideline of "Three Agricultures, Three Waters, Three Networks; Dual Forces, Joint Responsibilities." The Company will seize historic development opportunities, leverage its differentiated competitive strengths, and strive to open up a new landscape for the development of China's smart water conservancy ecosystem.

We will continue to focus on and deepen our core businesses, following the principle of "one centimeter in width and ten kilometers in depth," firmly establishing the strategic direction of "operation as the foundation and data as the key," fully implementing the philosophy of sustainable development, building a leading brand for China's water-conservancy cause, and continuing to forge ahead toward its vision of "To establish a world-renowned century-old enterprise in water-saving irrigation."

Staying Policy-oriented, Strengthening Marketing Synergy, and Advancing Market Expansion

We will seize the implementation of favorable policies, align closely with the policy directions of the Ministry of Water Resources and the Ministry of Agriculture and Rural Affairs, and take water conservancy "soft construction" as a core lever for project acquisition. We will participate comprehensively in the planning, packaging, and application of major national projects, ensuring a thorough understanding of policies, close follow-up on projects, and secure access to funding. We will deepen government-enterprise and central-local cooperation, consolidate strategic partnerships with China Railway Construction Corporation, China Railway Engineering Group, China Gezhouba Group Co., Ltd, provincial water investment platforms, and local governments, leverage the strengths of private enterprises in technology together with the resource advantages of state-owned enterprises, and enhance the bid-winning rate and conversion rate of major projects such as large- and medium-sized irrigation districts, modern water networks, and high-standard farmland projects. We will strengthen end-to-end marketing capabilities by improving the three-tier marketing system at the group, segment, and subsidiary levels, reinforcing capabilities across the entire chain of policy interpretation, solution planning, business negotiation, and project implementation, and driving the transformation of marketing from "taking orders" to "planning orders." Focusing on core areas such as key irrigation districts, high-standard farmland, and urban-rural water supply, we will implement list-based management and accountability-based advancement, adopt a "battle map" approach for key projects, clarify responsible persons, timetables, and roadmaps on a project-by-project basis, define responsibilities for technical support, business coordination, and resource assurance, and carry out preliminary project research and solution planning in advance to ensure the implementation of major projects. For high-standard farmland, we will focus on major grain-producing areas and promote integrated solutions featuring "water-conservation irrigation + smart agriculture + water-fertilizer integration," so as to ensure the steady increase in the proportion of high-standard farmland orders.

Driven by Mechanisms, Strengthening Incentives and Transforming Work Style to Unleash the Fighting Spirit of All Employees

We will fully implement strong incentive policies, uphold a performance-oriented approach, break away from egalitarianism, and comprehensively promote a distribution mechanism that gives greater weight to orders secured, payments collected, and value created, so that employees with real capability, real commitment, and real performance can achieve dual improvements in both value recognition and rewards. We will strengthen work style and execution, and foster a culture of execution in which "what is said counts, what is decided gets done, and what is done is accomplished." We will carry forward the perseverance to never give up until the goal is achieved, remain results-oriented, reinforce accountability at all levels, strengthen supervision and performance assessment, and ensure that all tasks are implemented swiftly and deliver tangible results. We will also continue to deepen the reform of market-oriented marketing systems and mechanisms, optimize the organizational structure, regional deployment, and business processes, enhance front-end planning and resource integration capabilities, and build a strong joint force featuring top-down coordination, cross-functional linkage, and company-wide marketing participation.

Leading with Design, Strengthening Technology, and Advancing Smart Development to Enhance Core Competitiveness

We will leverage the leading role of design to drive development, promoting the upgrading of design from traditional drawing delivery to systematic planning, integrated turnkey solutions, and full-life-cycle adaptation. At the feasibility study and preliminary design stages, we will embed water pricing mechanisms, investment and financing plans, and post-construction operation and maintenance models at an earlier stage, so as to ensure that engineering construction and "soft construction" are designed, implemented, and made effective in parallel. We will advance the integrated consolidation of planning, design, construction, and operation, coordinate resources in design, construction, equipment,

informatization, and operation and maintenance, build full-chain and integrated comprehensive solutions, and enhance the overall coherence, economic efficiency, and long-term operational capability of projects.

