



Hubei Xingfa Chemicals Group Co., Ltd.

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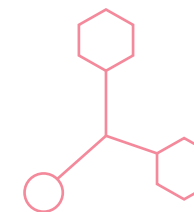
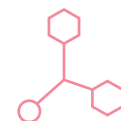
2025

Environmental, Social and Governance Report

Hubei Xingfa Chemicals Group Co., Ltd.

Stock Code : 600141

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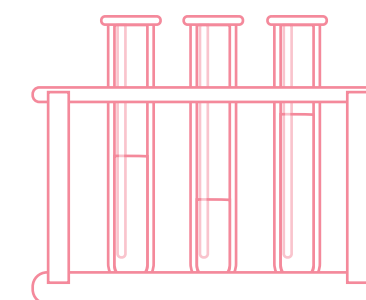
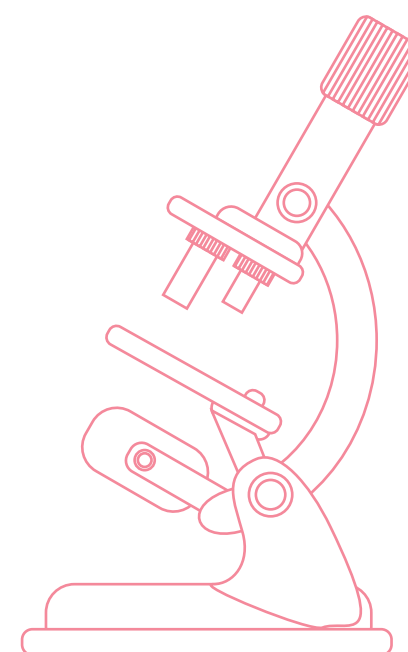
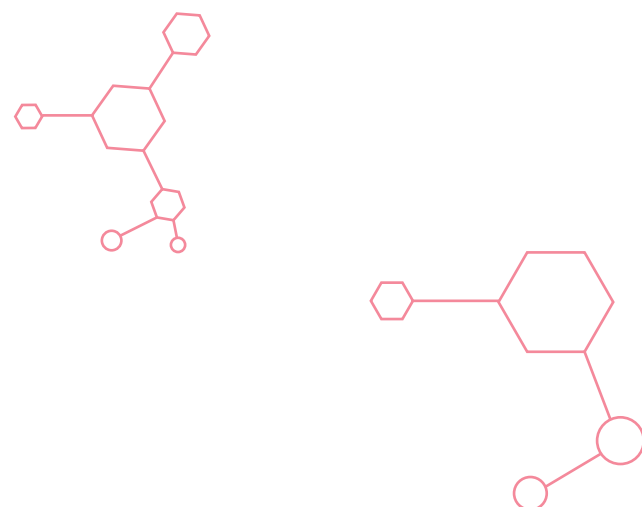
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About This Report

This Report is the seventeenth Environmental, Social and Governance (“ESG”) Report issued by Hubei Xingfa Chemicals Group Co., Ltd. (“Xingfa Group” or the “Company”). Prepared in accordance with the principles of objectivity, standardisation, transparency, and comprehensiveness, the Report presents Xingfa Group’s 2025 ESG philosophy and performance across the environmental, social, and governance dimensions.

Reporting Scope

This Report covers Hubei Xingfa Chemicals Group Co., Ltd., its subsidiaries, and directly affiliated institutions. Unless otherwise specified, the reporting scope aligns with that of the Company’s Annual Report.

Reporting Period

This Report covers the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”). To enhance comparability and provide forward-looking insight, certain sections reference earlier years or include forward-looking statements. The Report is published annually in line with the fiscal year.

Period of Impact

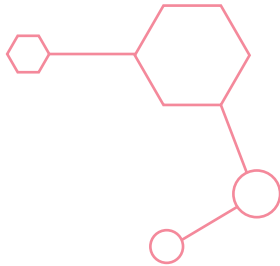
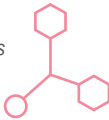
Impact periods in this Report are classified as short term (within 1 year), mid-term (1 to 5 years), and long term (more than 5 years).

Data Sources and Reliability Assurance

The data in this Report are drawn from Xingfa Group’s original records, publicly available government data, annual financial statements, internal statistical reports, third-party surveys, and third-party assessment interviews. The financial figures are denominated in Renminbi (RMB); In the event of any discrepancy with the audited financial statements, the financial statements shall prevail.

Preparation Basis

- International Sustainability Standards Board (ISSB): *International Financial Reporting Standard S1 — General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)*
- International Sustainability Standards Board (ISSB): *International Financial Reporting Standard S2 — Climate-related Disclosures (IFRS S2)*
- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative: *Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)*
- Sustainability Accounting Standards Board (SASB): *Sustainability Accounting Standards*
- Ministry of Finance of the People’s Republic of China: *Corporate Sustainability Disclosure Standards — Basic Standards (Trial)*
- State-owned Assets Supervision and Administration Commission of the State Council: *Study on the Preparation of ESG Special Reports of Listed Companies Controlled by Central-State-owned Enterprises*
- Shanghai Stock Exchange: *Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Report (Trial)*
- Shanghai Stock Exchange: *Self-Regulatory Guidelines for Listed Companies No. 4 — Preparation of Sustainability Reports*



Appellation Description

For ease of reference, “Hubei Xingfa Chemicals Group Co., Ltd.” may be referred to as “Xingfa Group”, “the Company”, or “we”. References to “the State” and “the Government” denote the People’s Republic of China and its administrative authorities.

Company Abbreviation	Full Company Name
Xingfa Group, the Company, the Joint-Stock Company, We	Hubei Xingfa Chemicals Group Co., Ltd.
Yichang Xingfa	Yichang Yingfa Group Co., Ltd.
Jixing Chemical	Hubei Jixing Chemical Group Co., Ltd.
Xiangyang Xingfa	Xiangyang Yingfa Chemical Co., Ltd.
Xinjiang Xingfa	Xinjiang Yingfa Chemical Co., Ltd.
Hubei Xingrui	Hubei Xingrui Silicon Materials Co., Ltd.
Trisun Chemical	Hubei Trisun Chemical Co., Ltd.
Inner Mongolia Xingfa	Inner Mongolia Xingfa Technology Co., Ltd.
Longma Phosphorus Industry	Weng’an Longma Phosphorus Industry Co., Ltd.
Baokang Chufeng	Baokang Chufeng Chemical Co., Ltd.
Sinophorus Electronic	Hubei Sinophorus Electronic Materials Co.,Ltd.
Guizhou Xingfa	Guizhou Xingfa Chemical Co., Ltd.
Yidu Xingfa	Yidu Xingfa Chemical Co., Ltd.
AMCO	PT Adil Makmur Fajar
Hong Kong Xingfa	Xingfa (Hong Kong) Imp.&Exp. Limited

Access to this Report

This Report can be viewed or downloaded on Shanghai Stock Exchange website (<https://www.sse.com.cn>), CNINFO (<http://www.cninfo.com.cn>), or Xingfa Group website (<https://www.xingfagroup.com>).

Feedback

If you have any comments or suggestions regarding this Report, please contact us through the channels below.

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Message from the Chairman

Dear shareholders, partners, and friends from all sectors,

As the global transition to a green economy accelerates, climate change and resource scarcity have become defining challenges for humanity. The chemical industry is undergoing a profound shift from scale expansion to green and sustainable development. We are fully aware that only by deeply embedding ESG principles into every facet of our operations can we ensure resilient, long-term growth amidst shifting global dynamics. Over the past year, despite a complex and volatile economic environment, we maintained robust business growth while making solid progress toward high-quality development.

Driven by innovation, we expanded our technological self-reliance over the past year.

We achieved a series of breakthroughs in new materials, fine chemicals, and new energy battery materials. Our silicone leather was successfully applied at Guangzhou Baiyun International Airport, and a succession of our domestic-substitution fine chemicals entered the market. We also optimized our quality management system to ensure environmental compliance and safety throughout the product lifecycle, delivering reliable, eco-friendly products and services to our customers. The Company's nomination for the 5th China Quality Award stands as the highest endorsement of our commitment to lean quality management.

We advanced our green blueprint by fostering a highly efficient circular economy.

Moving beyond mere emission reduction, we integrate the philosophy that "there is no absolute waste, only misplaced resources" across our entire value chain. Our circular economy model operates at peak efficiency: the phosphine tail gas utilization project yielded exceptional results, and the recovery of electronic-grade sulfuric acid waste liquid successfully drove both environmental and economic gains. We maximize resource efficiency to fortify Xingfa's sustainable foundation. Our green mines have achieved 100% utilization of waste rock and tailings alongside complete greening of mining areas; notably, the Shukongping Phosphate Mine was selected as a landmark Green Mine Case by the Ministry of Natural Resources. Furthermore, we completed carbon footprint certifications for 26 products, obtained life-cycle assessment (LCA) certifications for 4 products, and reduced our greenhouse gas (GHG) emission intensity by 6% year-on-year.

Embracing shared growth, we worked hand-in-hand with our stakeholders to build a better society.

Through a comprehensive compensation and benefits framework and tailored employee training programs, we remain dedicated to caring for, empowering, and sharing our growth with our workforce. Our responsibility extends far beyond our facility gates into local communities. In rural areas, our on-site task forces have provided targeted industrial assistance and infrastructure support, helping Shukongping and Maocaoping villages consolidate their poverty alleviation achievements and extending our corporate warmth to every corner. During the "14th Five-Year Plan" period, our cumulative charitable donations exceeded RMB 300 million, reinforcing our commitment to sharing development milestones with society.

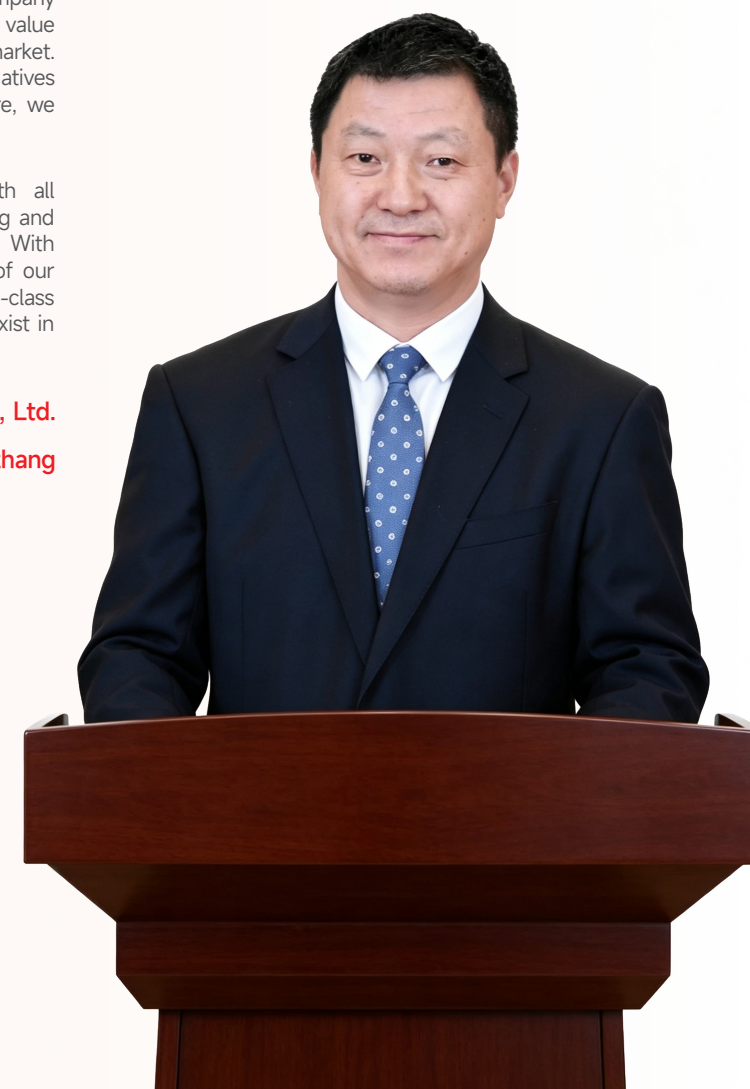
We reinforced our institutional foundations through robust compliance and transparency.

We consistently refined our corporate governance framework, promoted boardroom diversity, and deeply embedded ESG principles into our business strategy. By strengthening risk control and compliant operations, we ensure that the Company operates strictly within legal and ethical boundaries. We value every channel of communication with the capital market. Through frequent, multi-channel investor relations initiatives and maintaining high standards of information disclosure, we rigorously safeguard investor interests.

Looking ahead, we will continue to collaborate with all stakeholders to deepen our exploration in carbon peaking and neutrality, green product R&D, and rural revitalization. With unwavering determination, we will drive the execution of our ESG strategy, contributing to our vision of building a world-class fine chemical enterprise where humanity and nature coexist in harmony.

Chairman of Hubei Xingfa Chemicals Group Co., Ltd.

Li Guozhang



About Xingfa Group

Company Profile

Hubei Xingfa Chemicals Group Co., Ltd.("Xingfa Group" or the "Company"), founded in 1994 and is registered in Xingshan County, Yichang City, Hubei Province, was listed on the Shanghai Stock Exchange in 1999 (Stock Code: 600141.SH). The Company has evolved into a global leader in phosphorus-based fine chemicals, committed to green and circular development.

Xingfa Group focuses on the core business of fine phosphorus chemicals, while actively expanding the Company's integrated operations across phosphorus, silicon, sulphur, salt, and fluorine to build an upstream-to-downstream industrial chain. Over the years, Xingfa Group has established an industrial structure anchored in resources and energy, centred on fine chemicals, and supported by related industries. The Company is now accelerating Xingfa Group's transformation into a technology-driven green chemical and new materials enterprise. During the Reporting Period, the Company's principal products included phosphate rock, specialty chemicals, agrochemicals, organosilicon products, fertilisers, and new energy materials, serving sectors such as food, agriculture, integrated circuits, automotive, construction, and chemicals. The Company ranked 460th on the 2025 Fortune China 500 list.



Corporate Culture



Corporate Vision:
Striving to be recognized as “China’s Mightiest and Most World Renowned International Fine Chemicals Enterprise”

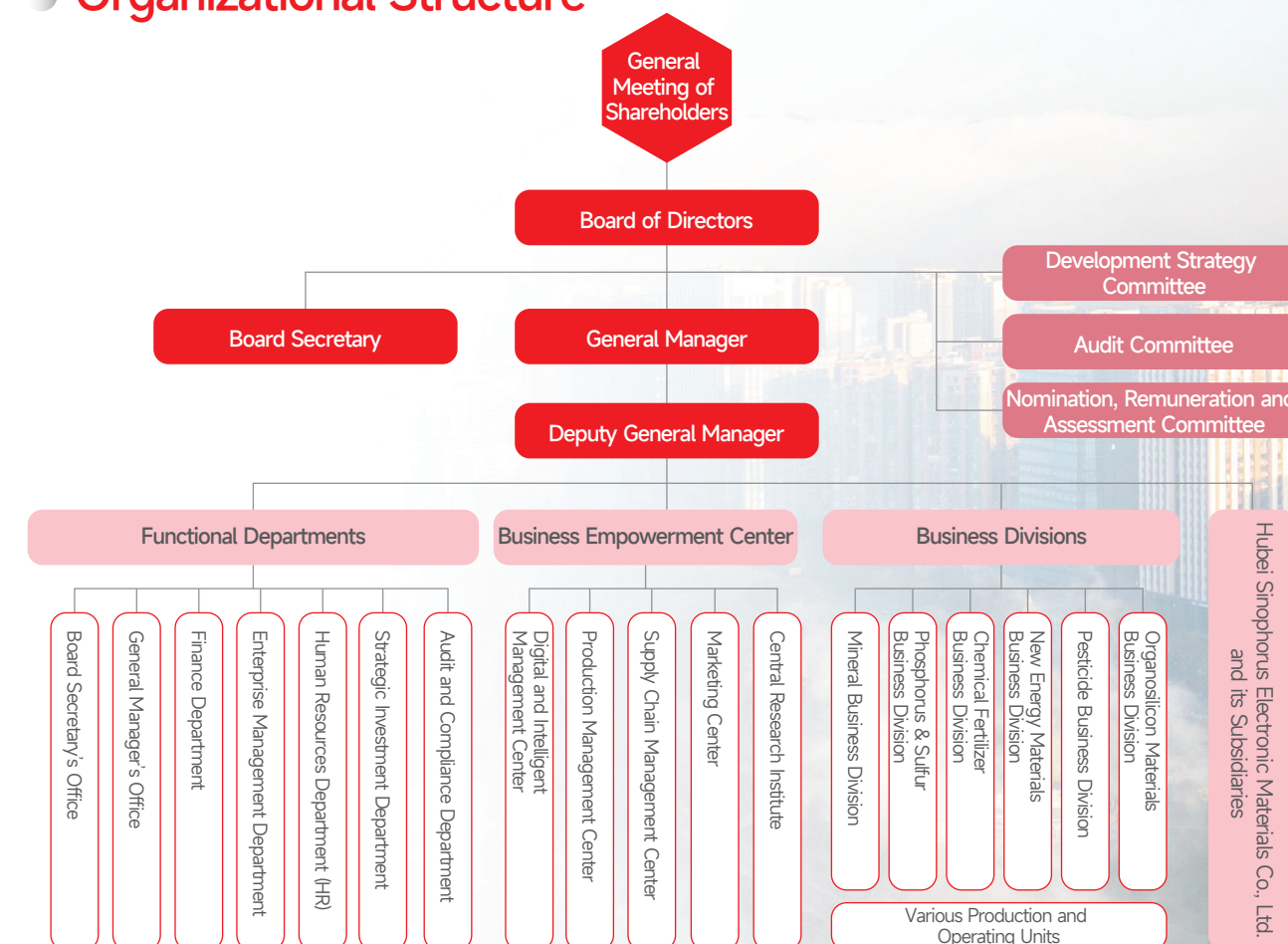


Corporate Values:
Innovation, Integrity, Responsibility, Endeavor



Corporate Mission:
Technology-oriented, leading the global fine phosphorus chemical industry, thus creating value for society, shareholders, employees, and partners

Organizational Structure

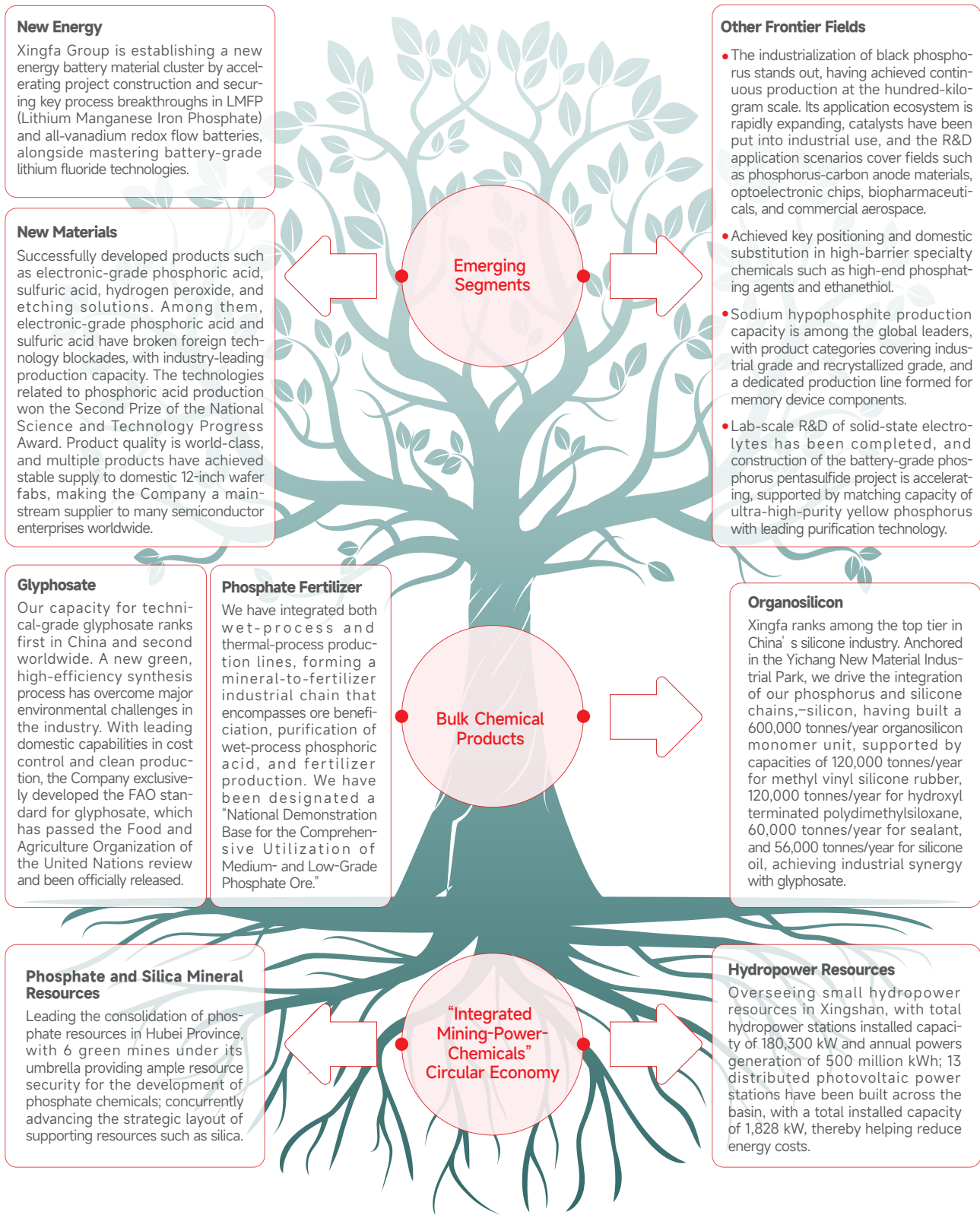


Business Operations

The Company strengthens innovation-driven development and accelerates the green, high-end, and international transformation of the industrial chain, developing products in 9 categories, 30 series, and 723 varieties, including food-grade, pharmaceutical-grade, and electronic-grade products, and participated in the formulation and revision of 119 international, national, and industry standards.