We will improve the incentive mechanism linking "R&D - commercialization - returns," and establish full-process management for R&D projects covering project initiation, implementation, acceptance, and commercialization. Focusing on key technologies such as high-precision sensors and low-power intelligent control modules, we will launch a new generation of intelligent water-conservation equipment with further enhanced core performance indicators, while deepening the development of agricultural water pricing reform platforms and promoting their adoption across multiple provinces. We will comprehensively accelerate the Group's AI applications, advance the deep integration of artificial intelligence, the IoT, and big data into design, construction, and operation, improve efficiency and service quality, reduce costs and enhance effectiveness, and further expand business opportunities. We will also accelerate digital transformation by upgrading the ERP system, breaking down data silos, and enabling interconnectivity among business, finance, human resources, project, and other data. In addition, we will develop multiple AI application scenarios, establish a standardized data asset repository, and build a professional data analysis team to provide precise support for business decision-making.

Taking Operations as the Foundation, Strengthening Management and Maintenance, and Enhancing Efficiency to Secure Long-term Returns

We will deepen the professionalization and market-oriented implementation of post-construction management and maintenance, carry out requirements for separating maintenance from operation, entrusted operation, and property-style services, expand the scale of the "DAYU Water Steward" service model, and enhance the intelligent, intensive, and standardized operation and maintenance of reservoirs, irrigation districts, urban-rural water supply systems, and rural wastewater treatment facilities. We will strengthen full-life-cycle project management by establishing a control system covering planning, execution, monitoring, and review, strictly managing quality, safety, schedule, and cost, improving delivery efficiency and customer satisfaction, and ensuring that each project is completed, delivered, mapped and archived, and brought under O&M performance assessment. We will also broaden channels for operational revenue growth by securing operation and maintenance funding through multiple sources such as water tariff income, fiscal subsidies, and government procurement of services, so as to drive projects from being merely "well built" to being "well managed, well utilized, and effective over the long term," thereby forming stable cash flows and a sustainable profitability model.

Taking Party Building as the Banner, Strengthening Conviction, Uniting People, and Consolidating the Foundation for Development

We will uphold the guiding role of Party building, integrate the Party's leadership into every aspect of corporate governance, and transform the strengths of Party building into development strengths, competitive strengths, and economic benefits. We will carry forward the fighting spirit of DAYU, sustain the enthusiasm and passion for entrepreneurship and hard work, inherit the 30-year spirit of DAYU, strengthen the sense of responsibility and corporate belonging, enrich initiatives such as the "Yu Pulse Program" and "DAYU Night Talks," and improve care measures such as the employee mutual aid fund and honorary retirement arrangements, so as to enhance employees' sense of belonging and mission.

We will also actively devote ourselves to public welfare undertakings such as rural revitalization, food security, flood control and disaster relief, emergency material support, and education assistance, practice the philosophy of green development, contribute to the country through real industry and strengthen the enterprise through practical action, and strive to become a first-class and widely respected enterprise.

Accelerating International Expansion and Broadening Development Space

We will steadily advance our market presence along the Belt and Road, deepen our engagement in key regions such as Southeast Asia, the Middle East, Africa, and Latin America, and make solid progress in the implementation of overseas projects. We will intensify the development of local teams, optimize localized service systems, and promote an integrated service model of "equipment + consulting + operation" to enhance response speed and full-life-cycle value delivery for overseas projects. We will explore localized production and full-chain service capabilities to control operating costs and strengthen international competitiveness. We will also actively participate in domestic and international industry exhibitions, release brand communication content, build benchmark brand projects, tell DAYU's water-conservation story well, and foster the image of a responsible and committed international brand.