Phosphate Rock	- About 625 million tonnes of phosphate resources with mining rights (including 580 million tonnes within the consolidation scope, and 45 million tonnes of equity-adjusted phosphate resources from the equity investment in Yi'an Industrial). 258 million tonnes of phosphate resources in the exploration and exploration-to-mining transition stages (equity-adjusted). 6.422 million tonnes/year of designed equity production capacity of phosphate rock (including 5.85 million tonnes/year within the consolidation scope, and 0.572 million tonnes/year of equity-adjusted capacity from the equity investment in Yi'an Industrial).
Specialty Chemicals	- Electronic Chemicals: 60,000 tonnes/year of electronic-grade phosphoric acid, 100,000 tonnes/year of electronic-grade sulfuric acid, 60,000 tons/year of electronic-grade hydrogen peroxide, 54,000 tonnes/year of functional wet electronic chemicals, 20,000 tonnes/year of co-produced electronic-grade aqueous ammonia, and 10,000 tonnes/year of electronic-grade ammonia gas. - Food Additives: food-grade phosphate production capacity exceeds 150,000 tonnes per year. - Industrial Solvents and Others: 60,000 tonnes/year of dimethyl sulfoxide , 61,000 tonnes/year of sodium hypophosphite, total of 10,000 tonnes/year of the phosphating agent series, 3,000 tonnes/year of ethanethiol.
Glyphosate Series Products	230,000 tonnes/year of glyphosate technical, 117,000 tonnes/year of supporting formulations , 170,000 tonnes/year of supporting yellow phosphorus capacity , 460,000 tonnes/year of chlor-alkali capacity.
Fertilizers	1 million tonnes/year of phosphate ammonium, 400,000 tonnes/year of compound fertilizer , 680,000 tonnes/year of supporting wet-process phosphoric acid (as 100% H ₃ PO ₄), 150,000 tonnes/year of refined purified phosphoric acid (as 100% H ₃ PO ₄), 2 million tonnes/year of sulfuric acid ,400,000 tonnes/year of synthetic ammonia.
Organosilicon Series Products	6 million tonnes/year of organosilicon monomer unit , 120,000 tonnes/year of supporting 110 gum, 120,000 tonnes/year of 107 gum, 60,000 tonnes/year of sealant, 56,000 tonnes/year of silicone oil, 5,000 cubic meters/year of aerogel,550 tonnes/year of microcapsules, 6 million meters/year of silicone leather, 150,000 square meters/year of silicone foam, 50,000 tonnes/year of photovoltaic encapsulant.
New Energy Materials	100,000 tonnes/year of ferric phosphate 80,000 tonnes/year of lithium iron phosphate 100,000 tonnes/year of lithium dihydrogen phosphate

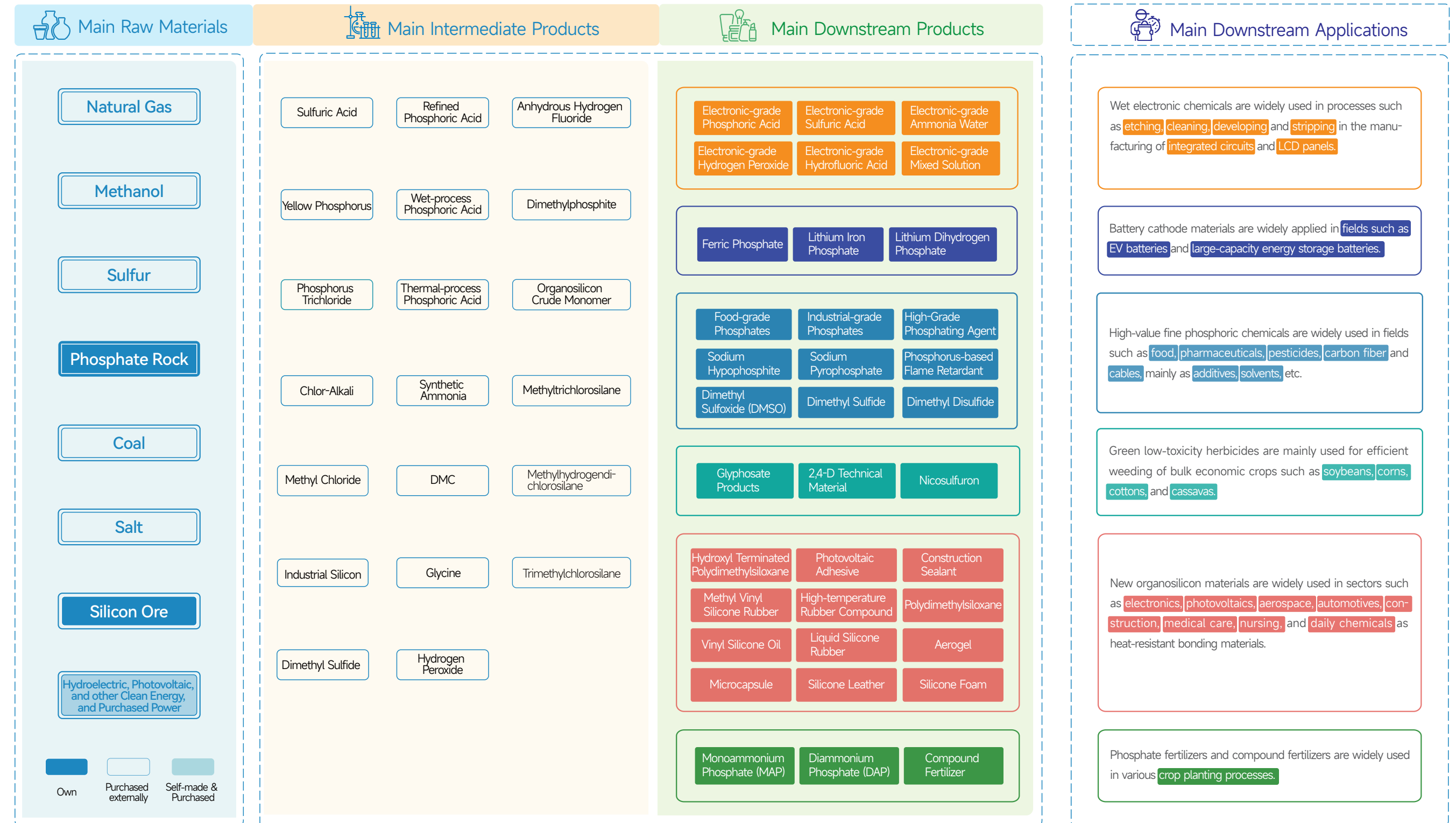
Company Advantages and Industry Position



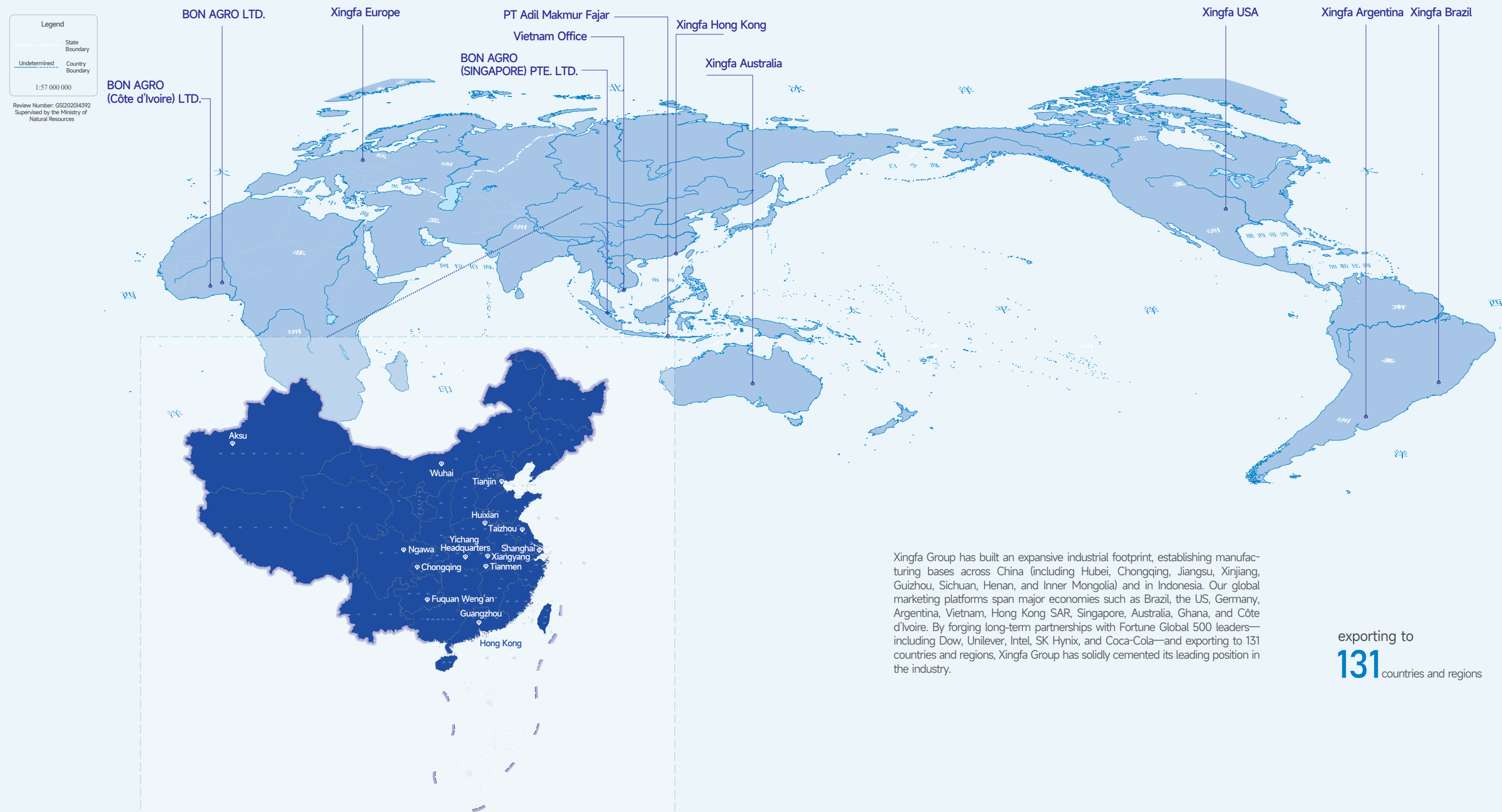
Development History

- **1978**
The first large-scale hydropower station, the Houzibao Station, has been completed and commenced power generation.
- **1984**
The Company's predecessor, the Xingshan Chemical Plant, was established
- **1989**
The Xingshan Chemical Plant was renamed Hubei Xingshan Chemical General Plant
- **1994**
Hubei Xingfa Chemicals Co., Ltd. was established
- **1995**
Xingshan Xingsheng Co., Ltd. was established, becoming the first phosphate mine to be opened
- **1996**
Renamed from "Hubei Xingfa Chemicals Co., Ltd." to "Hubei Xingfa Chemicals Group Co., Ltd."
- **1999**
The Company was listed on the Shanghai Stock Exchange, with the stock abbreviation "Xingfa Group" and the stock code 600141.SH
Yichang Xingfa Group Co., Ltd. was formed
- **2003**
The Company successively established production bases in Shennongjia and Baokang, Xiangyang
Baokang Chufeng Chemical Co., Ltd. was established
- **2004**
Signed an agreement with the former Yichang State Development Investment (original Yichang) to acquire certain assets of the former Phosphate Group, formed the former Yichang Chu Phosphate Chemical Co., Ltd., and built the Chu Phosphate Industrial Park
- **2005**
Established Hubei Trisun Chemical Co., Ltd.
- **2006**
Acquired Yichang Heyou Company and entered the phosphate fertilizer industry
- **2007**
Jointly formed Chongqing Xingfa Jinguang Chemical Co., Ltd. with Shanghai Baijin Group, and commenced construction of an annual output 100,000-tonne dimethyl sulfoxide project
- **2008**
Established Hubei Sinophorus Electronic Materials Co., Ltd.
Phase I of the Yichang Fine Chemicals Park was completed, building 50,000 tonnes/year glyphosate, 15,000 tonnes/year of ion-exchange membrane caustic soda, 20,000 tonnes/year glycine, 15,000 tonnes/year of food-grade phosphates and other projects
- **2009**
Established Yidu Xingfa Chemical Co., Ltd.
- **2010**
10,000 tonnes/year of electronic-grade phosphoric acid co-production and 20,000 tonnes/year of food-grade phosphoric acid project of Sinophorus Electronic commissioned
Established Xingfa USA Co., Ltd.
- **2011**
Established Xiangyang Xingfa Chemical Co., Ltd.
60,000 tonnes/year of organosilicon monomer project of Yichang Fine Chemical Park completed and commissioned
- **2012**
Phase III of Yichang Fine Chemical Park broke ground, focusing on expanding organosilicon monomers and downstream products, glyphosate technical grade and formulations, and organophosphorus water treatment agents
Yidu Green Ecological Industrial Park completed and commissioned
- **2015**
Completed the acquisition of Jixing Chemical
- **2017**
Sinophorus Electronic successfully developed a one-step absorption process for producing electronic-grade sulfuric acid
- **2018**
Acquired the former Inner Mongolia Tenglong Bio Fine Chemical Co., Ltd., and renamed it Inner Mongolia Xingfa Technology Co., Ltd.
Sinophorus Electronic achieved a major breakthrough in electronic-grade phosphoric acid technology, reaching an international leading level
- **2020**
The project "Key Production Technologies for Ultra-High-Purity Electronic-Grade Phosphoric Acid for Chips and High-Selectivity Etching Solutions" won the Second Prize of the 2019 National Science and Technology Progress Award for the year
- **2021**
Hubei Three Gorges Laboratory was inaugurated
- **2023**
The Company acquired PT Adil Makmur Fajar
- **2024**
Successfully acquired BON ARGO Ltd., achieving full ownership of Xingfa Brazil Co., Ltd.; established BON ARGO (Singapore) PTE. Ltd. and Xingfa Australia Co., Ltd., bringing the total number of overseas platforms to 10 entities, basically covering major global markets, further improving the global layout.
- **2025**
On January 22, the subsidiary Hubei Sinophorus Electronic Materials Co., Ltd. (stock abbreviation: Sinophorus Electronic, stock code: 688545.SH) was officially listed on the STAR Market of the Shanghai Stock Exchange.
On September 16, the Company received a nomination for the Fifth China Quality Award Nomination

Focused on fine phosphorus chemicals, Xingfa Group integrates phosphorus, silicon, sulfur, salt, and fluorine to refine its vertically integrated value chain. By leveraging unique industry synergies—namely mine-electricity-chemical integration, phosphorus-silicon-salt co-development, and mine-chemical-fertilizer coupling—we are accelerating our transformation into a tech-driven, green chemical advanced materials enterprise.



Global Layout



Xingfa Group has built an expansive industrial footprint, establishing manufacturing bases across China (including Hubei, Chongqing, Jiangsu, Xinjiang, Guizhou, Sichuan, Henan, and Inner Mongolia) and in Indonesia. Our global marketing platforms span major economies such as Brazil, the US, Germany, Argentina, Vietnam, Hong Kong SAR, Singapore, Australia, Ghana, and Côte d'Ivoire. By forging long-term partnerships with Fortune Global 500 leaders—including Dow, Unilever, Intel, SK Hynix, and Coca-Cola—and exporting to 131 countries and regions, Xingfa Group has solidly cemented its leading position in the industry.

exporting to
131 countries and regions

Corporate Honors



China Quality Award Nomination
— Fifth China Quality Award Selection and Recognition Committee



2025 Hubei Provincial Science and Technology Progress Award (First Class)
— Hubei Provincial People's Government



2025 Hubei Provincial Science and Technology Progress Award (Third Class)
— Hubei Provincial People's Government



2025 China Petroleum and Chemical Industry Federation Science and Technology Progress Award (Second Prize)
— China Petroleum and Chemical Industry Federation



2025 China Nonferrous Metals Industry Science and Technology Award (First Prize)
— China Nonferrous Metals Industry Association



Yichang City Advanced Collective
— Yichang Municipal People's Government



2024 Annual Report Earnings Briefing Excellent Practice for Listed Companies
— China Association for Public Companies



2024 Golden Information Disclosure Award
— China Securities Journal



Special Contribution Award for Corporate Governance of the 20th China Listed Companies Board of Directors Golden Roundtable Award
— Board of Directors Magazine



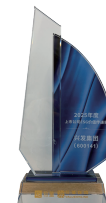
2024 New Fortune Magazine Best Listed Companies Awards Winners List
— New Fortune Magazine



Golden Dawn Investor Relations Award
— Capital Week

ESG Honors and Awards

ESG Awards



2025 Listed Companies ESG Value Communication Award
— Shenzhen Value Online Information Technology Co., Ltd.



2025 Listed Companies High-Quality Development Excellent Practice Model - Investor Relations Excellent Paragon
— Chinese Securities Journal

ESG Rating

Wind ESG

兴发集团
2025评级



易董ESG评级
兴发集团 (600141)
2025年评级 AA

华证ESG评级证书

兴发集团 (600141.SH)
环境、社会、公司治理 (ESG) 综合评级

AA

Industry Associations

Association Name	Positions Held
China Petroleum and Chemical Industry Federation	Vice President
China Electronic Materials Industry Association	Vice Chairman
China Chemical Mining Association	Vice President
China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Vice President
China Inorganic Salts Industry Association	Vice President
China Nitrogen Fertilizer Industry Association	Executive Director
China Pesticide Industry Association	Executive Director
China Sulfuric Acid Industry Association	Council Member
China Phosphate and Compound Fertilizer Industry Association	Vice Chairman
China Chemical Environmental Protection Association	Vice Chairman
Chemical New Materials Professional Committee of the China Petroleum and Chemical Industry Federation	Deputy Director Unit
China Association of Monitoring Chemical Substances	Vice Chairman
China Fluorosilicone Organic Materials Industry Association	Expert Committee Member, Standards Committee Member, Regulatory Affairs and Product Supervision Committee Member
China Pesticide Development and Application Association	Vice President
China Association of Patent Protection	Council Member
China Meat Association	Vice President
China Association for Quality Inspection	Council Member
China Association of Mineral Resources and Material Application Innovation	Vice Chairman
Inorganic Salts Industry Association of China, Phosphorus Chemical Subcommittee	President

Performance Highlights in 2025

Environmental Performance

Environmental Protection Investment **757.31** RMB Million

Number of Companies Certified under the Energy Management System **8** Units

Number of Special Environmental Inspections **200** Units

Green Electricity Consumption **980** Million kWh

Number of Hidden Hazards Investigated and Rectified **1,109** Units

Number of Products Certified for Life Cycle Assessment **4** Units

Number of General or Above Sudden Environmental Incidents **0** Cases

Number of Products Certified for Carbon Footprint **26** Units

Social Performance

Total Number of Employees **14,580** Persons

Total Duration of Employee Training **1,423,936** Hours

Employees from Ethnic Minorities **1,145** Persons

Total Investment in Employee Training **28.285** RMB Million

Proportion of Employees from Ethnic Minorities **7.85** %

On-time Rectification Rate for Hidden Hazards Investigation **100** %

Employee Social Insurance Coverage Rate **100** %

Employee Physical Examination Coverage Rate **100** %

Amount of Shares Subscribed under the Employee Stock Ownership Plan **26,503** RMB 10,000

Occupational Disease Incidence Rate **0** %

Industrial Performance

Innovation Incentive Bonus **235.4** RMB Million

Number of Product Spot Checks by Third-party Institutions **210** Times

Number of R&D Personnel **1,749** Persons

Product Spot Check Pass Rate **100** %

Duration of Quality Training Per Capita **29.89** Days

Supplier Integrity Agreement Signing Rate **100** %

Governance Performance

Total Number of Shareholders' Meetings Convened **3** Times

Duration of Legal Training Conducted **88** Hours

Number of Board Meetings Convened **6** Times

Duration of Management's Participation in Anti-Corruption Training **43,900** Hours

Board Special Committee Meetings Convened **13** Times

Anti-Corruption Training Coverage Among Management **100** %

Number of Penalties Received for Violations in Information Disclosure **0** Times

Sustainability Development Governance

Sustainable Development Goals and Vision

Xingfa Group aligns its global vision of building a world-class fine chemical enterprise with a robust commitment to sustainable development. Through continuous technical innovation, we enhance our circular economy and maximize resource efficiency. Moving forward, we will drive industry-wide sustainable practices, generate shared economic and social value, and lead the sector as a model of responsible growth.



End poverty in all its forms everywhere

The Company proactively participates in national Rural Revitalization and the “Belt and Road” Initiative, extending comprehensive technical, financial, and medical support to demonstrate corporate social responsibility through concrete actions.



End hunger, achieve food security, improve nutrition, and promote sustainable agriculture

The Company actively delivers green crop protection services to agricultural sectors in regions such as Southeast Asia, Africa, and the Americas, empowering the sustainable development of local economies and smallholder farmers.



Ensure healthy lives and promote well-being for all at all ages

The Company prioritizes occupational health and safety, enhancing employees’ safety awareness and cultivating a safe, secure, and healthy working environment;

The Company newly built a “Home of Employees” gymnasium and actively organized sports meets and other staff events, effectively relieving occupational stress and enhancing the physical and mental well-being of our workforce.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The Company is dedicated to creating a scientific, systematic, and high-efficiency training framework, providing tailored development paths for employees across all tiers to achieve self-value appreciation;

We have established and perfected a robust digitalized training network, setting up training schools, cultivating internal lecturer teams, and launching school-enterprise partnerships to lay a rock-solid foundation for high-quality corporate growth.



Achieve gender equality and empower all women and girls

The Company actively cultivates and upholds a diverse and equal atmosphere, placing particular emphasis on the protection and advancement of women’s rights, emphasizing gender equality and equal pay for equal work, ensuring that female employees enjoy full rights protection during employment, and preventing any form of harassment and discrimination.



Ensure availability and sustainable management of water and sanitation for all

By continuously optimizing and upgrading its wastewater treatment and management strategies, the Company has effectively reduced pollutant emissions during production. During the Reporting Period, industrial wastewater achieved compliant discharge standards.



Ensure access to affordable, reliable, sustainable, and modern energy for all

The Company sets annual energy-saving and emission-reduction targets, assigns responsibility to each production unit, and continuously tracks target achievement.

The Company has established the Leading Group for Energy Conservation to conduct energy audits in accordance with energy codes and standards, successfully enhancing energy efficiency through multiple measures including energy-saving technical retrofits, production process optimization, energy-efficient equipment replacement, and the utilization of renewable energy.



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

Establishing and perfecting tax management systems, and paying taxes in strict accordance with the law to support the government in stimulating economic growth;

The Company builds a fair and reasonable compensation and benefits architecture along with a scientific performance appraisal mechanism, fully stimulating employee proactivity and innovative capabilities, driving personal growth, and facilitating the achievement of strategic and operational targets to fortify the foundation for long-term development;

The Company implements an Employee Stock Ownership Plan (ESOP), empowering employees with equity, unlocking their full potential, solidifying the talent base, and boosting their sense of belonging and accountability to drive steady corporate growth.



Build resilient infrastructure, promote inclusivity, sustainable industrialization, and foster innovation

The Company has established the Leading Group for Technical Innovation, refining its R&D and innovation frameworks, continuously upgrading its independent R&D capabilities, and exploring novel pathways for school-enterprise cooperation. During the Reporting Period, the Company’s R&D investment reached RMB 1.319 billion, securing 4 major technical innovation breakthroughs.



Reduce inequality within and among countries

The Company champions equality and inclusiveness, resolutely opposing any form of discrimination. We are dedicated to constructing a diverse, equal, and inclusive workplace environment, ensuring that every single employee receives equitable treatment.



Make cities and human settlements inclusive, safe, resilient, and sustainable

The Company has formulated a quantitative indicator system and implemented monitoring for air emissions, establishing air emission treatment systems to effectively mitigate the adverse environmental impacts of production exhaust gases. During the Reporting Period, major air pollutants, including nitrogen oxides and sulfur dioxide, met compliance discharge standards;

The Company has built a specialized waste management system, selecting differentiated treatment methods based on the varying properties of waste, thereby ensuring an environmentally safe disposal process and minimizing environmental and health risks.



Ensure sustainable consumption and production patterns

The Company has established a quality management system encompassing the entire product lifecycle, signing the *Quality Management Objective Responsibility Statements* with its respective accountable business units, proactively advancing system certifications, and guaranteeing the compliant delivery of qualified products through robust quality training and inspection regimes;

Adhering to the information security management philosophy of “Full Participation, Prevention First, Continuous Improvement, and Compliant Operations,” the Company strengthens its information security and privacy protection capabilities through administrative controls such as information classification and the execution of cybersecurity training activities.