Key Performance Metrics

Environment

Metrics	Unit	2023	2024	2025
Total Solid Waste	tons	131.78	94.24	353.36
Total Hazardous Waste Emissions	tons	1.26	0.76	1.13
Total Non-Hazardous Waste Emissions	tons	130.52	91.88	36
Hazardous Waste Density	tons per million revenue	0.0004	0.0002	0.0003
Non-Hazardous Waste Density	tons per million revenue	0.0378	0.0210	0.0095
Total Recycled Waste	tons	/	186.14	345.5
Energy Consumption - Gasoline	tons	642.81	650.00	613.20
Energy Consumption - Diesel	tons	18.46	19.58	14.38
Energy Consumption - Natural Gas	m ³	13,977.00	13,136.67	14,132.00
Energy Consumption - Purchased Electricity	MWh	17,679.52	18,175.58	13,659.42
Energy Consumption - Total Energy Consumption	tons of standard coal	3,164.13	8345.35	2,072.53
Energy Consumption Density	tons of standard coal per million revenue	0.92	1.91	0.55
Total Greenhouse Gas Emissions	tons of CO2 equivalent	12,126.69	15,756.63	15,731.95
Greenhouse Gas Emissions - Scope 1	tons of CO2 equivalent	2,044.06	5,391.09	2,072.53
Greenhouse Gas Emissions - Scope 2	tons of CO2 equivalent	10,082.63	10,365.54	13,659.42
Water Usage	tons	92,763.00	96,766.00	97,240.00
Total Wastewater Discharge	tons	62,709.60	77,412.80	52,875.80
Water Usage Density	tons per million revenue	26.87	22.10	25.85
Air Emissions - Particulate Matter (PM)	tons	0.16	0.26	0.68
Air Emissions - Non-Methane Total Hydrocarbons	tons	0.29	0.45	2.5
Air Emissions - Volatile Organic Compounds (TVOC)	tons	5.06	10.03	1.73
Air Emissions - Hydrogen Chloride	tons	0.27	1.27	0.314
Air Emissions - Vinyl Chloride	kilograms	0.11	0.16	0.0024
Total Air Pollutant Emissions	tons	5.78	12.16	3.84
Packaging Material Usage	tons	378.61	597.58	259.96
Packaging Material Usage Density	tons per million revenue	0.1097	0.1365	0.0691
Environmental Protection Training Sessions	sessions	5	10	6
Environmental Protection Training Duration	hours	10	27	8
Environmental Protection Training Participants	participants	102	157	420
Energy Saving and Emission Reduction Projects	projects	1	1	8
Environmental Protection Investment	10,000 yuan	8.05	100	116.8

Social

Metrics	Unit	2023	2024	2025
Total Number of Employees	persons	2,826	2,795	3,281
Number of Employees by Gender - Female	persons	689	729	854
Number of Employees by Gender - Male	persons	2,137	2,066	2,427
Number of Employees by Employment Type - Part-time Employees	persons	0	0	0
Number of Employees by Employment Type - Full-time Employees	persons	2,826	2,795	3,281
Number of Employees by Age Group - Under 30	persons	883	733	612
Number of Employees by Age Group - 30-50 years	persons	1,898	1,976	2,377
Number of Employees by Age Group - Over 50	persons	45	86	292
Number of Employees by Position - General Employees	persons	2,288	2,286	2,799
Number of Employees by Position - Middle Management	persons	520	493	467
Number of Employees by Position - Directors, Senior Management	persons	18	16	15
Number of Middle and Senior Management Employees by Gender - Female	persons	98	173	81
Number of Middle and Senior Management Employees by Gender - Male	persons	437	320	386
Percentage of Ethnic Minority Employees	%	4.7	7	4.1
Number of High-end R&D Talents Introduced	persons	6	4	5
Number of Jobs Created	persons	617	732	596
Labor Contract Signing Rate	%	100	100	100
Social Insurance Coverage Rate	%	100	100	100
Occupational Health Examination Coverage Rate	%	80	80	80
Total Number of Departures	persons	734	684	755
Employee Turnover Rate	%	27.4	24.28	27.83
Maternity Leave Days Taken by Female Employees	days	474	6,233	3,505
Return to Work Rate after Maternity Leave for Female Employees	%	100	95	86
Total Training Hours for Employees	hours	87,096	82,000	95,000
Average Training Hours per Employee	hours	32	30	29
Average Training Hours for Senior Management Employees	hours	33.72	33.55	28
Average Training Hours for Middle Management Employees	hours	47.97	48.96	31
Average Training Hours for General Employees	hours	30.12	30.56	29
Training Coverage Rate for Employees	%	90.7	95.5	99
Training Percentage for Senior Management Employees	%	100	100	100
Training Percentage for Middle Management Employees	%	100	100	100
Training Percentage for General Employees	%	89	90	99
Number of Employees Receiving Regular Performance and Career Development Assessments	persons	2,189	2,730	2,301
Total Cash Donations for Public Welfare	10,000 yuan	1,108.39	649.03	174
R&D Investment	10,000 yuan	12,337.55	12,393.90	19,730.93