Take urgent action to combat climate change and its impacts

The Company has established the Leading Group for Carbon Emission Management, actively conducting carbon emission verifications and carbon-related knowledge training. We have identified risks and opportunities in responding to climate change, and built a comprehensive risk identification, assessment, supervision, and management process, based on which the Company formulated its Energy Conservation and Carbon Reduction Work Program. During the Reporting Period, the Company and its subsidiaries had 8 entities included in the Hubei Regional Carbon Market and 2 entities included in the National Carbon Market.



Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

The hydropower stations have comprehensively implemented the ecological water release project, cutting discharge openings at dams, channels, and trash racks to give top priority to ecological water release, thereby safeguarding the ecological environment.

The Company launched the Yangtze River Protection Action, comprehensively driving the “Five Major Projects” of closure, transformation, relocation, pollution control, and green restoration.



Protect, restore, and promote the sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; halt and reverse land degradation; and curb the loss of biodiversity

Adhering to the philosophy of green development, the Company has fulfilled its ecological protection commitments through green mine construction and active participation in the Yangtze River Great Protection Initiative, achieving a harmonious unity of ecological benefits and economic returns.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels

The Company consistently enhances its governance capacity and risk management level to secure long-term corporate development and maximize corporate interests, stringently executing internal controls and risk management protocols to guarantee steady and robust operations;

The Company strictly eradicates any form of child labor and forced labor, proactively safeguarding the legitimate rights and interests of workers, and diligently practicing social responsibilities and ethical codes.

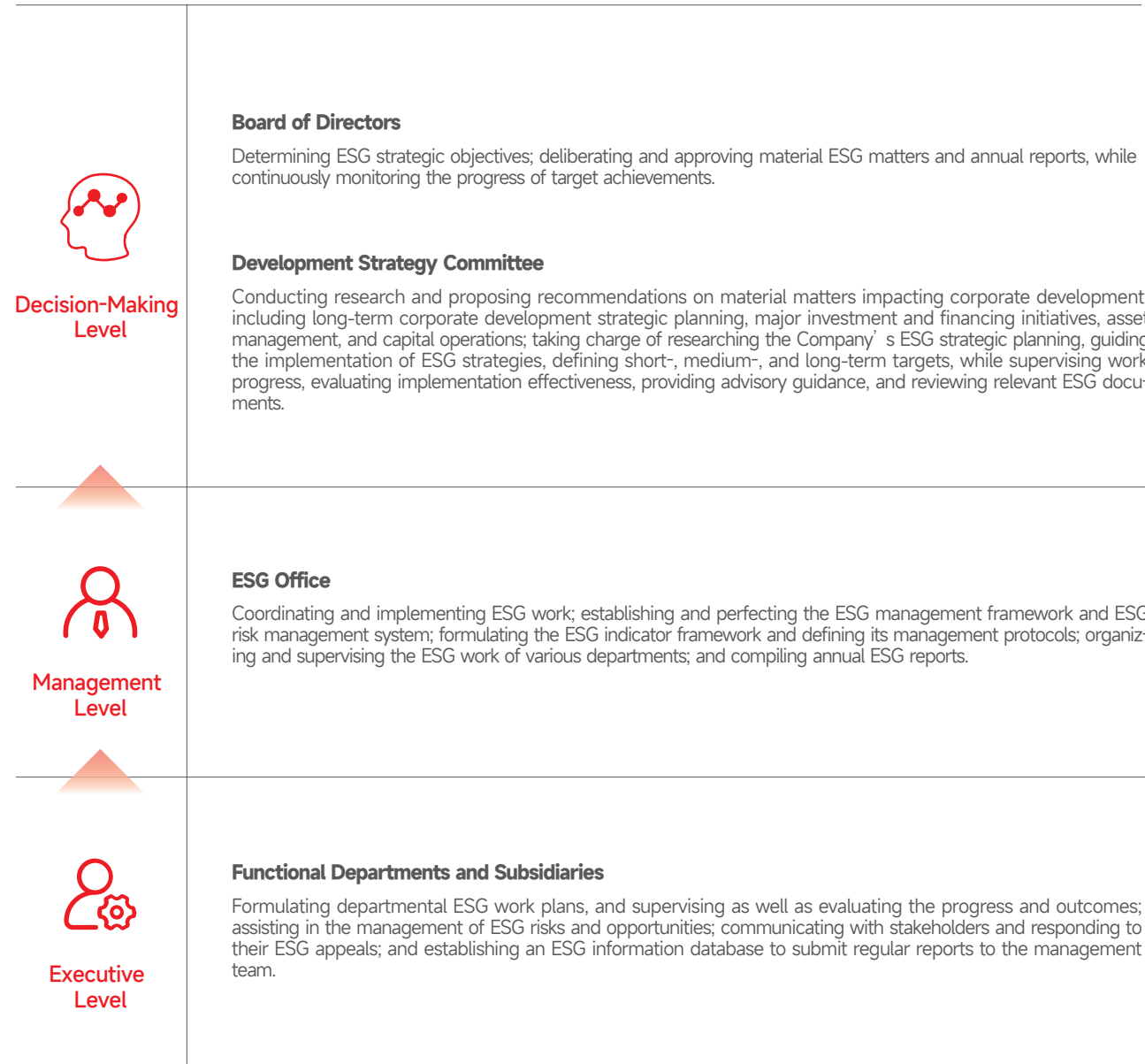


Strengthen implementation measures and revitalize the Global Partnership for Sustainable Development

The Company reinforces its close ties with investors, constructing normalized communication channels and earnestly listening to the voices of all stakeholders; the Company focuses on enhancing supplier capabilities, dedicating itself to collaborative growth with partners. By setting up a comprehensive supplier management framework and digitalized management systems, we maintain close cooperation and exchanges with suppliers to achieve mutual benefits and win-win outcomes.

Governance Framework for Sustainable Development

In active response to the call for sustainable development, Xingfa Group has seamlessly integrated ESG philosophies into its corporate strategic planning. We continuously optimize various management systems across the dimensions of environmental protection, social responsibility, and corporate governance, while dedicating every effort to building a comprehensive and scientific organizational framework. Concurrently, the Company has amended the *Detailed Rules for the Implementation of the Strategy Committee of the Board of Directors*, clarifying the responsibilities of departments at all hierarchies to ensure the robust implementation of all initiatives. While driving our own high-quality growth, we contribute solid strength to the sustainable development of both society and the environment.



Xingfa Group's Sustainability Governance Structure

Sustainable Development Capacity Building

To strengthen capacity building for sustainable development, Xingfa Group systematically carried out special ESG training sessions. During the Reporting Period, 2 ESG training sessions were conducted, with one focusing on ESG knowledge explanation and practice sharing, and the other focusing on the enhancement of ESG management capabilities.

Case: Report Meeting on Achievements of the Management Consulting Project for Building a World-Class Enterprise and SAP Upgrade Training Session

In June 2025, the Company held the "Report Meeting on Deliverables of the Management Consulting Project for Building a World-Class Enterprise and SAP Upgrade Training." In collaboration with Deloitte China and by benchmarking against leading international practices, we systematically reviewed the Company's current status and enhancement paths in areas such as strategic management, corporate governance, and supply chain management, with a focus on 10 key sustainability-related management domains: strategic management, corporate governance, internationalization management, supply chain management, financial management, risk management, human resources management, science and technology innovation management, digital management, and marketing management.



Case: ESG Specialized Training

In November 2025, the Company invited a professional consulting firm to conduct specialized ESG training. Centered on core ESG concepts and the latest domestic and international policy trends, the training provided improvement recommendations benchmarked against industry best practices, targeting the Company's specific ESG shortcomings. This training marked a key step for Xingfa Group in advancing its ESG work from compliant disclosure toward refined and strategic management.



Communication with Stakeholders

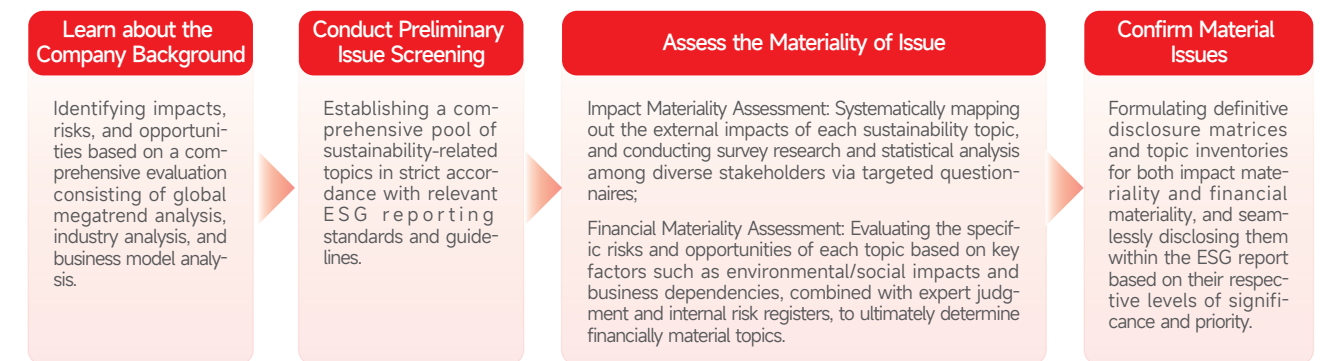
Adhering to the principle of paying highly close attention to the opinions of various stakeholders, Xingfa Group formulated and distributed survey questionnaires in alignment with its own actual conditions to widely listen to the voices of all parties. Furthermore, the Company builds normalized communication channels and joins hands with various forces to jointly promote the sustainable development of the Company.

Stakeholders	Demands and Expectations	Communication and Response
 Government and Regulatory Authorities	- Compliant Operations - Lawful Tax Payment - Business Ethics and Anti-Corruption	- Policy Response - Information Disclosure - Supervision and Inspection
 Suppliers and Partners	- Win-Win Cooperation - Driving Industry Development	- Social Media - Customer Service Hotline - Customer Satisfaction Survey
 Investors and Shareholders	- Protecting Shareholders' Rights and Interests - Risk Management - Improving Corporate Governance	- General Meeting of Shareholders - E-Interaction - Report Disclosure - Investor Hotline - Roadshows and Reverse Roadshows - Media Coverage - Results Briefing - Information Disclosure
 Employees	- Compensation and Benefits - Health and Safety - Employee Promotion	- Workers' Congress - Labor Union - Internal Information Communication Platform - Chairman's Mailbox - Phone and Email - Face-to-face communication - Employee Satisfaction Survey
 Customers	- Unobstructed Communication Channels - Ensure Product Quality - Protect Customer Rights and Interests	- Social Media - Customer Service Hotline - Customer Satisfaction Survey
 Public Welfare Organizations and Community Organizations	- Improve People's Livelihood - Rural Revitalization - Public Welfare and Charity	- Charitable Donations - Exchange visits - Interviews in the media - Joint activities

Material Issues Management

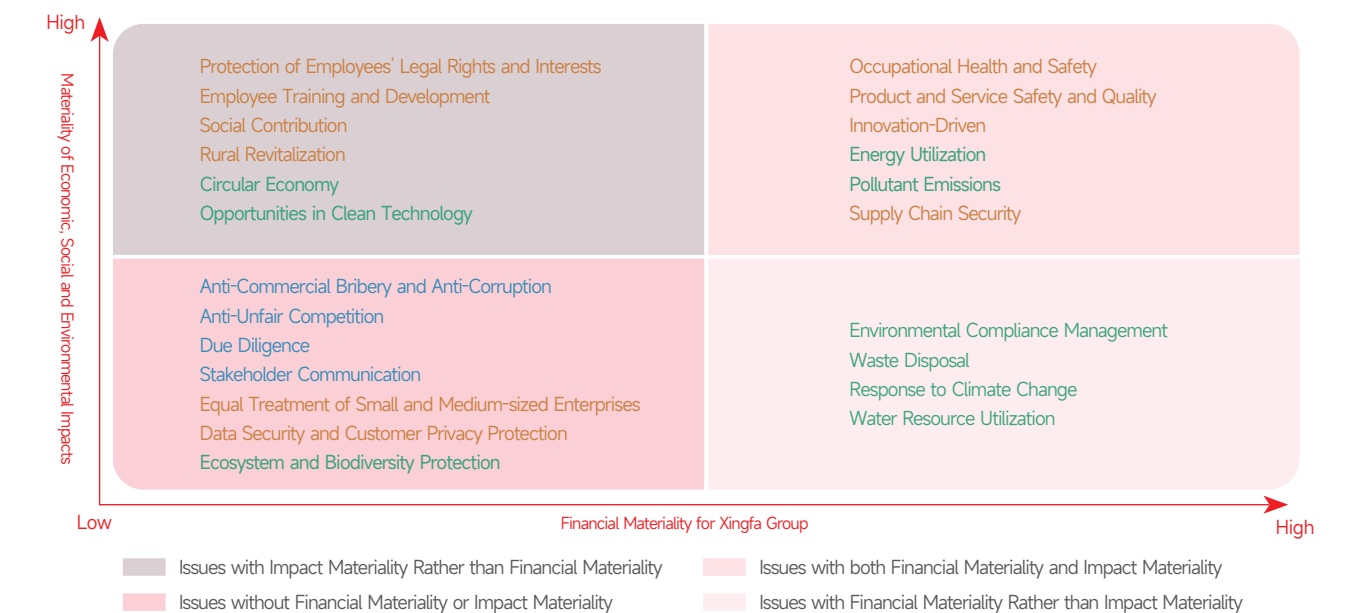
Materiality Assessment Process

In accordance with the assessment methods stated in the domestic and international disclosure standards such as the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (for Trial Implementation)*, the *GRI 3: Material Issues*, the *International Financial Reporting Sustainability Disclosure Standards No. 1 - General Requirements for Disclosure of Sustainability (IFRS IFRS1)*, Xingfa Group introduces the analysis perspective of impact materiality and financial materiality to identify and assess material issues in the following steps:



Material Issues Analysis Results

The Company conducted a cross-sorting and prioritization analysis from the dual dimensions of "financial materiality" and "impact materiality" to construct its core Materiality Matrix. Concurrently, a total of 23 material topics were identified, among which 6 topics possess double materiality, and 10 topics possess financial materiality.

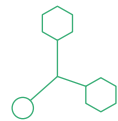


Material Issues Matrix of Xingfa Group

Note 1: The Company does not engage in scientific research or technological development in ethically sensitive fields such as life sciences or artificial intelligence. Therefore, technology ethics is not included in the Company's ESG issue assessment.

Note 2: The Company has not conducted ESG-specific due diligence; however, it continuously carries out risk management to identify and assess potential negative impacts of operations. For details, see the Compliance Operations and Risk Management section.

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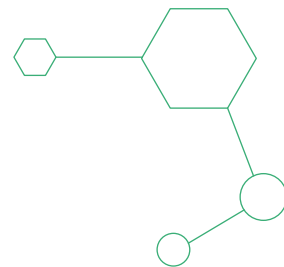
Prioritizing Ecology to Chart a Green Blueprint

SDGs Addressed in This Chapter



Material ESG Issues Covered in This Chapter

- Opportunities in Clean Technology
- Response to Climate Change
- Environmental Compliance Management
- Pollutant Emission
- Waste Disposal
- Energy Utilization
- Water Resource Utilization
- Circular Economy
- Ecosystem and Biodiversity Protection



Opportunities in Clean Technology

Application of Green Products

The Company is committed to researching and developing eco-friendly products. In the research, development, and design process of specific new products, environmental factors must be considered; in the selection of materials, the Company also exerts every effort to choose environmentally friendly and recyclable materials, so as to reduce carbon emissions and resource consumption throughout the life cycle of its own products, and to create green and eco-friendly products.

Case: Silicone leather shines at Baiyun International Airport

The Company's independently developed and produced high-performance silicone leather materials have been fully applied to the sofas and seats in the public lounge areas of the newly commissioned Terminal 3 (T3) at Guangzhou Baiyun International Airport. Silicone products use high-quality inorganic silicone gel as the raw material, eliminating harmful substances such as plasticizers and heavy metals that may be present in traditional leather and PVC/PU materials, achieving zero VOCs (volatile organic compounds) emissions and ensuring a clean, healthy indoor air environment for travelers.



Case: Silicone foam leads the smart cleaning field

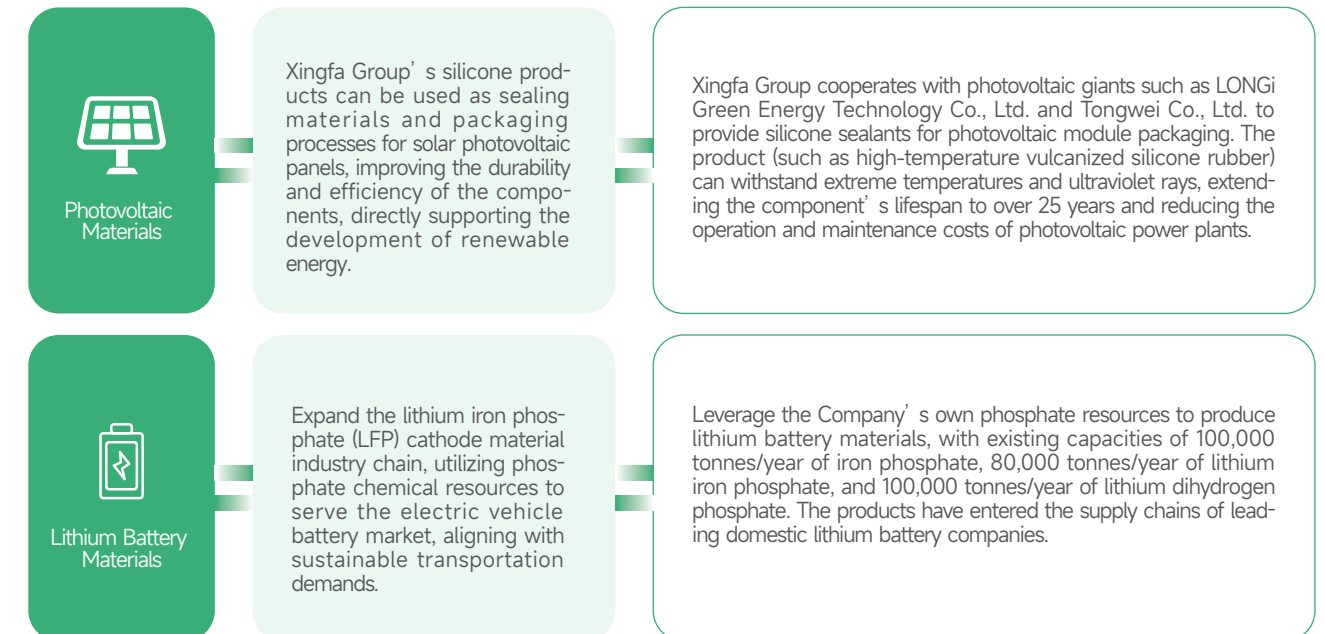
The high-performance silicone foam materials independently researched, developed, and produced by the Company have been fully applied to the core sealing and cushioning components of sweeping robots, precisely adapting to the rigorous requirements of high-frequency operation and multi-scenario tasks of sweeping robots, empowering the upgrade of intelligent cleaning with the power of technology. Furthermore, utilizing high-quality liquid silicone as the raw material, the silicone foam eliminates harmful impurities such as plasticizers and heavy metals from the traditional foam at the source, achieving zero Volatile Organic Compounds (VOCs) emissions, fortifying the home health defense line with green technology, and unlocking a more secure and convenient new experience of smart home living.



Renewable Energy Materials

The Company actively expands into the silicone chemistry and new energy sectors, forming an industrial pattern of coordinated development featuring "phosphorus-silicon new energy" industrial layout. Organosilicon has broad downstream applications and is growing rapidly; in the new energy materials field, the focus is on phosphorus-based precursors and cathode materials, especially the new energy storage market, which will be a key direction for capital expenditure.

The Company's Involvement in the Renewable Energy Materials Sector.



Building Circular Economy

Xingfa Group follows the concept of "there is no absolute waste, only resources placed in the wrong position," and according to the principles of "reduction, reuse, and resource utilization," supports technological innovation, with a focus on efficient resource recycling, energy conservation, and pollution reduction. This has formed a circular economy development model characterized by "innovation in the cycle, efficiency improvement in the cycle," covering the utilization of by-products and waste, wastewater, tail gases, and other fields.

The Company has been recognized as a National Clean Production Demonstration Enterprise, a National Demonstration Base for Comprehensive Utilization of Low-Grade Phosphate Ore, a Core Enterprise of the National Circular Economy Pilot Park, and a National Demonstration Enterprise for Resource Conservation and Environmental Friendliness.

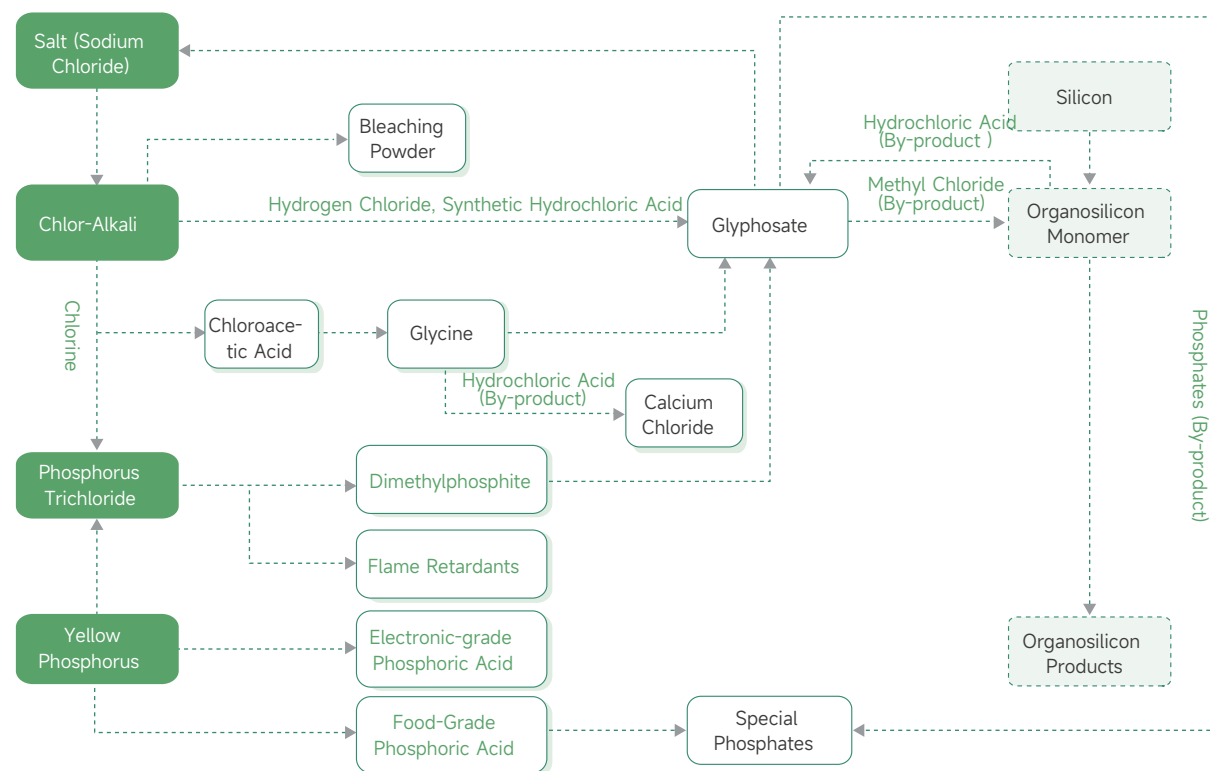
Resource Utilization of By-products and Waste

Chemical enterprises produce large amounts of by-products and "waste water, tail gas and solid waste" which can either be used as valuable resources or discarded as waste. The park plans its industrial layout under the guidance of "circular development, circular utilization", leveraging the symbiotic coupling relationships between different products to build industrial chains and make full use of "waste".

Green Herbicide

At the Yichang New Materials Industrial Park of Xingfa Group, glyphosate and organosilicon form the most representative circular economy chain. Glyphosate is a green, eco-friendly herbicide. During its production, methyl chloride is generated as a by-product; methyl chloride is used to produce organosilicon. In organosilicon production, hydrochloric acid is generated as a by-product, and hydrochloric acid can in turn be used to produce glyphosate, thus achieving circular utilization.

Diagram of Circular Industry Chain in Yichang New Materials Industrial Park



Resource Utilization of Waste

Solving the Challenge of Phosphogypsum Utilization

The Company has made a series of important breakthroughs in the comprehensive utilization of phosphogypsum, gradually overcoming industry challenges through technological innovation and industry-academia-research cooperation. During the Reporting Period, the Company continued to focus on the resource utilization of phosphogypsum, prioritizing the development of the waste sulfuric acid recovery process package and the construction of related units to further enhance resource utilization efficiency. In 2025, the Company's pilot unit for producing high-purity gypsum from phosphogypsum began trial runs. The gypsum product has a purity $\geq 99\%$ and a whiteness of 85–90%, reaching an industry-leading level. In 2025, the technical and economic feasibility study for the project of co-producing sulfuric acid and cement via phosphogypsum calcination was completed, and construction of the relevant capacity is planned to begin in 2026. In the future, the Company will continue to focus on technological innovation, deepen industry-academia-research collaboration, promote the industrialization of comprehensive phosphogypsum utilization technologies, and contribute to the industry's green and sustainable development.

Comprehensive Utilization of Recovered Electronic-grade Sulfuric Acid

The Company actively advances the comprehensive utilization of waste liquid to achieve efficient recovery of electronic-grade sulfuric acid waste liquor. During the Reporting Period, the subsidiary Sinophorus Electronic, addressing the disposal needs for dilute waste sulfuric acid generated in downstream electronic-grade sulfuric acid customers' production processes, promoted the implementation of a 50,000 tonnes/year comprehensive utilization project for electronic-grade sulfuric acid waste liquid. Relying on the Company's existing 100,000 tonnes/year ultra-high-purity liquid SO₃ unit, and given the stability of the waste acid impurity composition and the absence of organic impurities, the project selected a process route in which the dilute waste sulfuric acid is used as the diluent and introduced into the absorption tower pump tank to mix with flue-gas SO₃ to react and be converted into industrial sulfuric acid for off-site sale. This solution both properly addresses the waste-liquid discharge challenge of electronic-grade sulfuric acid customers and realizes sulfur recovery and utilization, reducing sulfur resource loss and effectively improving the Company's level of comprehensive resource utilization and environmental benefits.

Recycling and Reuse of Wastewater

As of the end of the Reporting Period, through pipeline retrofits, construction of water cooling towers, collection and treatment of phosphorus-containing surface water, and closed-loop recycling of industrial wastewater, the Company has basically achieved industrial wastewater reuse and zero sewage discharge across all plants.

Reduction and Controlled Utilization of Waste gas

The Company actively promotes the comprehensive utilization of waste gas, achieving efficient recovery of yellow phosphorus off-gas and using it as a power fuel for producing products such as sodium tripolyphosphate and sodium hexametaphosphate, as well as for power generation. In addition, phosphine tail gas generated from sodium hypophosphite is used for producing downstream products such as phosphating agents and flame retardants, greatly enhancing the resource utilization of waste gas. In 2025, Jixing Chemicals' phosphine tail gas comprehensive utilization project was put into production, and the market introduction work for the high-end phosphine agent product series was launched, achieving recorded sales of over 800 tonnes for the full year. This not only reduced disposal costs but also realized profitability within the very year of commissioning.

Response to Climate Change

Governance

To further optimize carbon emissions verification and compliance work, improve carbon emissions management, and actively integrate into the national carbon emissions trading market, the Company established a Carbon Emissions Management Leading Group to implement the national dual-carbon strategy and organized the formulation of the *Carbon Peak and Carbon Neutrality Action Plan*, systematically planning the Company's future reduction pathway and implementation roadmap. An office under the Leading Group is primarily responsible for the daily affairs of carbon emissions trading. In addition, the Leading Group has four dedicated teams: a Verification Team, an External Liaison Team, a Trading Team, and an Information Disclosure Team. With clearly defined responsibilities and close collaborative synergy, each sub-group focuses on carbon emission verification, external liaison and communication, market trading operations, and information disclosure respectively, precisely ensuring that carbon trading-related workflows are executed in a highly efficient and orderly manner.

Strategy

Risk Identification and Assessment Table for Response to Climate Change Issues

Risk Type		Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Pysical Risk	Acute Risks such as Extreme Weather	Due to the different locations of each production base and marketing platform, the Company faces extreme weather such as heavy rain and snow in Hubei, typhoons in Jiangsu, and sandstorms in Xinjiang, which can damage facilities, disrupt transportation, and affect production and sales.	Short term	Upstream, Operations, Downstream	Increase in Operating Costs, Decrease in Operating Revenue	Enhancing infrastructure construction standards to upgrade disaster resistance capacities; and formulating comprehensive emergency response plans to ensure supply chain resilience.
	Chronic Risks	Long-term rising temperatures may affect crop growth, thereby impacting the stability of the biomass feedstock supply needed for chemical products.	Long term	Operations, Downstream	Increase in Operating Costs	Continuously and further driving down the comprehensive costs of products.
Transition Risk	Policies and Regulations	As countries tighten requirements on carbon emissions and environmental protection, the Company may face policy changes such as carbon taxes and carbon emission quota restrictions. For example, the chemical industry faces strict environmental protection policies and carbon emission regulations.	Long term	Operations	Increase in Operating Costs	Actively tracking evolving policies, laws, and regulations to formulate carbon emission reduction plans, while optimizing production workflows to enhance energy utilization efficiency.
	Technological Transformation	If the industry shifts toward green and low-carbon technologies and the Company fails to keep pace—falling behind in areas such as carbon capture, utilization, and storage (CCUS), novel catalyst technologies, and green chemical processes—the Company may face the risk of being phased out.	Mid-term	Operations	Decrease in Operating Revenue	Augmenting research and development (R&D) investments, and closely collaborating with scientific research institutions as well as peer enterprises to co-develop green and low-carbon technologies.
	Changes in Market Demand	If consumer demand for green and environmentally friendly products increases and Xingfa Group cannot promptly adjust its product mix to produce more green products that meet market needs, it may lose market competitiveness.	Long term	Downstream	Decrease in Operating Revenue	Strengthening market research and insights to dynamic adjust product structures and actively develop green, eco-friendly products.

Opportunity Identification and Assessment Table for Response to Climate Change Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Policy Support	The government provides support policies for the green and low-carbon industry, such as subsidies and tax incentives for companies using renewable energy and green low-carbon technologies, which can help the development of enterprises.	Mid-term	Operations	Decrease in Operating Costs	Actively applying for government and policy support, and fully leveraging policy dividends to accelerate and facilitate corporate development.
Growth in Market Demand	With the development of sectors such as new energy vehicles and energy storage, demand for phosphate chemical products such as lithium iron phosphate is growing rapidly, creating market opportunities for Xingfa Group.	Mid-term	Downstream	Increase in Operating Revenue	Expanding the production capacity of relevant products to consistently elevate and optimize market share.
Technological Innovation	In the process of green and low-carbon technological innovation, if Xingfa Group achieves technological breakthroughs—such as developing more efficient carbon-reduction technologies or new green products—it can enhance its competitiveness and open up new markets.	Long term	Operations, Downstream	Decrease in Operating Costs, Increase in Operating Revenue	Establishing world-class R&D centers to attract top-tier talent and robustly foster a culture of innovation.

Impact, Risk and Opportunity Management

Xingfa Group has built a comprehensive process for risk identification, assessment, supervision, and management, and adjusts it based on changes in the external environment and company business planning, continuously optimizing risk response strategies to ensure that climate risk management aligns with the Company's overall strategy and provide strong support for achieving sustainable development goals.

Identification	Assessment	Supervision	Management
Regularly updating climate risk analysis scenarios based on diverse factors such as the geographical environment of the Company's operating locations, its business scopes, and evolving policy changes, to systematically identify potential risks and opportunities driven by climate change.	Conducting an item-by-item granular analysis for each identified risk and opportunity to evaluate its potential financial impacts, as well as the specific horizons and magnitudes of such impacts.	Ensuring that all functional departments and subsidiaries regularly conduct self-inspections of their climate-related risk and opportunity management workflows, so as to promptly detect and rectify risk control deficiencies, and submit comprehensive inspection reports to the Company's Internal Control Department in a timely manner.	Formulating targeted and corresponding mitigation and adaptation measures based on the outcomes of the comprehensive identification and assessment processes.

Indicators and Targets

Indicators	Unit	Year 2025
Direct GHG Emissions (Scope 1)	10,000 tCO2e	366.57
Indirect GHG Emissions (Scope 2)	10,000 tCO2e	269.87
Total GHG Emissions	10,000 tCO2e	636.44
GHG Emission Intensity	tCO2e/tonne of product	0.32

Note: See Appendix - Performance Overview for the GHG accounting notes.

Climate Action

The Company conducts detailed analysis of the “dual carbon” situation year by year and, based on actual conditions, adjusts its strategic layout in a timely manner to ensure that the Company’s “dual carbon” targets align with the national “dual carbon” goals. In response to the country’s overall policy deployment on carbon peaking and carbon neutrality, the Company will complete the *Carbon Peaking and Carbon Neutrality Action Plan* at the beginning of the “15th Five-Year Plan” period, devising a series of effective measures to ensure the achievement of the targets.

Energy-Saving and Carbon-Reduction Actions

Based on its actual operational conditions and long-term development planning, the Company formulated an energy-saving and carbon-reduction work plan. The plan clearly defines the main objectives, key tasks, implementation pathways for energy-saving and carbon-reduction retrofits, and guarantee measures, actively promoting the establishment of the Company’s carbon neutrality management system and implementing carbon reduction responsibility targets. During the Reporting Period, in order to achieve a green and low-carbon transformation, the Company and its subordinate subsidiaries carried out key green and low-carbon upgrade and retrofit projects.

Energy-Saving and Carbon-Reduction Work

Project Name	Project Content	Project Benefit Analysis	Construction Start Date
Distributed Photovoltaic Power Generation Project	The project built a distributed photovoltaic power plant with a total installed capacity of 17.743 MWp on the DC side.	Benefits after project completion: The average annual power generation are approximately 14.9629 million kWh. Based on the park’s grid purchase electricity price, it is estimated to save RMB 4.4387 million in electricity costs per year.	2025.4.25
Sulfur-Containing Tail Gas Environmental Upgrade and Retrofit Project	A comprehensive treatment unit for sulfur-containing tail gas adopting an incineration-to-acid process was newly built, aiming to treat sulfur-containing tail gas and waste liquid in the park, with steam and concentrated sulfuric acid as by-products.	Benefits after project completion: Achieve compliant emission of tail gas and treat sulfur-containing waste liquid, with an estimated net additional benefit of RMB 0.3498 million per year.	2025.9.11
Technical Upgrade Project for the Sodium Pyrophosphate Unit and Reclaimed Water Reuse Unit	A new 30,000-tonne /year sodium pyrophosphate incineration unit was built, and the existing reclaimed water reuse unit underwent a technical upgrade.	Benefits after project completion: Compared with outsourcing disposal, it is estimated to save RMB 27.6955 million in costs annually.	2025.10.24
Ammonium Phosphate Hot Air Furnace Retrofit Project	Demolish the original coal-fired hot air furnace, install two dual-fuel gas burners, and construct supporting natural gas and tail gas pipelines and a central control system.	Benefits after project completion: expected to reduce carbon dioxide emissions by 4,076 tonnes annually.	2025.12.11

Carbon Market Trading

The Company responds to the national call for promoting the low-carbon transformation of enterprises, carries out carbon verification work, and actively participates in carbon market trading. By the end of the Reporting Period, the Company and its subsidiaries Hubei Xingrui, Trisun Chemical, Xiangyang Xingfa, and others 9 entities were included as emissions-controlled production units. Among them, the thermal power plants of Hubei Xingrui and Inner Mongolia Xingfa were included in the national carbon market, and 8 entities were included in the Hubei provincial carbon market.

In the national carbon market, the Company had a cumulative surplus of 0.2575 million tonnes of allowances, of which 0.1329 million tonnes were sold in 2025, generating proceeds of RMB 7.76 million. In the Hubei carbon market, the Company had a cumulative allowance shortfall of 1.7471 million tonnes. To fulfill compliance, the Company purchased a total of 1.7681 million tonnes of allowances, with cumulative expenditures of RMB 56.6784 million.

Carbon Standards System

The state advocates that chemical enterprises actively participate in the formulation of domestic and international standards related to carbon peaking and carbon neutrality, so as to improve the level of standards in this field. The Company is deeply involved in the formulation of national and industry standards, actively participating in the formulation of carbon footprint accounting specifications for phosphoric acid, phosphates, and glyphosate products, technical standards for pollution reduction, carbon reduction, and comprehensive resource utilization in the yellow phosphorus industry, as well as the revision work of green factory standards for the yellow phosphorus industry. During the Reporting Period, the group standard *Standards for Pollution Reduction, Carbon Reduction, and Comprehensive Resource Utilization in the Yellow Phosphorus Industry*, in the formulation of which the Company participated, was officially released and will be formally implemented in 2026.

Carbon Footprint Certification

The Company attaches great importance to the control of carbon emissions, continuously advances the research and development of green and low-carbon products, and strives to reduce greenhouse gas emissions throughout the product life cycle, dedicating itself to manufacturing environmentally friendly products. During the Reporting Period, the construction of the Company’s carbon footprint management system achieved a major breakthrough. The Company and its subsidiaries, Hubei Xingrui and the Phosphorus Chemical Industry Research Institute, followed the ISO 14067 carbon footprint research and verification requirements to systematically identify, evaluate, and calculate the carbon footprints of a total of 26 products across the two core categories of phosphorus and silicone under their umbrella. The calculation scope covered carbon emissions from the raw material acquisition and manufacturing stages, and carbon footprint certifications were obtained. In addition, a total of 4 phosphorus chemical products manufactured by the Baishahe Chemical Plant and the Phosphorus Chemical Industry Research Institute obtained ISO 14040 and ISO 14044 life cycle study certifications. Concurrently, the Company organized 51 employees to participate in the ISO 14067 internal carbon footprint verifier training course and obtained training certificates.



ISO 14040/ISO 14044 Life Cycle Study Certification Certificate

Environment Compliance Management

Xingfa Group strictly follows the relevant legal provisions such as the *Environmental Protection Law of the People's Republic of China* and the *Yangtze River Protection Law of the People's Republic of China*, and steadily advances the Company's environmental compliance work. During the Reporting Period, the pollutants and wastes generated in the Company's production and office processes were mainly industrial wastewater, domestic sewage, industrial waste gas, and industrial solid waste, and there were no penalties imposed by regulatory authorities for violations of laws and regulations related to environmental management.

Governance

Environmental Management System

The Company continues to improve its environmental management system, has formulated and implemented the *Environmental Protection Management System*, and has built an environmental protection management organizational structure composed of the Safety and Environmental Protection Department, the Safety Production Committee (park, division), and the Safety and Environmental Protection Sections of each production unit, which collectively oversee the Company's environmental protection management and the supervision, inspection, and assessment of on-site environmental protection work at each unit. At the same time, the Company has issued the *Management Measures for Reward and Punishment Related to Safety and Environmental Protection*, incorporating environmental protection indicators into management performance appraisals, and has systematically carried out special environmental protection training covering core topics such as facility management and EHS capability enhancement to ensure employees master the essential environmental knowledge and skills.

During the Reporting Period, the Company organized a three-day professional capacity enhancement training class in environmental management for environmental officers from all units. By combining internal regulations popularization with external expert training, the program effectively improved participants' awareness of environmental system building, providing strong ideological support for the Company's green development.

The Company and its subsidiaries actively advanced environmental management system certification and reviews. Xingfa Group and its subsidiaries Sinophorus Electronic, Yidu Xingfa, Inner Mongolia Xingfa, and Hubei Xingrui passed ISO 14001 environmental management system certification. Sinophorus Electronic, Xinjiang Xingfa, Longma Phosphorus Industry, and others obtained National-level Green Factory Certification.

Environmental Protection-Related Honors and Certifications (Partial)

Company Name	Certification Name	Certification Level
Hubei Sinophorus Electronic Materials Co.,Ltd.	Green Factory	National Level
Weng'an Longma Phosphorus Industry Co., Ltd.	Green Factory	National Level
Xinjiang Xingfa Chemical Co., Ltd.	Green Factory	National Level
Hubei Xingrui Silicon Materials Co., Ltd.	Green Factory	National Level
Hubei Trisun Chemical Co., Ltd.	Green Factory	National Level
Hubei Jixing Chemical Group Co., Ltd.	Green Factory	Provincial level
Baokang Chufeng Chemical Co., Ltd.	Green Factory	Provincial level
Inner Mongolia Xingfa Technology Co., Ltd.	Green Supply Chain Enterprise	Provincial level
Hubei Xingrui Silicon Materials Co., Ltd.	Green Supply Chain Enterprise	Provincial level
Weng'an Longma Phosphorus Industry Co., Ltd.	Water-Saving Enterprise of Guizhou Province	Provincial level



Xingfa Group ISO 14001
Certification Certificate

In the performance rating of key enterprises in heavily polluting industries carried out by the local government's environmental protection authority, the subsidiaries Hubei Xingyou New Energy Co., Ltd. and Hubei Xingfa Phosphorus Chemical Research Institute Co., Ltd. received an A grade in environmental performance.

Key Performance

During the Reporting Period, the Company continued to increase investment in environmental protection, with total environmental protection investment of RMB **757.31** million, including RMB **419.80** million in operating expenses for environmental protection facilities.

Environmental Monitoring

The Company and its subsidiaries strictly comply with the requirements of relevant national laws and regulations, establishing a dedicated Environmental Monitoring Station under the Company's environmental management organizational framework. This station conducts environmental monitoring operations on a full-time basis, supervising and assessing that all operating units achieve compliant discharges of pollutants, including wastewater, air emissions, and noise, in strict accordance with relevant national standards. During the Reporting Period, production wastewater from all yellow phosphorus production units was fully treated and put into closed-loop circular reutilization; wastewater from other chemical production units was treated to meet preliminary standards before being discharged into the industrial park's centralized wastewater treatment plant. Regarding air emissions, exhaust gases from major discharge outfalls achieved compliant discharge under 24-hour continuous and automated real-time online monitoring systems, while tail gases from other production facilities were also thoroughly treated and discharged in strict compliance with emission standards.

Cleaner Production

Adhering to the guiding principle of "cleaner production, circular development, green transformation, and establishing an industry benchmark," the Company is dedicated to continuously carrying out cleaner production. The Company's chemical plant and subsidiaries such as Chufeng Chemicals, Jixing Chemicals, and Jiangsu Futong periodically organize cleaner production audit work, comprehensively checking the Company's cleaner production progress from the perspectives of pollution abatement, resource conservation, and energy saving, so as to set an environmental benchmark for the chemical industry.

Upon rigorous verification by the audit team, all pollutant emissions of the Company meet the required standards with zero non-compliance issues, no major or exceptionally grave environmental pollution accidents have occurred, and all cleaner production schemes have been fully completed and implemented, effectively fulfilling the enterprise's environmental protection responsibilities.

Strategy

Risk Identification and Assessment Table for Environmental Protection Issues

Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Physical Risks	Pollutant Emission and Leakage	Short term	Operations	Increase in Operating Costs	Strengthening equipment patrolling inspections and preventive maintenance, and refining comprehensive emergency response plans to ensure swift and timely mitigation in the event of any operational anomalies; and conducting targeted environmental protection training for personnel to standardize operational workflows.
	Improper Disposal of Waste	Short term	Operations	Increase in Operating Costs	Establishing stringent protocols for waste classification, collection, and disposal; executing the timely clearance and transportation of non-hazardous waste, and reinforcing rigorous supervision and management over waste storage and disposal areas.
Transition Risks	Regulatory Risks	Short term	Operations	Increase in Operating Costs	Proactively tracking and deciphering environmental laws, policies, and regulations in a timely manner; periodically evaluating the compliance alignment between internal environmental management measures and evolving statutory regulations to proactively plan and implement rectifying measures.
	Failure of Technological Upgrades	Long term	Operations, Downstream	Decrease in Operating Revenue	Intensifying deep collaboration with scientific research institutions and professional environmental protection enterprises; and formulating long-term strategic blueprints for environmental technology upgrades and management framework optimization to ensure the seamless and successful execution of the green transition.

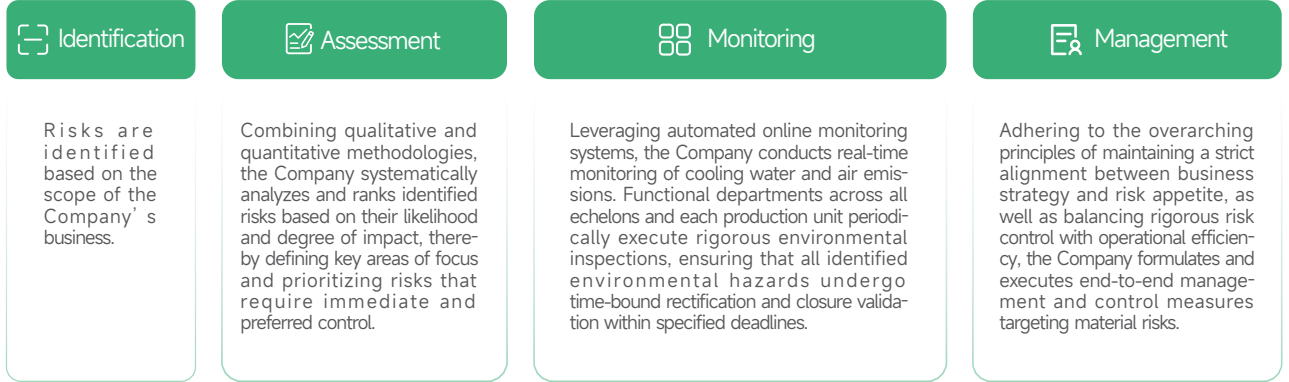
Opportunity Identification and Assessment Table for Environmental Protection Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Competitive Advantages Brought by Environmental Improvements	By effectively controlling pollutant emissions and properly handling waste, enhance the Company's environmental image and strengthen market competitiveness—for example, by obtaining environmental certifications and participating in green supply chain projects—thereby increasing operating revenue.	Long term	Downstream	Increased in Operating Revenue	Continuously improving environmental management workflows, actively participating in the formulation of environmental protection standards and industry-wide environmental initiatives, and widely showcasing corporate environmental achievements; while actively exploring the research, development, and production of green products to further unlock and capitalize on the economic benefits driven by environmental initiatives.