Metrics	Unit	2023	2024	2025
Number of National Key Scientific Research Projects/Topics/Subtopics Undertaken or Participated	items	9	13	15
Number of Patents Obtained	items	61	36	19
Number of Invention Patents Obtained	items	6	7	5
Number of Software Copyrights Obtained	items	12	14	21
Number of National Standards Led	items	1	1	0
Number of National Standards Participated in	items	7	1	0
Number of Group Standards Led	items	1	/	2
Number of Group Standards Participated in	items	2	4	2
Number of Local Standards Led	items	1	/	1
Quality Inspections	times	49	113	43
Supervision Inspections for Projects	times	65	22	15
Number of Safety Production Education and Awareness Activities	times	24	2	1
Total Number of Suppliers	No.	870	1,601	1,861
Total Number of Domestic Suppliers	No.	861	1,599	1,858
Total Number of Foreign Suppliers	No.	9	2	3
Percentage of Suppliers with Social Responsibility/Sustainable Development Audits	%	12	50	50
Supplier Compliance Rate	%	100	100	100
Number of Suppliers Who Have Conducted Environmental Impact Assessments	No.	53	100	150
Number of Supplier Trainings	times	3	2	6
Supplier Training Coverage Rate	%	71	40	50
Number of Suppliers Complying with Relevant Supplier Management Regulations	No.	870	750	1,007
Percentage of New Suppliers Selected Based on Environmental Evaluation Criteria	%	/	100	100
Percentage of New Suppliers Selected Based on Social Evaluation Criteria	%	/	10	10

Governance

Metrics	Unit	2023	2024	2025
Board of Directors Members	persons	9	9	9
Number of Independent Directors on the Board	persons	3	3	3
Number of members of the Board of Directors' Audit Committee	persons	5	5	5
Number of members of the Board of Directors' Nomination Committee	persons	5	5	5
Number of members of the Board of Directors' Remuneration and Assessment Committee	persons	5	5	5
Number of members in the Strategy and ESG Committee	persons	/	7	7
Number of Shareholder Meetings Held	times	6	8	7
Number of Board of Directors Meetings Held	times	11	15	18
Number of Strategic and ESG Committee Meetings Held	times	/	1	2
Average Dividend Ratio Over the Last Three Years	%	71.94	70	65.14
Number of Party Branches	No.	13	14	13
Number of Full Members in the Party	persons	207	204	183
Number of Probationary Party Members	persons	4	3	3
Number of Internal Audits	times	53	45	48
Number of Regular Audit Reports	items	16	4	3
Number of Special Audit Reports	items	29	30	45
Number of Inspection Reports	items	8	11	0
Anti-corruption Complaint Resolution Rate	%	100	100	100
Employee Business Ethics and Anti-corruption Training Coverage Rate	%	100	100	100
Average Training Hours for Employee Business Ethics and Anticorruption	hours	16	3	3
Number of Business Ethics and Anti-corruption Training Courses	items	21	11	14
Total Number of Participants in Business Ethics and Anti-corruption Training	persons	/	3,243	2,460
Number of Information Security Training Sessions	times	4	2	3
Employee Coverage Rate for Information Security Training	%	100	100	100
Total Hours of Information Security Training	Hours	6	2	10
Number of Participants in Information Security Training	persons	300	/	240
Number of Major Information Security Incidents or User Privacy Breaches	cases	0	0	0
Legal Entity Management	piece	/	/	115
Investment Decision Meeting (DingTalk / Teleconference)	times	23	28	32
Pre-audit Meeting (DingTalk / Teleconference)	times	9	9	7
Post-investment Management Meeting (DingTalk / Teleconference)	times	2	20	19
On-site Post-investment Research	times	1	7	10

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Reader Feedback

Dear Reader,

Hello !

Thank you very much for taking the time to read this report amidst your busy schedule. We highly value and look forward to your feedback on this report. Your evaluation will help us continuously improve our sustainability information disclosure and enhance our sustainable development management and practices. We sincerely welcome and appreciate your valuable suggestions!

1. Please provide an overall evaluation of this report

Very good
 Good
 Average
 Poor
 Very poor

2. Please evaluate the extent to which this report reflects the company's impact on society, environment, and economy

Very good
 Good
 Average
 Poor
 Very poor

3. Please evaluate our performance in stakeholder communication

Very good
 Good
 Average
 Poor
 Very poor

4. Please evaluate our performance in product responsibility

Very good
 Good
 Average
 Poor
 Very poor

5. Please evaluate our performance in environmental, safety, and occupational health matters

Very good
 Good
 Average
 Poor
 Very poor

6. Please evaluate our performance in employee responsibility

Very good
 Good
 Average
 Poor
 Very poor

7. Does the information disclosed in this report meet your expectations?

yes
 No
 Unclear

8. What are your comments and suggestions on our sustainable development practices and this report?



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DAYU Irrigation Group Media Matrix

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(DAYU Irrigation Group)

Chinese Official Website DAYU Irrigation Group	International Official Website DAYU Irrigation Group	WeChat Official Account / WeChat Channel DAYU Irrigation Group	WeChat Official Account / WeChat Channel DAYU Irrigation Group Investor Relations	TikTok Account DAYU Irrigation Group	WeChat Official Account / WeChat Channel DAYU Irrigation Group, Walking Together with You	WeChat Official Account / WeChat Channel CWCFC

DAYU Irrigation (Tianjin) Co., Ltd. (DAYU Equipment Development Group)					Gansu DAYU Water Conservation Group Water Conservancy and Hydropower Engineering Co., Ltd. (DAYU Water Conservation Group)	
WeChat Official Account / WeChat Channel DAYU Equipment Development Group	WeChat Official Account / WeChat Channel DAYU Irrigating Mall	Kuaishou Account DAYU Agricultural Irrigation	TikTok Account DAYU Equipment Development Group	Alibaba Online Store DAYU Alibaba Mall	TikTok Account DAYU Agro	
Beijing Huitu Technology (Group) Co., Ltd. (DAYU Huitu Tech.Group)					Hua'an Water Conservancy Survey And Design Institute	
WeChat Official Account / WeChat Channel HUITU	Xiaohui WeChat Official Account	TikTok Account Smart Water Cloud Chain 4S Supply Chain Sourcing Platform	Wechat Channel Smart Water Cloud Chain 4S Supply Chain Sourcing Platform	WeChat Official Account Smart Water Cloud Chain 4S Supply Chain Sourcing Platform	WeChat Official Account / WeChat Channel Hua'an Water Conservancy Survey And Design Institute.	WeChat Official Account / Wechat Channel DAYU Design Consulting Group Co., Ltd.