Impact, Risk and Opportunity Management

Management Processes

To strengthen environmental risk control, the Company has formulated the *Risk Management System*, regularly carries out the identification of environmental risk factors, and continuously optimizes risk control measures. Through measures such as standardizing routine environmental management and enhancing response and disposal capabilities for emergency environmental incidents, the Company continuously improves its risk prevention level, earnestly building a solid line of defense for environmental risk management and control.



Emergency Plans and Drills

The Company and its subsidiaries have strictly compiled the *Emergency Response Plan for Sudden Environmental Incidents* in accordance with the *Administrative Measures for Emergency Response Plans for Emergencies* and the *Filing Administrative Measures for Emergency Response Plans for Sudden Environmental Incidents of Enterprises and Institutions (Trial)* issued by the General Office of the State Council of the People's Republic of China, and have filed them with the competent ecological and environmental authorities. At the same time, multiple emergency drills are conducted according to the hierarchical requirements of the annual drill plan to enhance employees' ability to respond to emergencies, reduce the risks and damage that sudden environmental incidents may cause, and ensure effective prevention and control of potential adverse environmental factors, thereby comprehensively improving the capability to respond to sudden environmental incidents. During the Reporting Period, the Company and its subsidiaries conducted a total of 20 environmental emergency drills.



Case: Emergency Response Plan for Liquid Ammonia Leakage

To further strengthen risk prevention awareness, train emergency response teams, and enhance the ability to handle emergencies, Henan Xingfa Ecological Fertilizer Co., Ltd. conduct an emergency drill in June 2025. The drill simulated a liquid ammonia storage tank leak in the tank farm to check whether the Company's emergency plan is scientific and complete, to assess how the park, the municipal emergency response linkage departments, and Henan Xingfa Ecological Fertilizer Co., Ltd. perform their duties and collaborate in emergency response to hazardous chemical accidents, and to make effective improvements.



Hidden Hazard Inspection

The Company has established a regular safety hazard inspection mechanism and organizes professional personnel to conduct comprehensive safety inspections. For safety hazards identified during the inspections, the Company stipulates that the responsible individuals must complete the corrective actions within the specified time.

Key Performance

During the Reporting Period, the Company and its subsidiaries conducted a total of **200** special environmental protection inspections, identified **1,109** issues, and completed all corrective actions.

Environmental Impact Assessment

The Company strictly complies with the *Environmental Impact Assessment Law of the People's Republic of China* and other laws and regulations, and conscientiously implements the "Three Simultaneities" principle for projects, ensuring that environmental protection facilities are designed, constructed, and commissioned simultaneously with the main works to reduce the potential environmental impact of production activities.

Indicators and Targets

Target Formulation Status	Target Achievement Status
Zero general or more severe sudden environmental incidents	
100% compliance rate for emissions of major pollutants in industrial wastewater	
100% compliance rate for emissions of major pollutant in industrial waste gas	
Waste classification, recycling, and treatment rate are 100%	

Wastewater Management

Wastewater Management System

In accordance with the *Environmental Protection Law of the People’s Republic of China* and the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, among other laws and regulations, the Company has established a comprehensive wastewater management and monitoring system under the *Environmental Protection Management System*. The Company’s wastewater mainly originates from production processes and employee living activities, and contains pollutants such as Chemical Oxygen Demand (COD), ammonia nitrogen, and total phosphorus. Through continuous optimization of treatment processes and strengthened operational management, the Company ensures that monitored pollutant values are controlled within the discharge limit values of standards such as Class I of the *Integrated Wastewater Discharge Standard* (GB8978-1996), ultimately achieving clean and compliant wastewater discharge.

Wastewater Management Measures

To strengthen wastewater treatment, the Company and its key pollutant-discharging subsidiaries have jointly built 25 wastewater pollution prevention and control facilities, forming a comprehensive technical system covering physical, chemical, and biological treatment, enabling graded treatment and resource-oriented recycling of various types of wastewater. In actual operations, wastewater from each yellow phosphorus production unit achieves a closed-loop recirculation across the entire system after treatment, while wastewater from other chemical units is centrally disposed of by connecting to the industrial park’s sewage treatment system after reaching the required standards through professional treatment, comprehensively realizing zero discharge of production wastewater. During the Reporting Period, the wastewater treatment facilities of the Company and its subordinate subsidiaries maintained stable operations, and no incidents of non-compliant or excessive discharge occurred.

Wastewater Discharge of Key Pollutant-Discharging Entities

Indicators	Unit	Year 2025
Wastewater Discharge Volume	10,000 tonnes	1,244.27
Wastewater Discharge Intensity	Tonnes per tonne of product	0.63
Wastewater Discharge Intensity	Tonnes per RMB 10,000 of revenue	4.25

Wastewater Discharge of the Company’s Production Enterprises

Indicators	Unit	Year 2025
Wastewater Discharge Volume	10,000 tonnes	2,206.48
Wastewater Discharge Intensity	Tonnes per tonne of product	1.12
Wastewater Discharge Intensity	Tonnes per RMB 10,000 of revenue	7.53

Wastewater Pollutant Discharge

Types of Pollutants	Unit	Year 2025
Chemical Oxygen Demand (COD)	Tonnes	614.78
Ammonia Nitrogen (NH3-N)	Tonnes	41.74
Total Phosphorus	Tonnes	5.99

Note: The statistical scope of the data covers key pollutant-discharging entities.

Exhaust Gas Management

Exhaust Gas Management System

The Company attaches importance to the adverse impacts of exhaust gases on the surrounding environment and proactively carries out exhaust emission management and control. The Company strictly adheres to 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*, and other laws and regulations, formulating an exhaust gas management system and a quantitative indicator framework, and implementing strict monitoring of pollutants, primarily tracking emissions of sulfur dioxide, particulate matter, nitrogen oxides, and other exhaust gas pollutants. During the reporting eriod, the Company’s exhaust gas emissions were strictly controlled within the limits of emission standards such as the Class II of the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

Exhaust Gas Management Measures

To ensure compliant discharge of exhaust gases, the Company built 286 sets of exhaust gas treatment facilities and an environmental data digital monitoring system to carry out comprehensive, in-depth treatment of all types of exhaust gases generated during production. Tail gas from production units in the Company’s and subsidiaries’ industrial parks is discharged after treatment using combined purification processes such as in-furnace desulfurization and denitrification coordinated with ultra-low emission technologies outside the furnace, baghouse dust removal, caustic scrubbing neutralization, activated carbon adsorption, and RTO high-temperature combustion, achieving an overall dust removal efficiency of over 90%. In addition, by installing online monitoring facilities at major emission outlets, the Company conducts 24-hour real-time tracking of environmental data, enabling around-the-clock early warning for pollutant generation, treatment, and flue gas emissions, thereby ensuring that exhaust gas emissions strictly meet standards. During the Reporting Period, the exhaust gas treatment facilities of the Company and its subsidiaries operated continuously and stably, with no instances of exceeding emission standards.

Exhaust Gas Pollutant Emissions

Types of Pollutants	Unit	Year 2025
Sulfur Dioxide (SO2)	Tonnes	917.38
Nitrogen Oxides (NOx)	Tonnes	673.62
Particulate Matter (PM)	Tonnes	135.96
Volatile Organic Compounds (VOCs)	Tonnes	32.69

Note: The statistical scope of the data covers key pollutant-discharging entities.

Case: Jixing Chemical Phosphine Tail Gas Comprehensive Utilization Project

During the Reporting Period, the subsidiary Jixing Chemical completed and commissioned the phosphine tail gas comprehensive utilization project. This project adopts the Company’s independently developed, internationally leading technology for comprehensive utilization of phosphine tail gas, using the phosphine tail gas generated in the production of sodium hypophosphite as a raw material to produce higher value-added products. This effectively reduced exhaust gas emissions, significantly lowered waste gas disposal costs, and also generated economic benefits. During the Reporting Period, the project achieved an output of over 800 tonnes of products and reduced phosphine tail gas emissions by approximately 150 tonnes.



Case: Hubei Xingrui Activated Carbon Unit Retrofit and Upgrade

During the Reporting Period, the subsidiary Hubei Xingrui invested RMB 0.3128 million to carry out an optimization design on the 901 waste gas absorption and 915 waste gas absorption activated carbon devices in the No. 2 Monomer Workshop. By converting the adsorption tanks into adsorption boxes and increasing the filling volume of activated carbon, the daily replacement, inspection, and maintenance were facilitated, thereby improving the processing capacity.



Waste Management

Waste Management System

The Company always adheres to the development philosophy that “Lucid waters and lush mountains are invaluable assets”, complies with national laws and regulations, and continuously improves its waste management mechanisms. At the same time, the Company and its subsidiaries have established a sound solid waste management system and set up dedicated management bodies responsible for day-to-day safety and environmental supervision and for implementing relevant national laws, regulations, and standards, striving to minimize solid waste generation, maximize resource utilization, and ensure safe disposal.

Waste Management Measures

Depending on the differing nature of the waste, the Company classifies waste categories into non-hazardous waste and hazardous waste. Non-hazardous waste primarily originates from office waste and general industrial solid waste, such as waste packaging materials, phosphorus slag, desulfurization gypsum, and domestic waste; whereas hazardous waste mainly comprises spent filter membranes, waste oil, waste paint buckets, and phosphorus sludge. Targeting waste of distinct characteristics, the Company has formulated comprehensive and sound management methodologies to precisely ensure that all waste undergo rational and compliant disposal.

Waste Management Measures

Type	Treatment Method
General Solid Waste Treatment and Disposal	General solid waste entering or leaving the plant area must be strictly registered, and it must be ensured that no spillage or leakage of solid waste occurs after vehicles leave the plant area.
Hazardous Waste Treatment and Disposal	The inter-unit transportation of hazardous waste between various production units requires prior statutory approval from the environmental management department, and their admission to or departure from plant areas must be authenticated by mandatory Hazardous Waste Manifests. For the ultimate disposal and logistics of hazardous waste, the Company strictly commissions licensed third-party disposal operators for treatment, and entrusts qualified hazardous waste logistics providers for transit.
Measures for the Recycling and Utilization of Waste	Executing systematic identification across the classification, collection, storage, transportation, utilization, and disposal pathways of non-hazardous waste, while aggressively recovering and harvesting the recyclable and renewable components for circular reutilization.

Indicators	Unit	Year 2025
Non-hazardous Total Waste Generated	10,000 tonnes	524.54
Non-hazardous Waste Generation Intensity	Tonnes per tonne of product	0.27
Non-hazardous Waste Generation Intensity	Tonnes per RMB 10,000 of revenue	1.79
Hazardous Waste Generation	10,000 tonnes	7.18
Hazardous Waste Generation Intensity	Tonnes per tonne of product	0.0037
Hazardous Waste Generation Intensity	Tonnes per RMB Million of revenue	0.02

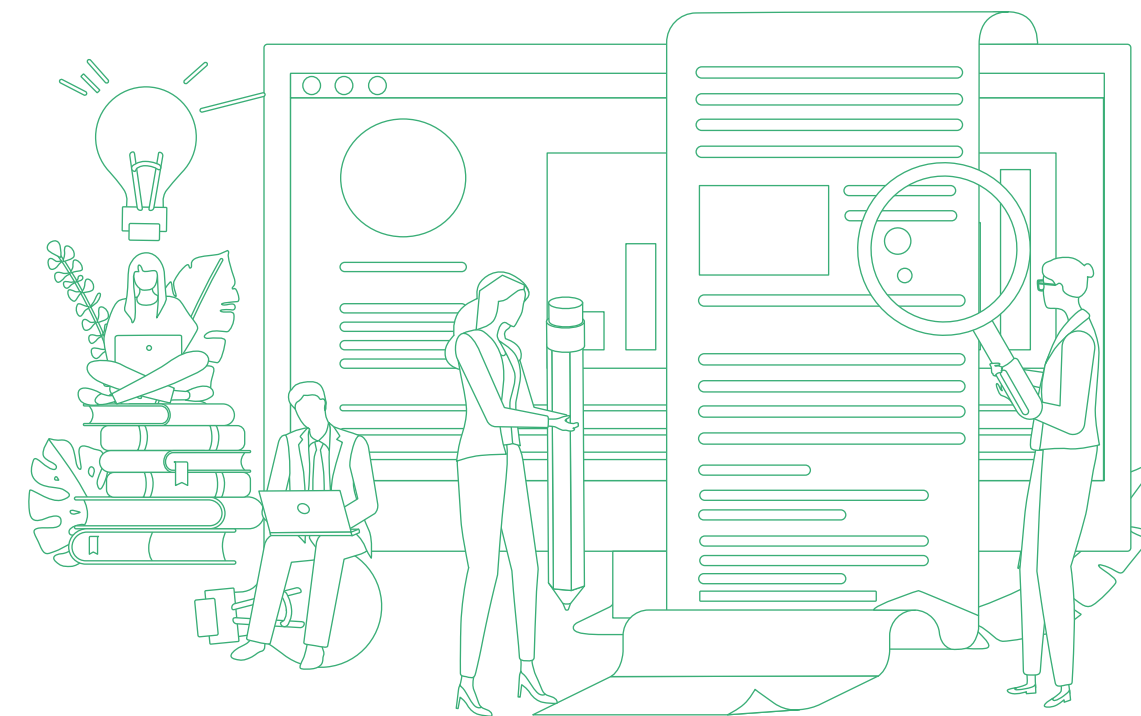
Note: The statistical scope covers key pollutant-discharging entities. Non-hazardous waste refers to general industrial solid waste, while hazardous waste refers to industrial hazardous waste included in the *National Hazardous Waste List*.

Green Office

The Company actively advocates for and fully promotes the concept of green office. The Company encourages all employees to start from daily minor details, saving every sheet of paper, every drop of water, and every kilowatt-hour of electricity, and promoting the use of electronic documents and online collaboration tools to reduce paper consumption and carbon emissions. Concurrently, the Company encourages employees to utilize video conferencing software for remote communication to reduce unnecessary business trips, thereby lowering energy consumption and transport-related carbon emissions. Internally, the Company has set up clear garbage classification guidelines, equipped categorized trash bins, and periodically organizes training to enhance employees' environmental protection awareness and engagement.



Classified Trash Bins and Sorting Labels



Energy Utilization

Governance

Xingfa Group adheres to the resource management philosophy of “legal compliance, clean production, energy conservation and efficiency improvement, and sustainable low-carbon development,” and has formulated a series of management measures such as the *Energy Management Handbook*, the *Energy Management Operational Control Procedure*, the *Energy Design Control Procedure*, and the *Energy Conservation Management System*, covering all business links including energy procurement, energy management, facility maintenance, energy-use monitoring, and energy-use assessment, thereby building a sound energy management system and appointing a management representative to coordinate energy management across departments. At the same time, the Company has established an Energy-saving Leading Group. In accordance with national energy conservation norms and standards, it conducts energy audits and improves energy efficiency through measures such as energy-saving technological upgrades, production process optimization, replacement with energy-efficient equipment, and the use of renewable energy.

To enhance energy management efficiency and ensure the effectiveness of energy conservation and emissions reduction, at the beginning of each year the Company signs an Energy Management Target Accountability Statement with each production unit, implementing a tiered target responsibility system. The Energy-saving Office conducts assessments on energy conservation and emissions reduction, including the completion status of the “dual control” targets for total energy consumption and energy intensity, energy conservation supervision, project energy-saving reviews, and coal consumption reduction targets, and grants rewards to advanced units and individuals in energy management.

Energy-saving Management Organization and Responsibilities

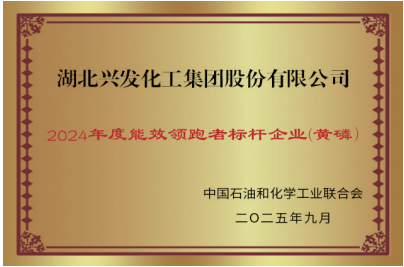
Department	Responsibilities
Strategy and Investment Department	The department responsible for energy-saving management, improving energy-saving management systems and related technical standards, supervising and inspecting the implementation of energy-saving work, conducting assessments and evaluations of energy-saving targets, and coordinating energy-saving management across departments.
Production Management Center; Production Management Departments of Business Department	The competent departments for energy conservation management across each business segment are fully responsible for providing functional guidance, as well as conducting regulatory oversight and performance evaluation, regarding the energy conservation management workflows of the respective operating units under their jurisdictions.
Functional Departments	Establishing departmental energy conservation accountability matrices and responsibility checklists to clearly demarcate and define energy conservation management mandates.
Production Units	Formulating and implementing rigorous energy conservation plans and tactical mitigation measures, and conducting comprehensive internal energy auditing, so as to securely ensure the absolute attainment of each respective operating unit’s designated energy efficiency and conservation targets.

As of the end of the Reporting Period, eight subsidiaries, including Jixing Chemical, Sinophorus Electronic, and Trisun Chemical, have successfully obtained the Energy Management System (ISO 50001) certification; among them, six subsidiaries passed rigorous expert re-audits during the Reporting Period, thereby successfully extending the validity periods of their certifications.



Energy Management System Certification of the Company's Subsidiaries

During the Reporting Period, the Company continuously consolidated its benchmarking position in the yellow phosphorus industry’s energy efficiency, winning the title of “Fronrunner” Benchmarking Enterprise in Yellow Phosphorus Production Energy Efficiency awarded by the China Petroleum and Chemical Industry Federation. The Company’s yellow phosphorus cleaner production process has been rated first place in the national key industry energy efficiency frontrunner list for 13 consecutive years, and was promoted across the entire industry by the Ministry of Industry and Information Technology as a typical experience, establishing an excellent image for the Company as a model of energy saving and emission reduction.



Energy-Efficiency Front-Runner Benchmark Enterprise

Strategy

Risk Identification and Assessment Table for Energy Utilization Issues

Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Policy Risk	Changes in energy-related policies, such as <i>Catalogue for Eliminating Outdated Production Capacity, Processes, and Products (Batches I, II, III, and IV)</i> , tightening policies on energy conservation and emissions reduction, raising energy consumption standards for the chemical industry, and restricting production by high-energy-consuming enterprises.	Mid-term	Operations	Increase in Operating Costs	Tracking and deciphering energy-related national and industry standards, as well as statutory and regulatory requirements, in a timely manner; Consulting and formulating solutions with legal counsels to effectively respond to contingencies, while executing periodic compliance evaluations to ensure law-abiding operations.
Technical Risk	The rapid iteration and upgrading of new energy utilization technologies expose the Company to the potential technological obsolescence of its existing energy utilization systems, thereby escalating structural energy costs.	Long term	Operations	Increase in Operating Costs	Increasing R&D investments, actively introducing and developing cutting-edge energy utilization technologies, and collaborating deeply with scientific research institutions to continuously maintain technology leadership and advancement.
Market Risks	Extreme volatility in energy commodity pricing, such as price spikes in coal and natural gas, directly inflates the Company’s energy procurement and sourcing costs.	Short term	Upstream	Increase in Operating Costs	Establishing an energy procurement risk management framework, and stabilizing energy purchasing prices through strategic mechanisms such as long-term contracts.
Management Risks	Sub-standard quality of energy raw materials leads to instabilities in the quality of finished products; suboptimal production scheduling and organization cause energy wastage and severe operational inefficiencies; and competency deficits among newly recruited or reassigned personnel may result in operational malpractices, triggering critical equipment failures or workplace safety accidents.	Short term	Operations	Decrease in Operating Revenue	Strengthening rigorous laboratory inspection and chemical assaying, whereby any sub-standard energy raw materials are strictly prohibited from acceptance; Rationalizing production scheduling to fully leverage tiered electricity pricing policies; Intensifying the training on energy knowledge and power-consuming equipment operations, ensuring that personnel achieve mandatory certified-to-operate status only upon passing rigorous evaluations.

Opportunities Identification and Assessment Table for Energy Utilization Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Management Efficiency Improvement	The digital Energy Management System (EMS) enables real-time optimization, reducing overall energy consumption.	Long term	Operations	Decrease in Operating Costs	Taking the pioneering lead in the industry, the Company has established a centralized Energy Management Center Platform. The construction and deployment of this platform successfully achieve the unified synergistic dispatching of chemical processing and hydropower generation, energy conservation, emission reduction, workforce optimization, and operational efficiency enhancement, thereby driving significant mitigations in the emissions of sulfur dioxide (SO2), carbon dioxide (CO2), and particulate matter/soot to a substantial extent.
Hydropower Business Opportunities	As a renewable and non-polluting energy source with broad development prospects, hydropower can be developed by leveraging local water resources. The Company can increase investment and technological innovation in hydropower generation, bringing stable energy income and a positive social image.	Long term	Operations	Decrease in Operating Costs	By 2025, Xingfa Group owned 32 hydropower stations with a total installed capacity of 180,300 kW and an average annual power generation of about 500 million kWh.

Impact, Risk and Opportunity Management

To effectively identify energy use risks and opportunities in production and service processes and enhance resilience against risks, the Company has formulated the *Risk and Opportunity Response Control Procedure*. The Phosphorus and Sulfur Division organizes each department (units) annually to identify, review, improve, and update the opportunities and risks present in the energy management system.

Identification	Assessment	Monitoring	Response
Each department and operating unit must comprehensively identify the potential risks and opportunities inherent in the management activities within their respective jurisdictional grids, and conduct rigorous evaluations of all identified risks.	The severity and frequency of occurrence of the identified risks must be assessed and confirmed in strict accordance with the established Risk Severity Evaluation Criteria; the validation of risk severity and frequency of occurrence is utilized to mathematically determine the Risk Coefficient, based upon which the specific strategic mitigation measures to be deployed against the risks are defined.	A comprehensive risk and opportunity review must be executed at least annually to systematically validate the effectiveness of the control frameworks, thereby proactively preventing and mitigating any adverse impacts.	Each implementing department must conduct assessments of the identified risks and deploy targeted measures based on the assessment metrics, thereby achieving the strategic objectives of minimizing or eliminating risk exposure; the standardized methodologies for risk response strictly comprise: risk acceptance, risk reduction, risk avoidance, and risk transfer.

Indicators and Targets

The Company adheres to goal orientation, sets energy-saving and emission-reduction targets at the beginning of each year, assigns responsibilities to each production unit, and conducts daily supervision to promote target achievement.

Energy Conservation Management Targets	Completion Status
Energy Consumption “Dual Control” , and the energy consumption per RMB 10,000 of output value will decrease by more than 13.5% compared to 2020, and the annual targets set by all levels of government will be completed.	
Achieving energy efficiency benchmark levels, industry-advanced values, and budget control targets according to different industries.	
Achieving carbon emission intensity control targets set by national and provincial/city governments.	
The energy management system of key energy-consuming units will operate effectively and pass certification audits.	

Type of Energy

Type	Unit	Year 2025
Total Direct Energy Consumption	10,000 tonnes of standard coal	124.70
Including: Coal	10,000 tonnes of standard coal	114.76
Diesel	10,000 tonnes of standard coal	0.89
Natural gas	10,000 cubic meters	6,488.47
Electrodes	10,000 tonnes of standard coal	0.42
Total Indirect Energy Consumption	10,000 tonnes of standard coal	76.68
Including: Electricity	10,000 tonnes of standard coal	65.58
Thermal Power	10,000 tonnes of standard coal	11.11
Green Electricity Consumption	100 million kWh	9.80
Total Energy Consumption	10,000 tonnes of standard coal	201.38
Energy Consumption Intensity	Tonnes of standard coal per RMB 10,000 of revenue	0.69

Energy-saving Measures

Use of Renewable Energy

The Company actively responds to the national "Dual Carbon" goals, aggressively driving the optimization of its energy structure within the production process, and fueling the energy transition through innovative practices to increase the proportion of clean and renewable energy usage, thereby injecting new momentum into sustainable development. The Company prioritized and accelerated the project construction of utility-scale photovoltaic (PV) power stations in the Inner Mongolia and Xinjiang regions, alongside distributed PV projects across various subsidiary locations. The Company plans to complete 1,300 MW of utility-scale PV power station projects and 13 MW of distributed PV generation projects during the 15th Five-Year Plan period. In terms of hydropower generation, the Company has consolidated and managed the small-scale hydropower resources in Xingshan under a unified portfolio, boasting a total installed capacity of 180.3 MW and an annual power generation output of 500 million kWh.

Key Performance

During the Reporting Period, the Company used **980** million kWh of clean electricity, accounting for **18.38%** of the Company's total electricity consumption. The total installed capacity of photovoltaic projects reached **107.31** MW, and the installed capacity of hydropower stations reached **180.30** MW.

Case: Yichang Park 17 MW PV Project Achieves Grid Connection of Module with the Largest Single-Unit Capacity

In 2025, all eight inverters at the Company's Yichang New Materials Industrial Park were successfully connected to the grid, increasing the grid-connected capacity by 2.86 MW. This continuously injects strong green momentum into the industrial park, and also marks that the construction of this project has stepped into a brand-new stage.



Energy-saving through Technology

To achieve refined energy management, the Company leverages technologies such as the Internet of Things (IoT), big data, cloud computing, edge computing, and intelligent gateways, and continuously develops digital systems to realize functions including visualization of energy consumption and carbon emissions, multidimensional and multiscale dynamic energy-efficiency assessment, and dynamic tracking and quantification of carbon emissions.



Digital Systems

Water Resource Utilization

Governance

Xingfa Group strictly complies with the *Water Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Regulations on the Administration of Water Abstraction Permits and the Collection of Water Resource Fees*, and other regulations. It has formulated the *Energy Management Operation Control Procedure*, which sets clear requirements for water resource use. Each unit should ensure the circular and cascade utilization of industrial water, and each plant actively implements these measures. Liucaopo Chemical Plant formulated the *Administrative Measures for Water Resource Collection and Utilization* with reference to management procedures, and completed the quantification and structural optimization of the Company's water resource utilization through water balance testing. The plant's industrial circulating water renovation project was listed as a provincial-level water-saving demonstration project.

Strategy

Risk Identification and Assessment Table for Water Resource Utilization Issues

Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Natural Disaster Risk	The area where the hydropower station is located may face natural disasters such as floods and mudslides, which can damage the hydropower station's facilities, affect power generation efficiency, and even lead to power outages, causing economic losses to the enterprise.	Short term	Operations	Increase in Operating Costs	Reinforcing and fortifying hydropower infrastructure to significantly elevate its climate and disaster resilience; formulating comprehensive contingency plans and emergency response protocols to ensure swift and decisive mobilization in the event of a disaster; and procuring tailored insurance policies to strategically transfer the financial risk exposure of economic losses incurred by natural disasters.
Water Price Fluctuation Risk	Water prices are affected by multiple factors such as market supply and demand and policy adjustments. If water prices rise, Xingfa Group's production costs will increase, especially in chemical production processes with high water consumption, potentially squeezing profit margins.	Long term	Operations	Increase in Operating Costs	Executing long-term secured water supply agreements with purveyors to contractually mandate equitable price indexation and adjustment mechanisms; initiating specialized water-saving and conservation projects to proactively offset cost inflations triggered by rising water tariffs; and closely monitoring regulatory dynamics while actively participating in statutory public hearings regarding water tariff restructurings to legitimately advocate the Company's justifiable operational interests.
Water Quality Risk	The refining of wet-process phosphoric acid and the production of electronic chemicals require large quantities of high-purity water. The wastewater contains pollutants such as phosphorus and fluorine. If the purification process fluctuates or the wastewater treatment fails to meet standards, it may lead to environmental penalties or customer quality claims.	Mid-term	Operations, Downstream	Increase in Operating Costs, Decrease in Operating Revenue	Intensifying and upgrading real-time automated water quality online monitoring systems.

Opportunity Identification and Assessment Table for Water Resource Utilization Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Innovation and Collaboration Opportunity	Through technological innovation and equipment upgrades, and by strengthening collaboration with universities and research institutions, carry out technology innovation and R&D to improve the recycling rate of water resources, reduce production costs, and achieve sustainable development.	Long term	Operations	Decrease in Operating Costs	Actively scaling and replicating the proven expertise and benchmarks of highly efficient water-recycling facilities company-wide; accelerating the intelligent and digital transformation of wastewater treatment infrastructures; and comprehensively fortifying data governance frameworks for water resource utilization.

Impact, Risk and Opportunity Management

Management Processes

To fundamentally fortify its water risk resilience and response capabilities, the Company continuously optimizes and refines its water risk and opportunity management protocols, comprehensively identifying the potential risks and opportunities inherent in its production and operational activities, ensuring rigorous risk prevention and control through the deployment of diversified mitigation strategies, and thereby securely guaranteeing the robustness and long-term sustainability of its water resource stewardship.

Identification	Assessment	Monitoring	Response
Integrating the macro-environment, industry sector dynamics, and corporate business models to comprehensively identify and map the water-related risks and opportunities confronting the Company.	Analyzing key matrices such as the probability of occurrence and the magnitude of impact to systematically execute risk prioritization and ranking.	Utilizing digital platforms and advanced management systems to supervise water resource consumption, while implementing real-time IoT-enabled live surveillance and automated early-warning triggers across critical operational risk nodes within the production process.	Formulating precision-targeted preventative measures and executing rigorous effectiveness evaluations of the deployed mitigation strategies to ensure that all water-related risks remain strictly controllable and safely within acceptable tolerances.

Indicators and Targets

The Company continuously optimizes and refines its water stewardship performance indicators, deploying a diverse array of water-conservation measures to relentlessly maximize the efficiency and utility of every singular drop of water, thereby successfully achieving closed-loop water recycling and the absolute minimization of resource depletion and operational loss.

Indicators	Unit	Year 2025
Water Consumption Volume	10,000 tonnes	2,367.25
Water Consumption Intensity	Tonnes per tonne of product	1.21
Water Consumption Intensity	Tonnes per RMB 10,000 of revenue	8.08

Note: Water Consumption = Water Intake – Wastewater Discharge.

Water-Saving Measures

Recycling and Water-Saving Management and Control

The Company attaches great importance to the efficient use of water resources and continuously explores new water-saving measures, earnestly implementing the spirit of the Ministry of Industry and Information Technology and the National Office for Water Conservation's *Notice on Deepening the Construction of Water-Saving Enterprises*, and complying with relevant regulations such as the *Hubei Province Water Conservation Regulations* and the *Hubei Province Water Conservation Action Implementation Plan*, remaining committed to reducing water use and building water-saving enterprises.

Water-Saving Measures

Use water-saving equipment such as the new anti-fog, water-saving cooling tower device and the ANJDP500-6640 high-efficiency energy-saving water pump.

The cooling water for the mechanical seals of transfer pumps in the alcohol removal building of the glyphosate workshop and the methanol recovery area is recycled and reused by being recovered into the mechanical seal water tank, reducing the generation of wastewater and realizing the recycling and comprehensive utilization of mechanical seal water.

Through operations such as evaporation condensate pretreatment, membrane treatment, and adsorption filtration, the water is supplied for production material washing, water replenishment, and other uses, successfully realizing the recycling and comprehensive utilization of evaporation condensate.

Through a digital system, water resource consumption is monitored in real time and intelligently dispatched to improve water-use efficiency.

By constructing a large-ditch rainwater harvesting system to collect rainwater and surface water, which is then recycled and utilized after purification treatment, the Company achieves the recycling and utilization of unconventional water sources.

The water usage in the yellow phosphorus and gas production systems is self-circulating.

Persist in promoting water conservation through blackboard posters, bulletin boards, signage, and OA announcements to strengthen employees' awareness of water saving.

Case: Hubei Xingrui Chlor-Alkali Resin Tower Upgrade

During the Reporting Period, the subsidiary Hubei Xingrui improved water-use efficiency by upgrading the chlor-alkali resin tower. By introducing compressed air bubbling from the bottom, acid and alkali cleaning became more uniform, reducing water consumption by about 30% and saving an estimated 120 tonnes of water per day.

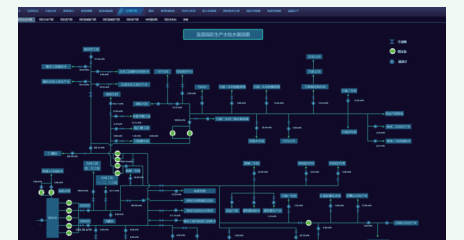


Digital Management

The Company has introduced a digital management system. By integrating real-time production data with automation system data via the Industrial Internet and applying a resource dynamic adjustment model, it achieves closed-loop management of dispatch instructions for water resources and dynamic optimization of planning and scheduling, thereby enhancing the Company's production efficiency, scheduling efficiency, and economic value.

Case: Yichang Park Digital Water Resource Management

During the Reporting Period, through dispatch monitoring, the Company created water supply diagrams and monitored plant water operations in real time; meanwhile, through dispatch project management, it built an online dispatch work management system for daily scheduling arrangements to meet day-to-day dispatch needs. Based on real-time analysis, it controlled the optimal water supply to conserve water.



Materials Management

Management System

Xingfa Group strictly complies with laws and regulations including the *Circular Economy Promotion Law* and the *Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste*, constructing a comprehensive materials management system. The Procurement Department serves as the centralized management entity for packaging material procurement, where multiple departments divide responsibilities and collaborate with each other to achieve a seamless connection across all stages, including procurement, inspection and acceptance, safekeeping, and disposal. In the procurement stage, a "Zero-Receipt" mechanism for packaging materials that fail to meet environmental protection standards is implemented in accordance with the *Administrative Measures for Packaging Materials*, incorporating environmental performance indicators into the core evaluation of procurement, specifying relevant standards within contracts, and prioritizing the selection of eco-friendly packaging materials. In the inventory disposal stage, a classified disposal mechanism is established, achieving resource utilization through measures such as internal deployment, and promoting the replacement of wooden pallets with plastic pallets, thereby reducing resource consumption, lowering environmental risks, and actively practicing the philosophy of green procurement.

Hazardous Chemicals Management

The Company attaches great importance to the management of hazardous chemicals. By accessing authoritative third-party databases, the Company has developed and utilized three management methodologies—Artificial Intelligence (AI) applications, reservation queuing, and in-transit tracking—to standardize and supervise the behavior of personnel involved in the transportation process, such as hazardous chemical vehicles and practitioners. This ensures that vehicles entering the industrial park are legal and compliant, enhancing park safety, improving park transportation efficiency, and reducing the workload of salespeople and gatekeepers. The Company's management system is integrated with the existing logistics system and access control weighbridge system, interfacing hazardous chemical vehicle information with waybill information and access control weighbridges, thereby achieving full-process control of hazardous chemical vehicle transportation.

Measures for the Utilization of Packaging Materials

Focusing on the resource circulation and pollution emission reduction of packaging materials, the Company adheres to the principles of "cost reduction and efficiency enhancement, recycling and utilization, and quality priority." In terms of utilization, the Company has launched a series of measures, effectively controlling the generation of waste packaging materials and successfully achieving the standardization and green reform of packaging materials.

Measures for the Utilization of Packaging Materials

Deepen Circular Utilization Mechanisms	Establishing a comprehensive full-lifecycle recycling and recovery infrastructure for specialized packaging materials, including circular plastic inner liners, reconditioned bulk packaging drums, and glycine flexible intermediate bulk containers (FIBCs/ton bags).
Advance the Green Upgrade of Packaging Technologies	Exploring the innovative reversible shrink-wrap/stretch-hood packaging modality to significantly minimize packaging breakage rates during logistics and transportation, thereby reducing waste generation; Enforcing precision-driven operations to drastically mitigate packaging attrition and material leakage/pollution during internal transit and material re-feeding processes.
Implement Light-weighting and Standardization Reforms for Packaging	Achieving light-weighting, consumption reduction, and eco-efficiency of packaging materials through material optimization and structural simplification; Proactively guiding customers to widely adopt standardized regular packaging while strategically compressing differentiated and small-specification packaging categories to minimize the redundant consumption of packaging resources.
Build a Digital Shared Management Platform	Implementing full-lifecycle digital asset tracking and traceability for all packaging materials to maximize internal turnover and utilizing efficiency, thereby systematically eliminating the risk of resource idling and expiration-induced obsolescence caused by inventory backlogs.

Ecology Environment Protection

Xingfa Group consistently adheres to the philosophy of ecology priority and green development, respecting, adapting to, and protecting nature, and actively fulfilling its responsibilities for ecological environmental protection. In strict accordance with domestic and international regulations and policies, such as the *Convention on Biological Diversity (CBD)*, the *Kunming-Montreal Global Biodiversity Framework*, and the *Forest Law of the People's Republic of China*, the Company pays close attention to the potential impacts of its business activities on ecosystems, and resolutely avoids carrying out development and construction in ecologically sensitive areas. The Company continuously drives ecological restoration and natural symbiosis actions, promoting the protection and rational utilization of biodiversity resources, thereby contributing strength to realizing the sustainable development goal of harmonious coexistence between humans and nature.

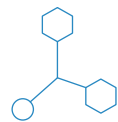
As one of the largest fine phosphorus chemical enterprises in the country, the Company has always upheld the philosophy of green development, continuously driving the utilization of its resource advantages to cultivate and transform green new kinetic energy. While reducing its own environmental impacts, the Company actively responds to the national call and fulfills its ecological protection commitments, successfully realizing the harmonious unity of ecological benefits and economic benefits.

Case: Green Mine Development

The Company unwaveringly practices the philosophy of "ecology priority and green development," achieving 100% full utilization of waste rock and tailings and full coverage of greening in mining areas. As of the end of the Reporting Period, the Company possesses five national-level green mines, namely Xingchang, Xinglong, Chufeng, Shukongping Phosphorus Mine, and Wawu Section IV, as well as one provincial-level green mine, which is Houping Phosphorus Mine. Among them, Shukongping Phosphorus Mine was included as a typical case of ecological restoration by the Ministry of Natural Resources in 2025 and received specific praise from China Central Television (CCTV). The Company has successively invested over RMB 60 million in the comprehensive governance of the geological environment of the mining areas and related sites, invested nearly RMB 100 million annually in backfilling underground mined-out areas, and cumulatively invested RMB 40 million in mine land reclamation and vegetation restoration, completing more than 200,000 square meters of soil covering and greening, successfully transforming the original waste rock dumps into woodlands and gardens.



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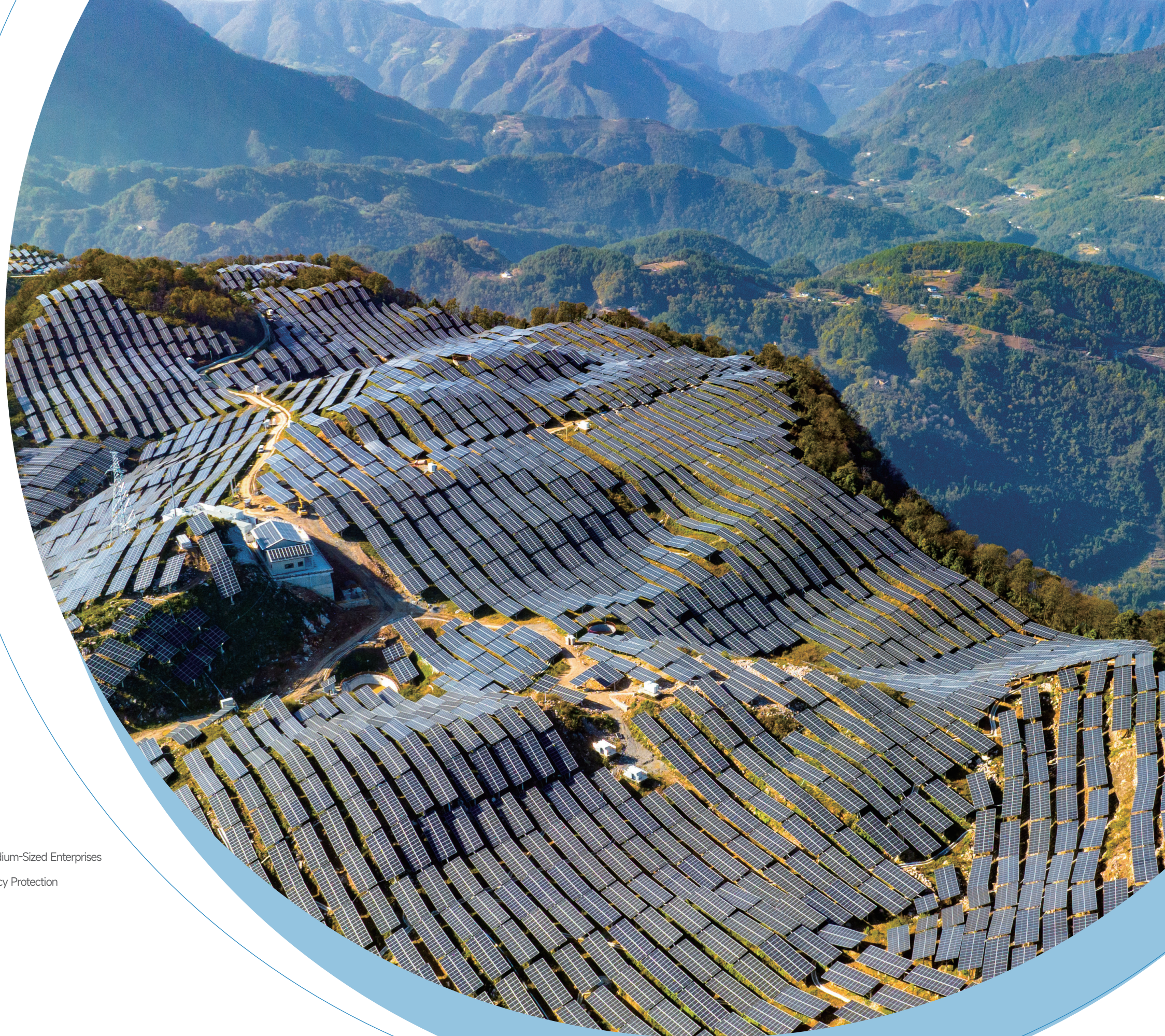
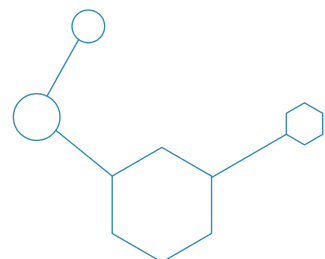
Innovation and Quality Improvement, Driving Industrial Upgrades

SDGs Addressed in This Chapter



Material ESG Issues Covered in This Chapter

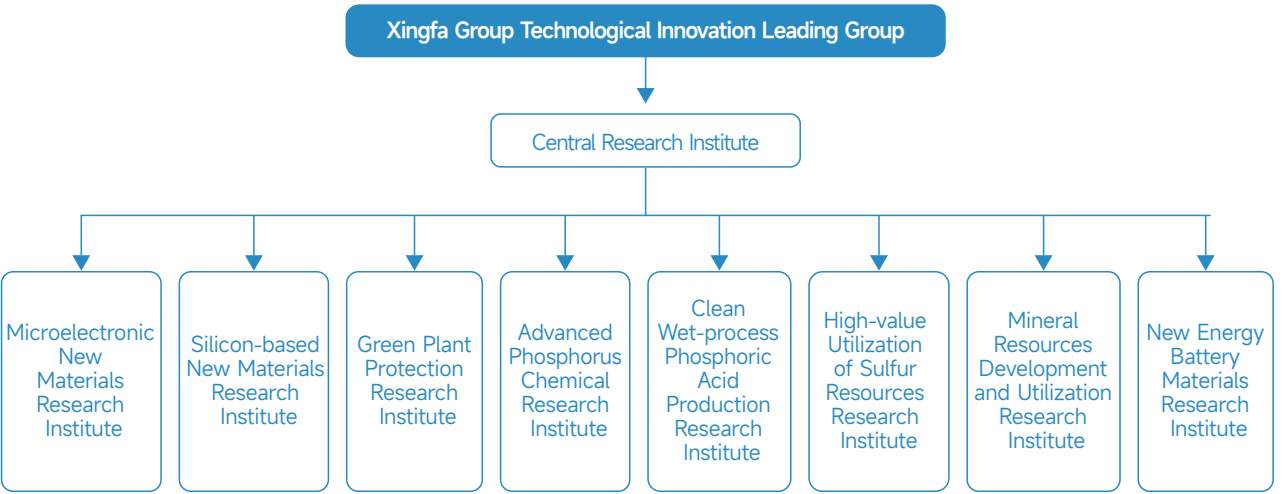
- Innovation-Driven
- Product and Service Safety and Quality
- Supply Chain Security
- Equal Treatment of Small and Medium-Sized Enterprises
- Data Security and Customer Privacy Protection



Innovation-Driven

Governance

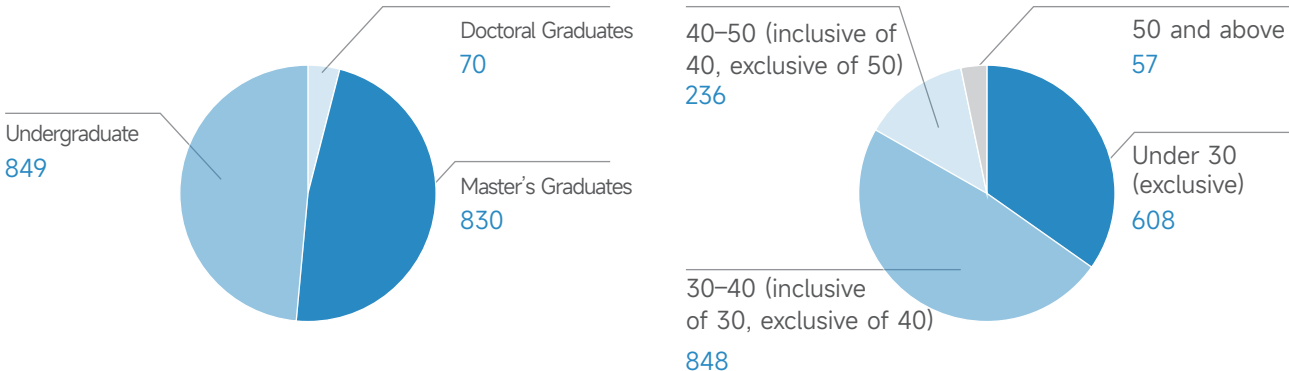
Xingfa Group complies with the *Law of the People's Republic of China on Science and Technology Progress* and advances technological innovation in a systematic manner. The Company has formulated the *Technical Innovation Management System* and the *Financial Management Measures for Research and Development Expenditure*, among other policies, with the Central Research Institute exercising overall management of the entire innovation process. Organizationally, a three-tier R&D system has been established: the top-level leadership group responsible for strategic decision-making and resource coordination; the Central Research Institute in charge of project and personnel management; and eight Industry Research Institutes that carry out the full R&D process. This innovation management system forms a closed loop from strategy to execution, effectively supporting innovation-driven and sustainable development.



R&D Process



The Company places great emphasis on building its R&D team and cultivating talent. In accordance with the Company's *Management Measures for R&D Technical Personnel*, explicit provisions are made regarding R&D personnel's academic background, competency standards, and selection and appointment procedures, ensuring the professionalism of the Company's R&D staff. The Company encourages employees to actively participate in professional title evaluations related to R&D organized by relevant national authorities, so as to continuously enhance the team's professional caliber and build a specialized, high-quality R&D technical team to support the Company's long-term development.



Educational Background Structure of R&D Personnel

Age Structure of R&D Personnel

Key Performance

As of the end of the Reporting Period, the number of the Company's R&D team total is **1,749**, and R&D personnel accounted for **12%** of the total number of employees.

R&D Capability Certification

Relying on its strong R&D strength, the Company has achieved a series of results in building innovation platforms and obtaining corporate qualifications. As of the end of the Reporting Period, there were 13 entities within the scope of the consolidated statements certified as High-tech Enterprises, and 5 entities recognized as Specialized and New (Specialized, Refined, Differentiated, and Innovative) Enterprises. In addition, the Company actively participates in the development of industry standards as a member unit of the Inorganic Chemical Subcommittee, the Sulfur and Sulfuric Acid Subcommittee, and the Chlor-Alkali Subcommittee of the National Chemical Standardization Technical Committee, working with the industry to promote technological progress and industrial upgrading.

R&D Project Assessment

The Company implements grouped management for research and development (R&D) projects and executes an evaluation model that combines quarterly and annual assessments. Each R&D platform is subjected to dynamic management, and a quarterly evaluation target must be formulated for every R&D project. The Technology Center organizes an evaluation team to conduct quarterly assessments, scoring the projects based on the completion status of their quarterly targets, and ranking the projects according to their annual scores. The total annual project bonus for R&D personnel is strictly tied to these rankings.

R&D Incentives

To reward teams and individuals who have made outstanding contributions to the Company's technological innovation work and to stimulate the enthusiasm of technical personnel for innovation, the Company has formulated the *Administrative Measures for Science and Technology Achievement Awards*, establishing the Science and Technology Award, the Patent Award, and the Xingfa Group Science and Technology Cooperation Award, which incentivize project teams and individuals in the form of bonuses at the end of each year. During the Reporting Period, the Company distributed RMB **23.54** million in bonuses as innovation incentives.

Strategy

Risk Identification and Assessment Table for Innovation-Driven Issues

Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Technology Risk	R&D entails uncertainty and the possibility of failure; rapid technological iteration can render existing results obsolete; technology leaks can undermine advantages and trigger disputes.	Long Term	Operations	Increase in Operating Costs	Assembling cross-functional and diversified task forces to systematically enhance collaboration and accelerate critical technological breakthroughs; Establishing specialized monitoring committees to track real-time technology trajectories and emerging industry paradigms; Fortifying Intellectual Property (IP) protection frameworks and confidentiality protocols, while deploying advanced data encryption, binding non-disclosure agreements (NDAs), and mandatory training programs to strictly prevent and mitigate information leakages and data breaches.
Market Risk	For newly developed products, if the market demonstrates low acceptance or insufficient demand, it may lead to sluggish sales of the products, thereby making it impossible to realize the expected economic benefits.	Long Term	Operations, Downstream	Increase in Operating Costs Decrease in Operating Revenue	Conducting in-depth front-end research during the pre-R&D phase to rigorously analyze customer requirements and market trajectories, thereby achieving precision product positioning; Executing multi-channel marketing campaigns and promotional propagation leveraging omnichannel strategies across both digital and physical platforms; Establishing a structured market feedback mechanism to continuously harvest customer insights and evaluations for the iterative optimization and refinement of products.
Funding Risk	Insufficient funds or impeded financing channels may interrupt research and development (R&D) innovation; furthermore, after the R&D achievements are marketized, if there is ineffective promotion or impeded sales channels, it may lead to difficulties in capital recovery, thereby adversely affecting the capital turnover of the enterprise.	Long Term	Operations	Increase in Operating Costs	Enhancing corporate budget management and optimizing capital allocation to strategically safeguard continuous R&D investments; Diversifying financing channels, deepening banking-enterprise syndication, and actively exploring equity financing options to optimize the capital structure; Empowering high-performance sales teams to formulate precision marketing strategies, pioneer new commercial channels, and deepen strategic partnerships, thereby expanding market share and accelerating the cash conversion cycle and capital repatriation.
Talent Risk	Talent attrition and shortage constrain research and development (R&D) innovation; if the enterprise is unable to attract and retain highly qualified professionals, it will affect the stability and innovation capability of the R&D team, thereby constraining the implementation of R&D and innovation work.	Long Term	Operations, Downstream	Increase in Operating Costs Decrease in Operating Revenue	Establishing a highly competitive Total Rewards framework that delivers premium compensation, comprehensive fringe benefits, and performance-driven incentives; Cultivating a robust corporate culture that prioritizes employee career development, while providing institutionalized training programs and transparent upward mobility and promotion tracks; Developing a strategic talent pipeline and repository, executing periodic talent inventorying and matrix-based competency assessments, and proactively structuring strategic workforce succession plans to mitigate future vacancy risks.

Opportunity Identification and Assessment Table for Innovation-Driven Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Product Upgrade Opportunity	By increasing research and development (R&D) investment, the Company upgrades and replaces existing products, develops higher-end and higher-value-added products, and expands into emerging fields such as new energy and electronic materials, thereby cultivating new performance growth points.	Mid-term	Downstream	Increase in Operating Revenue	Escalating R&D capital investments, incentivizing internal innovation and intrapreneurship ecosystems, and partnering with premium scientific research institutions to execute pioneering research and breakthroughs in frontier technologies.
Industry Integration Opportunity	Deepening cross-sector integration with the New Energy Vehicle (NEV) and other strategic downstream industries, developing bespoke and custom-engineered products, and expanding commercial horizons to successfully achieve inter-industry synergy and collaborative growth.	Long term	Downstream	Increase in Operating Revenue	Deepening engagement and collaborative dialogue with downstream enterprises, forging strategic industrial alliances, and jointly executing collaborative technological R&D and co-marketing campaigns to drive market expansion.

Impact, Risk, and Opportunity Management

The Company continuously optimizes its R&D innovation risk and opportunity management processes, implements risk controls across all stages of the R&D process, and reduces the likelihood of risks through measures such as improving process management and strengthening market demand analysis, thereby ensuring the continuity of technological innovation.

Identification	Assessment	Response	Monitoring
Integrating external market environments to comprehensively identify and map the potential risks and opportunities inherent in the corporate R&D workflows.	Evaluating key risk metrics, including the probability of occurrence and the magnitude of impact, against the backdrop of existing corporate policies and institutional controls, to systematically execute risk prioritization and formulate tiered containment strategies.	Formulating precision-targeted preventative and mitigation measures for high-priority risk vectors.	Conducting rigorous, data-driven effectiveness evaluations of the deployed mitigation strategies to guarantee that all R&D-related risks remain strictly controllable and safely within predefined tolerance thresholds.

Indicators and Targets

The Company actively responds to the national innovation-driven development strategy, taking technological innovation as the core driving force for achieving high-quality development, and has formulated a series of clear and ambitious technological innovation goals.

Technology Innovation

Talent Recruitment:

During the Reporting Period, the Company newly recruited **20** PhDs and **147** master' s degree holders. The total number of full-time R&D personnel reached **640**, including **70** PhDs and **521** master' s degree holders.

Innovative Enterprise Development:

The Company completed the application for high-tech enterprise status for four subsidiaries: Longma Phosphorus Industry, Inner Mongolia Xingfa, Phosphorus Chemical Research Institute, and Trisun Chemical. It continued to advance compliance management for high-tech enterprises, guided the improvement of technical and financial documentation for each high-tech enterprise, and actively responded to on-site inspections by tax authorities.

Science and Technology Awards:

During the Reporting Period, the Company applied for and obtained approval for **38** various science and technology projects, with approved funding grants for science and technology projects totaling RMB **10.935** million (excluding talent-related projects).

R&D Goals for the Next Fiscal Year

Technological Innovation Management:

Adhere to a results-oriented approach, integrate with market demand, and continuously strengthen the standardized management of technological innovation projects.

Leverage the collaborative advantages of Research, Production, and Sales (RPS) to focus on developing high-value-added products such as high-end phosphorizing agents, ethanethiol, and specialty electronic chemicals.

Achieve high collaboration among Research, Production, and Sales (RPS) to further drive cost reduction and efficiency enhancement for silicone monomers, glyphosate, iron phosphate, and lithium iron phosphate, thereby elevating the core competitiveness of the products; concentrate resources to tackle the core technical challenges of the Houping gravity-flotation combined beneficiation process, ensuring that production and efficiency targets are fully met in 2026.

Accelerate the pilot-scale trials of projects including photoinitiators for photoresist, electronic-grade phosphine, medical-grade silicone rubber, and pyroxasulfone, striving to ensure that at least 2 products possess industrialization conditions by the end of the year.

Talent Attraction:

Employ a two-pronged approach utilizing campus recruitment and social recruitment to intensify talent introduction efforts, striving to reach **100** doctoral holders and **800** full-time R&D personnel by the end of 2026.

Science and Technology Achievement Management:

Apply for **2** provincial and ministerial-level science and technology awards; achieve the acceptance of **600** patent applications and the authorization of **300** patents, bringing the Company' s total number of authorized patents to **2,000**.

Key Performance

During the Reporting Period, the research and development (R&D) investment reached RMB **1.319** billion, accounting for **4.5%** of the operating revenue.

Innovation-driven Measures

Technology Cooperation

The Company consistently adheres to the principles of "mutual benefit, complementary advantages, collaborative innovation, and common development," actively establishing and deepening technical and strategic cooperative relationships with universities, scientific research institutes, and industry partners. Through forms such as jointly establishing R&D centers, joint talent cultivation, and forming technical breakthrough teams, the Company conducts systematic scientific research collaboration centering on the key needs of industrial development. The Company carries out near-term concentrated breakthroughs targeting "bottleneck" technologies, conducts mid-term pre-research oriented toward strategic key technologies, and lays out long-term exploratory research on frontier technologies, thereby constructing a layered, orderly, and goal-oriented collaborative innovation system.

Company Cooperation Projects

Cooperative Partners	Cooperation Project Directions
Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences	18 cooperative projects. The two sides co-built the "Black Phosphorus Joint Laboratory" ; they conduct a series of industrialization-oriented applied studies focusing on organosilicon materials, new energy materials, black phosphorus, and other areas.
Institute of Process Engineering, Chinese Academy of Sciences	47 collaborative projects; jointly established the Xingfa Green Manufacturing Joint R&D Center. Conducted technical research focusing on traditional industry technology upgrades, energy saving and consumption reduction, process intensification, and greener processes.
Dalian Institute of Chemical Physics, Chinese Academy of Sciences	2 collaborative projects, primarily conducting technical research on bio-based materials and fluoro-silicone materials.
Tsinghua University	6 collaborative projects, focusing on process optimization research for organosilicon and glyphosate products.
Wuhan Institute of Technology	20 collaborative projects, conducting technical research on smart mine construction and mineral processing methods.
Quzhou Institute, Zhejiang University	2 collaborative projects; jointly established the Quzhou Institute of Zhejiang University-Xingfa Group Joint R&D Center, and have carried out technical research in areas such as new organosilicon materials and wet-process phosphoric acid.

Case: Xingfa Group and BGRIMM Group carried out exchanges and cooperation

On August 19, 2025, the Company held discussions with the China ENFI Engineering Corporation (Mining and Metallurgical Technology Group) and reached a consensus to deepen cooperation. Based on the principles of resource sharing and complementary strengths, both parties will strengthen collaboration in technological innovation and the application of new technologies in areas such as mineral processing and automation, jointly promoting the development of smart mines and mechanized mining, and facilitating the implementation of project outcomes.



Major Technological Innovation Achievements

During the Reporting Period, the Company implemented a total of 116 planned innovation projects, with significant progress achieved in key projects.

The Company's Technological Innovation Achievements

Innovation Projects	Technological Innovation Achievements
New Materials for Microelectronics	• Upgrades to Existing Products: Through process optimization, electronic-grade sulfuric acid, hydrogen peroxide, and phosphoric acid achieved improved particle control, higher purity and yield, while reducing costs and easing capacity pressure. • Breakthroughs in New Product Applications: High-selectivity hydrogen peroxide and photoresist stripping solution entered supply; among them, high-selectivity hydrogen peroxide achieved domestic production and drove profit growth. • Validation of Key Products: High-selectivity phosphoric acid and aluminum etching solution for display panels completed validation by multiple leading customers, and the industrialization of photoinitiators is advancing.
Silicon-based New Materials	• Process R&D: Achieved breakthroughs in organosilicon monomer synthesis and silicon powder processing, and completed the design of a new fluidized bed. • Volume expansion of products: The production units for liquid silicone rubber, hydroxy silicone oil, and methyl silicone oil reached and exceeded their designated production capacities, successfully accomplishing the annual production and sales targets while achieving cost reductions. • New Product Industrialization Progress: Organosilicon synthetic leather, foam, aerogels, microcapsules, and modified silicone oils achieved sales and completed customer qualification/onboarding.
New Energy Battery Materials	• Ferric Phosphate: The product demonstrates notable reliability and cost advantages, entering core supply chains such as BYD. • Lithium Ferric Phosphate (LFP): The production process achieved a generational leap, driving shipment growth and significantly reducing losses.
Green Crop Protection	• Process Optimization: Glyphosate and 2,4-D improved conversion rates and output through process and formulation ratio optimization, lowering unit consumption and generating over tens of millions of yuan in annualized benefits. • New Product Launch: Two glyphosate mixture formulations achieved sales, with annual volume nearing 1,000 tons and contributing to profits. • New Capacity Construction: A 150 tonnes/year sulfentrazone pilot unit is expected to be commissioned.
Advanced Phosphorus Chemicals	• New Project Commissioned: The nation's first phosphine tail-gas-to-phosphorylating-agent project has been brought online and achieved profitability. • Cost Reduction and Efficiency Gains: Sales of compounded food additives increased; nano calcium achieved cost reduction and higher sales; phosphorous sludge treatment improved yellow phosphorus recovery rates. • New Product Development: Toothpaste-grade phosphates and barium hydrogen phosphate have completed development or customer testing; projects such as black phosphorus catalysts are advancing to pilot trials.
High-value Utilization of Sulfur Resources	• New Production Line Commissioned: The nation's first ethylene-route ethanethiol production line has started up and achieved stable profitability. • New Product Development: Alkyl mercaptans entered pilot production, and polysulfides have completed bench-scale validation. • Catalyst Application: In-house developed catalysts have achieved stable operation and increased unit load and feedstock utilization.
Clean Production of Wet-process P phosphoric Acid	• Mineral Processing Technology: After applying staged flotation and middlings re-selection, phosphorus recovery increased by 1.59 percentage points despite a decline in ore grade. • Process Optimization: In the pilot-scale continuous operation of the two-stage phosphoric acid process, the aluminum content was reduced by more than 30%, meeting the conditions for industrialization. • Resource Recovery: Industrial application of fluorine extraction technology, increased production of fluosilicic acid.
Development and Utilization of Mineral Resources	• Mineral Processing Optimization: Optimization of gravity-flotation flowsheet and application of new hydrocyclones, increasing concentrate yield by over 3%. • Intelligent Mining: Efficient application of a horizontal-axis roadheader and localization of key components, saving more than RMB 2 million annually.

Major Technological Innovation Awards

During the Reporting Period, the Company received a total of 4 awards.

Project Name	Award Achieved	Certificate
Green Process, Key Equipment, and Industrialization for the Preparation of Methylchlorosilane Monomers	First Prize, 2025 Hubei Provincial Science and Technology Progress Award (Awarding Authority: Hubei Provincial People's Government)	
Key Technologies and Equipment for Intelligent Mining and Unmanned Haulage in Complex Phosphate Deposits	Third Prize, 2025 Hubei Provincial Science and Technology Progress Award (Awarding Authority: Hubei Provincial People's Government)	
Key Technologies for Multi-Source Early Warning and Prevention and Control of Rock Bursts in Complex Geological Phosphate Mining	Second Prize, 2025 China Petroleum and Chemical Industry Federation Science and Technology Progress Award (Awarding Authority: China Petroleum and Chemical Industry Federation)	
Key Technologies and Industrialization of Desliming-Free Reverse-Reverse Flotation for High-Alumina Collophanite and Complex Recycled Water Treatment	First Prize, 2025 Nonferrous Metals Industry Science and Technology Award (Awarding Authority: China Nonferrous Metals Industry Association)	

Standards Formulation

The Company actively participates in the formulation of various standards, dedicating itself to driving industry development. It has led or participated in the formulation of 119 standards, including 2 international standards, 37 national standards, 43 industry standards, 36 group standards, and 1 local standard.

In February 2025, the International Standard for Glyphosate Technical, exclusively formulated by Taisheng Chemical, passed the review of the Food and Agriculture Organization (FAO) of the United Nations and was officially released. This marks the first international standard in the global glyphosate field to be led by a Chinese enterprise, making the "Xingfa Standard" a universal language in international trade.

Name	Number
Trisun Glyphosate FAO Standard: International Standard	FAO Specification 284/TC
Dimethyl Sulfoxide	GB/T 21395-2024
General Method for the Determination of Heavy Metals in Inorganic Chemical Products	GB/T 23950-2024
Specification for the Treatment and Disposal of Phosphogypsum	GB/T 32124-2024
Industrial Calcium Oxide	HG/T 4205-2024
Technical Specification for the Scientific Use of Glyphosate in Genetically Modified Glyphosate-Tolerant Maize Fields	T/CCPIA 271-2025
Technical Specification for the Scientific Use of Glyphosate in Genetically Modified Glyphosate-Tolerant Soybean Fields	T/CCPIA 272-2025
Technical Specification for the Scientific Use of Herbicides in Genetically Modified Glyphosate-Tolerant Maize Fields	T/CCPIA 273-2025
Technical Specification for the Scientific Use of Herbicides in Genetically Modified Glyphosate-Tolerant Soybean Fields	T/CCPIA 274-2025
Flake Ferric Phosphate	T/CI 946-2025
High-Density Ferric Phosphate	T/CI 943-2025
Zero-Carbon Port Evaluation Standard	T/AIAC 11-2025

Innovation Management Training

To improve the technological innovation capability of R&D personnel and enhance market insight, the Company conducted technology innovation management training, with full-time R&D staff from all R&D platforms participating.

Case: Technology Innovation Management Training

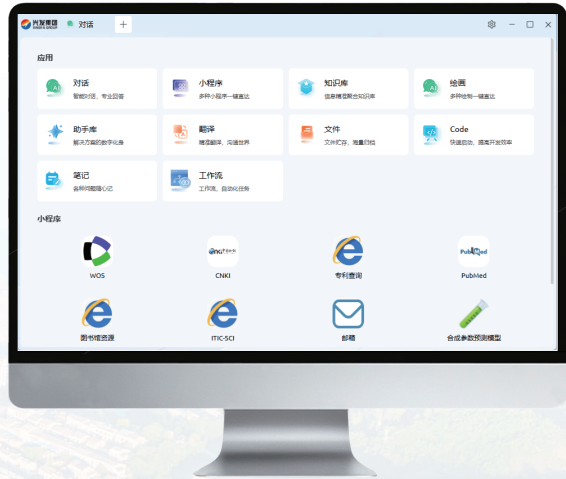
From September 3 to 5, 2025, the Company invited Academician Xu Chunming from the Chinese Academy of Sciences, Professor Zheng Qiang from Zhejiang University, and in-house experts in relevant fields to deliver a special training on technology innovation management for 630 R&D personnel. The training focused on market insight, demand management, marketing strategies, AI applications, and integrity education, guiding R&D staff to adopt a market-oriented mindset and to integrate research, production, and sales, thereby further enhancing the Company's R&D team in technological innovation and achievement transformation.



Company Technology Innovation Management Training

Intelligent Manufacturing

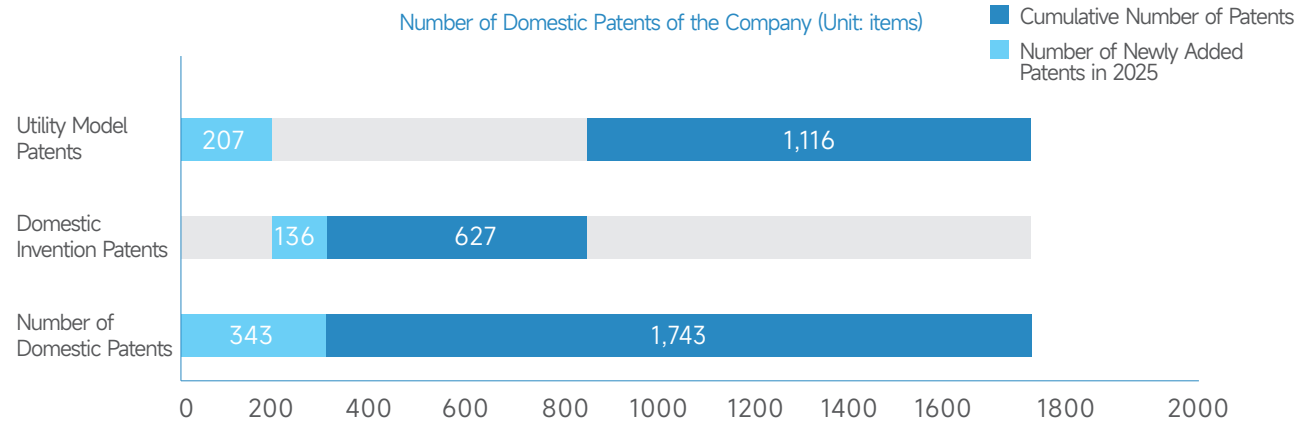
To cultivate new quality productive forces and develop smart manufacturing, the Company plans to construct the "Xingfa Cloud Brain" artificial intelligence platform in two phases. The first phase, with an investment of RMB 1.2 million, will build the "Artificial Intelligence Data Center," which contains a structural and property database of no less than 15,000 types of phosphorus and new energy materials, as well as a professional knowledge base of over 150,000 items of literature and patents; simultaneously, an expert system with foundational functions such as data entry and intelligent Q&A will be developed to complete preliminary deployment and testing. The second phase, with an investment of RMB 0.8 million, will develop and deploy advanced functions of the expert system, relying on customized large language models and specialized algorithms to achieve functions including professional Q&A, experimental protocol generation, and report and document drafting, ultimately completing the holistic upgrade and continuous operation and maintenance (O&M) of the "Data Center + Expert System."



Xingfa Cloud Brain

Intellectual Property Protection

To further standardize and strengthen the management of the Company's patents and technical papers, protect its independent intellectual property rights, and prevent the leakage of proprietary technologies, the Company has formulated the *Detailed Rules for Confidentiality Work in Technical Innovation* and the *Notice on Standardizing the Process of Patent Application and Technical Paper Publication*, with the Technology Center taking charge of the Company's patent applications and management. The Company strictly conducts patent applications in accordance with regulations; for technological innovation achievements eligible for patent applications, no papers shall be published prior to the official filing and acceptance date of the patent application. By tightly managing the confidentiality of scientific and technological achievements, the Company safeguards its R&D outputs and intellectual property rights. During the Reporting Period, the Company obtained 1 PCT international patent for the very first time.



Key Performance

As of the end of the Reporting Period, the Company's cumulative number of software copyrights is 46 items, and a cumulative total of 233 trademarks.

Product and Service Safety and Quality

Strictly following relevant legal requirements, including the *Product Quality Law of the People's Republic of China*, Xingfa Group has established a sound quality management system that encompasses the entire product lifecycle, ensuring that every single link complies with national and industry standards. In September 2025, the Company was honored with the Nomination for the 5th China Quality Award, standing out as the sole winning entity in Hubei Province. During the Reporting Period, the Company experienced zero major liability-based product quality accidents.



China Quality Award Nomination

Governance



To elevate its quality management level, the Company has formulated institutional documents such as the *Quality Management System* and the *Lot/Batch Number Management Work Instructions*, implementing end-to-end and all-dimensional control over raw and auxiliary materials, production processes, product quality, and system operations. Serving as the centralized core management department, the Quality Management Department is responsible for implementing national quality guiding principles and policies, perfecting the quality management system, and supervising the rectification of quality issues, thereby building a solid line of defense for quality and safety.

The Company takes the Chairman and the General Manager as the core leadership team to comprehensively coordinate quality management work, with the Deputy General Manager assisting in promotion. Multiple departments, including the Quality Management Department, the Technology Center, and the Planning and Assessment Department, synergistically work together to guarantee product quality and safety. Every year, the Company signs the Quality Management Objective Responsibility Statements with its respective accountable business units, cascading down objective responsibilities tier by tier and carrying out rigorous evaluations.

The Company actively advances its management system construction and has successfully passed 13 categories of international certifications, including the ISO 9001 Quality Management System, the ISO 22000 Food Safety Management System, and the IATF 16949 Automotive Quality Management System. During the Reporting Period, the Company conducted internal audits and on-site inspections of its quality management system, executing 8 rounds of internal audits, through which 815 issues were identified and 100% successfully rectified, effectively identifying and eliminating quality hazards and management loopholes.



The Company Quality Management System Certification



The Company Food Safety Management System Certification

Strategy

Risk Identification and Assessment Table for Product and Service Safety and Quality Issues

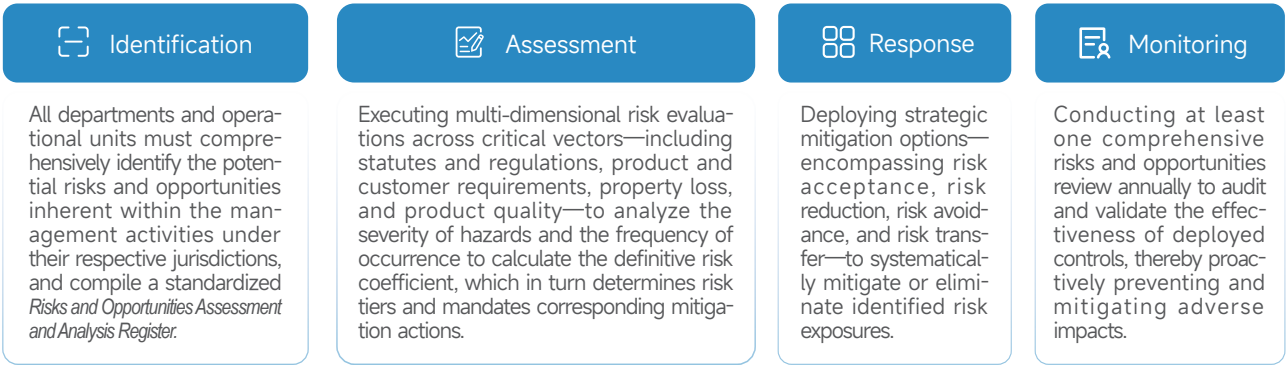
Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Technology Risk	Quality nonconformities may lead to administrative penalties for The Company, resulting in serious negative impacts.	Short term	Operations	Increase in Operating Costs	Implementing rigorous quality control for all finished products upon dispatch to guarantee absolute compliance with relevant national standards.
	Discovery of foreign matter in products, leading to customer complaints or even indemnity claims.	Short term	Operations, Downstream	Increase in Operating Costs, Decrease in Operating Revenue	Enforcing zero-tolerance protocols for Foreign Object Debris (FOD) and particulate contamination within the production process.
	Instability in product quality, resulting in certain products failing to meet specific customer requirements.	Mid-term	Operations	Decrease in Operating Revenue	Establishing standardized Standard Operating Procedures (SOPs) for all operational posts, and mandating the flawless execution of critical process formulations and stoichiometric ratios.
Supplier Risk	Damage to outer packaging during transit, leading to customer complaints or indemnity claims.	Short term	Upstream, Operations, Downstream	Increase in Operating Costs, Decrease in Operating Revenue	Intensifying daily oversight, routine inspections, and performance audits of third-party contractors and outsourced service providers.
	Substandard incoming materials, triggering non-conformance in product quality.	Short term	Upstream, Operations	Increase in Operating Costs, Decrease in Operating Revenue	Institutionalizing stringent gatekeeping and incoming inspection protocols for raw materials upon factory entry.
Market Risk	Inaccurate forecasting of market dynamics, resulting in sluggish product sales and inventory gluts.	Short term	Operations	Decrease in Operating Revenue	Conducting robust market demand forecasting to actively advance the New Product Development (NPD) pipeline and commercialize innovative high-value product portfolios.

Opportunity Identification and Assessment Table for Product and Service Safety and Quality Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Technology Opportunity	As a leading fine phosphochemical enterprise in China, the Company leads the development of industry standards and incorporates its technological advantages into them, thereby guiding industry quality, standardizing its own production, and helping to improve and stabilize product quality.	Mid-term	Operations	Increase in Operating Revenue	Conducting robust market demand forecasting to actively advance New Product Development (NPD)
Market Opportunity	Align with the new energy trend to lay out the materials industry, and build high-quality products by enhancing technology and quality to increase market share and brand influence.	Long term	Upstream, Operations, Downstream	Increase in Operating Revenue	Firmly aligning with market dynamics to accelerate the velocity of product iteration, aggressively commercializing and introducing the 3.5-generation product portfolio to the market, and proactively pioneering the strategic layout and early-stage pipeline deployment for the research and development of the 4th and 5th-generation technologies.
Reputation Opportunity	Strict quality control helps The Company attract more high-quality customers, promotes the continuous improvement of product and service quality, and creates a virtuous cycle in which brand and quality reinforce each other.	Mid-term	Operations	Increase in Operating Revenue	Solidifying and driving down quality management target accountabilities directly to individual production units to achieve 100% full-coverage execution of the <i>Quality Management Target Accountability Pacts</i> ; and establishing an integrated Customer Service System leveraging an omnichannel communication matrix encompassing service hotlines, official corporate websites, social media accounts (WeChat Official Accounts), and dedicated emails to optimize customer engagement.

Impact, Risk and Opportunity Management

In accordance with the *Risk and Opportunity Control Procedure*, the Company conducts comprehensive identification, review, improvement, and updating of activities within the scope covered by the quality management and food safety systems. Based on the review results, each production unit prepares its own *Risk and Opportunity Assessment and Analysis Report*.



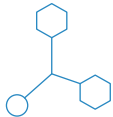
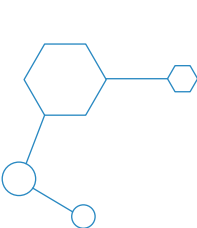
Indicators and Targets

Quality Management Objectives	
First-pass Yield: Set differentiated first-pass yield targets for various product categories.	
Quality Incidents: Zero incidents at Category IV and above; fewer than 2 incidents at Category V.	
Food Safety Incidents: Zero food safety incidents.	
Annual Key Tasks: Complete the annual key tasks on time and with quality.	
System Operation: Ensure the management system operates effectively and is continuously improved.	

The Company consistently upholds the philosophy of excellence in quality and, in line with market trends and practical conditions, formulates and rigorously implements quality management objectives. Guided by these objectives, the Company continuously optimizes production processes and strengthens quality control. During the Reporting Period, the Company achieved all of its quality management objectives.

Key Performance

During the Reporting Period, the Company’s product pass rate achieved 100% of the target.



Measures of Ensuring Product Quality

Quality Training

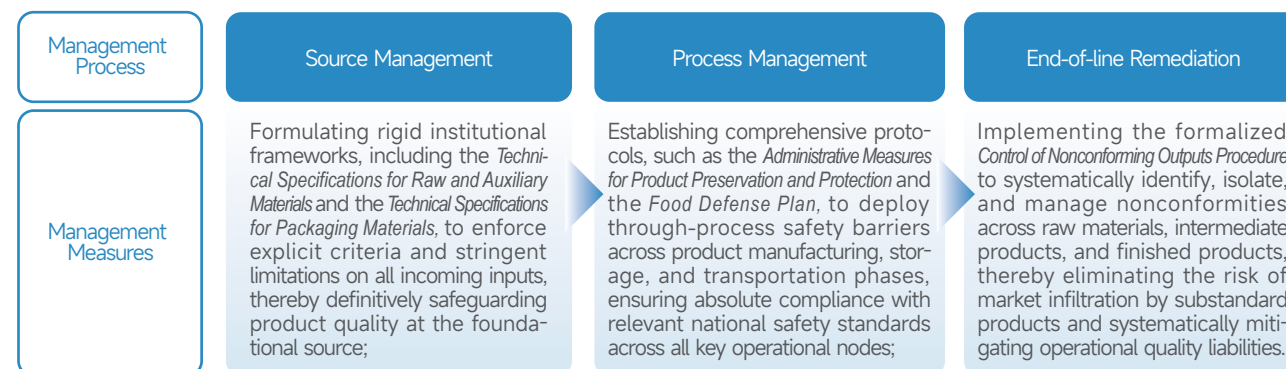
The Company leverages regular and diversified quality training to solidify quality awareness among all employees and to cultivate a culture of excellence, thereby injecting sustained momentum into the Company's development and building a competitive edge for its products in the market. During the Reporting Period, the Company organized four sessions of Six Sigma Yellow Belt and Green Belt training, and two sessions of internal system auditor training, effectively enhancing employees' quality awareness and promoting further improvements in product quality.

Key Performance

Quality training reached **380** person-times, with a total training duration of **11,360** days (closed-door training, averaging **29.89** days per person), and a total of **8** training sessions were conducted.

Product Quality Control

The Company attaches great importance to product quality control. By building a full-process quality management system covering source management, process management, and end-stage governance, it comprehensively safeguards product quality and consumer safety.



Quality Inspection

To further improve the Company's product quality and better establish its reputation for quality in the market, the Company has formulated the *Inspection Management System* and the *Control Procedure for Consistency of Validated and Certified Products*, standardizing the inspection of raw and auxiliary materials, semi-finished products, and finished products, as well as the management of inspection personnel. By developing the LIMS laboratory management system project, the Company has centralized and digitized master data such as inspection items, methods, and standards, improving inspection efficiency and data accuracy. During the Reporting Period, all internal inspections related to product quality and food safety were compliant.

In addition, the Company strengthened cooperation with inspection institutions by engaging professional third-party agencies to conduct quality spot checks on the Company's products and purchased raw and auxiliary materials and to issue test reports. During the Reporting Period, all commissioned inspections were compliant.



Key Performance

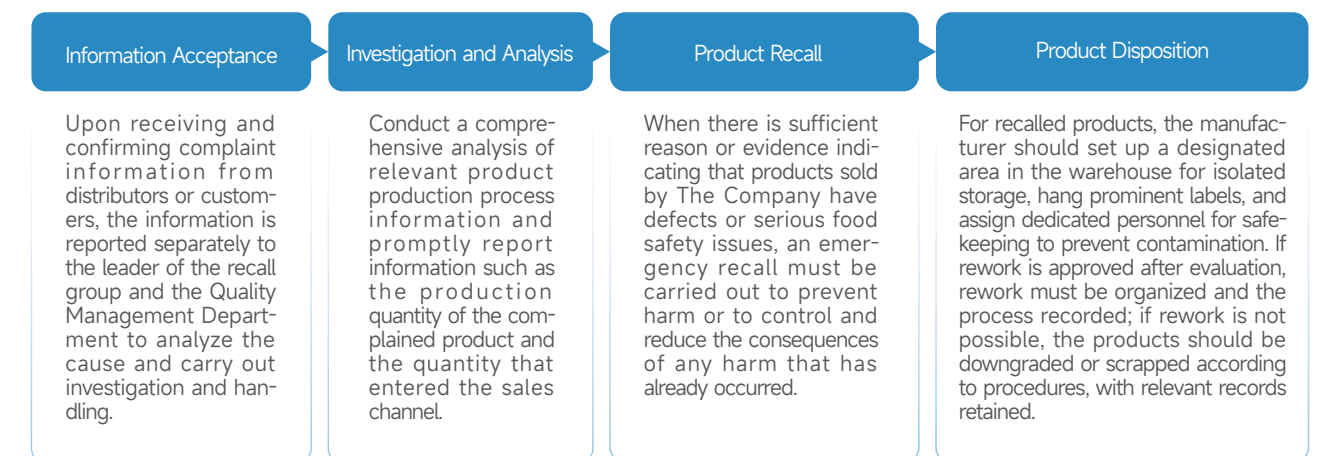
During the Reporting Period, the Company engaged third-party institutions to conduct spot checks **210** times, with a **100%** pass rate for the spot checks.

Product Traceability

To standardize the Company's product batch number management, the Company has formulated the *Work Instruction for Batch Number Management*. By integrating Internet of Things (IoT) technology and interfacing with systems such as SAP, WMS, and TMS, it combines production equipment data with production process data to build a "one item, one code" product quality traceability system, effectively ensuring full-process traceability of products and improving the overall level of quality management.

Product Recall

The Company has established a Product Recall Leading Group as a temporary body to handle product complaints and recall matters. Upon receiving and confirming complaint feedback, it handles the matter promptly in accordance with regulations to minimize the degree of harm. Each year, the Product Recall Leading Group organizes relevant departments to conduct simulation drills of the product recall plan and evaluates the recall implementation process, making improvements to identified issues to ensure procedural effectiveness.



The Company Product Recall Process

Protection of Customer Rights and Interests

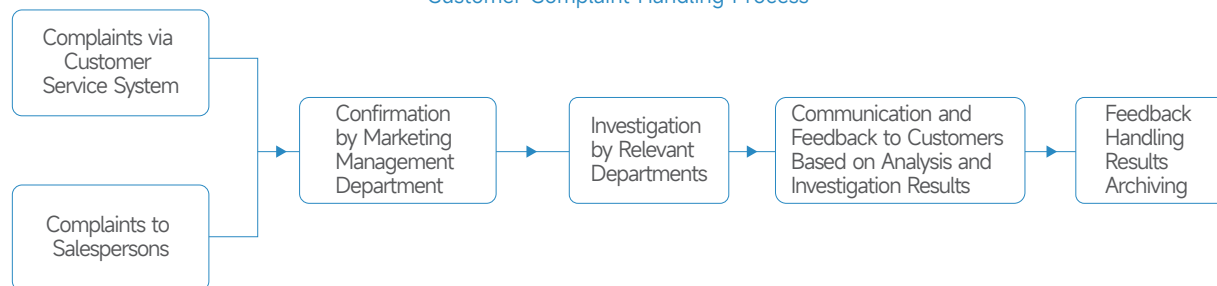
Customer Service Management

In accordance with the *Basic Norms for Enterprise Internal Control*, the *Articles of Association*, and relevant national laws and regulations, the Company has formulated the *Customer Management System* to implement systematic control over the entire customer management process, covering all aspects such as customer information, sales activities, customer service, customer evaluations, and statistical analysis. The Marketing Department, as the competent department for customer management, is primarily responsible for formulating and improving various customer-related management systems, supervising and inspecting the customer management work of each business unit, and taking the lead in conducting annual evaluations, customer satisfaction surveys, and related work.

At the same time, to standardize complaint handling, the Company has formulated the *Procedure for Processes Related to Customers* to better understand and meet customer needs and improve service quality and operational efficiency.

The Company organizes at least one customer exchange each year to listen on-site to opinions and suggestions, resolve customer issues, and improve customer satisfaction levels.

Customer Complaint Handling Process



Customer Service Hotline: 400 060 0141

Key Performance

During the Reporting Period, the Company received 1 customer complaint, with a 100% complaint handling rate.

Customer Satisfaction Survey

The Company has formulated the *Customer Satisfaction Monitoring and Measurement Control Procedure*. Each year, it conducts satisfaction surveys among valid customers of self-produced products who had business dealings with the Company during the Reporting Period, covering product quality, service, price, and delivery. For identified gaps in customer satisfaction, the Company implements targeted optimization plans at different stages to tangibly improve customers' recognition of the Company. During the Reporting Period, overall customer satisfaction was 91%, maintaining a high level.

Customer Service Training

To improve the quality of customer service provided by employees and increase customer satisfaction with the Company, the Company provides employees with marketing training aimed at enabling them to better serve customers.



Customer Service Training

Sustainable Supply Chain

Governance

Centering on the core objectives of "stabilizing supply, improving quality and efficiency, controlling risks, and reducing costs," Xingfa Group is committed to deepening the construction of a sustainable supply chain. To standardize supplier and customer management, and in accordance with relevant national laws and regulations and the *Articles of Association of the Company*, the Company has formulated management systems such as the *Procurement Management System*, the *Supplier and Customer Management System*, and the *Supplier Evaluation Measures*, which clarify supplier admission criteria, cooperation processes, and risk management measures. Through digital management tools, the Company has achieved full lifecycle management of suppliers. As the centralized management department for the procurement of the Company's chemical raw and auxiliary materials and packaging, the Procurement Department is responsible for procurement management-related work. During the Reporting Period, the Company used Party-branch themed activity days and departmental meetings as key vehicles to organize all department staff to study relevant laws and regulations and Company systems. Focusing on the functions, responsibilities, and risk points of procurement positions, the Company combined case analyses to guide employees to be respectful and rule-abiding; it also urged all staff to maintain a proper work attitude and adhere to integrity and self-discipline principles.

Strategy

Risk Identification and Assessment Table for Sustainable Supply Chain Issues

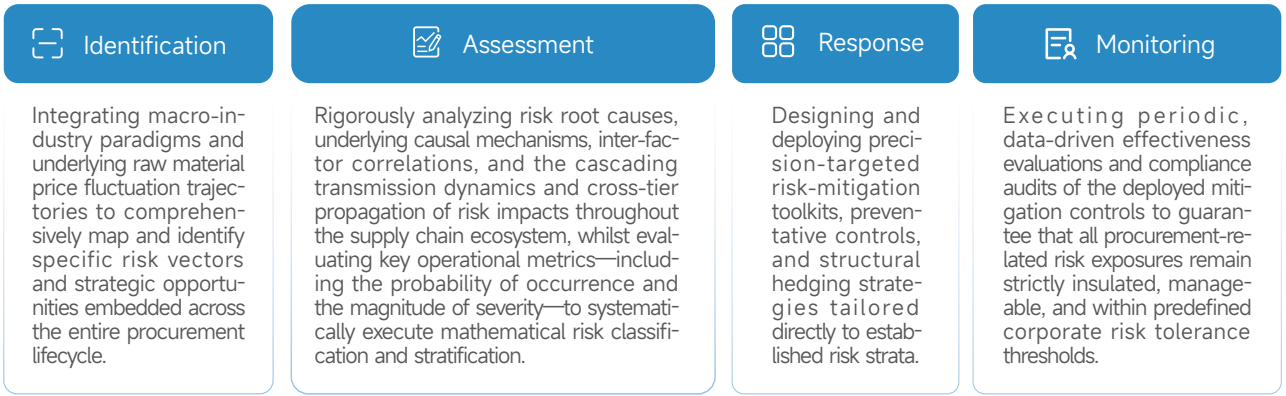
Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Supplier Risk	The supply of certain critical raw materials may be interrupted due to sudden incidents such as safety accidents or environmental protection-related production restrictions, which would directly affect the Group's production continuity and could lead to delayed order deliveries.	Short term	Upstream	Increase in Operating Costs	Based on monthly raw material demand, establish appropriate safety stock, expand procurement channels, and deploy across multiple sources to avoid single-channel procurement.
Transportation Risk	Chemical transportation is prone to delays due to multiple factors such as weather and traffic; hazardous chemicals carry risks of leakage and explosion. Accidents can cause cargo loss, environmental pollution, and casualties, damaging the Company's finances and reputation.	Short term	Upstream	Increase in Operating Costs	Combine maritime, road, and rail in multi-modal transport, and enforce hazardous chemicals transport protocols by supervising logistics partners through contracts; Work with regulatory authorities to strengthen oversight; conduct regular inspections and urge vehicles and personnel to implement safety measures, enforce primary responsibilities, eliminate hidden risks, and ensure no major safety or environmental incidents throughout the year.
Market Risk	Changes in the global economy and competitive landscape lead to fluctuations in chemical demand. If market shifts are not promptly grasped, it may result in product oversupply or shortages, directly affecting the Company's sales and profits.	Long term	Upstream	Increase in Operating Costs	Analyze upstream and downstream raw material markets, assess trends and industry patterns to time purchases, and broaden information channels, such as communicating with industry peers and attending conferences.

Opportunity Identification and Assessment Table for Sustainable Supply Chain Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Industrial Chain Extension Opportunity	Leveraging its minerals, green power, and chemical industry chain, The Company achieves efficient resource utilization and product value enhancement, improves profitability, and promotes internal collaboration, thereby reducing costs and increasing efficiency.	Long term	Upstream, Operations	Decrease in Operating Costs	Ferric phosphate and lithium ferric phosphate have been built and commissioned, and The Company is actively developing the lithium battery materials industry.
Strategic Cooperation Opportunity	Deepen strategic cooperation with suppliers to ensure stable supply and cost reduction; strengthen cooperative R&D with customers to develop customized products, improving satisfaction and consolidating channels; and promote supply chain collaboration.	Long term	Upstream, Operations	Decrease in Operating Costs	The Company has established strategic partnerships with some bulk raw material suppliers and will join hands with more high-quality partners in the future.
Digital Supply Chain Transformation Opportunity	Leverage digital technologies to enable data sharing and collaboration across the supply chain, respond quickly to market changes, accurately forecast supply and demand, optimize inventory to reduce costs, and improve operational efficiency and cash turnover.	Long term	Upstream, Operations	Decrease in Operating Costs	Following the sequence of business processes, the Company has broken down barriers among the 1688 Procurement Cloud Platform, SAP, OA, and WMS systems, achieving online integration and traceability of various documents and end-to-end digital processing, thereby enhancing the standardization of procurement process management and work efficiency.

Impact, Risk and Opportunity Management

To control supply chain risks and prevent major risk events such as supply chain disruptions, the Company continuously improves its supply chain risk and opportunity management processes, formulates diversified response strategies, and enhances its risk management capabilities.



Indicators and Targets

During the Reporting Period, the Procurement Department focused on the Company's production and operation objectives, actively responded to market fluctuations, continuously optimized procurement management, concentrated on implementing annual targets, and ensured the stability of the supply chain.

Target Achievement:

Optimize the procurement management structure by establishing a Supply Chain Management Center to strengthen the foundation of procurement management;

Closely anchoring on the main line of the Company's high-quality development, we actively respond to price fluctuations in the raw and auxiliary materials market, and construct multi-sourced supply and emergency stockpiling mechanisms, precisely safeguarding the safety and stability of the supply chain. Through standardized procurement and refined management, we give top priority to promoting circular and reduced packaging materials, strictly control the procurement of high-pollution and high-energy consuming raw materials, and drive emission reduction and carbon mitigation in the supply segment, so as to achieve reasonably controlled procurement costs and effectively enhance the sustainable development capability of the supply chain.

Supply Chain Sustainable Management

Supplier Management

For suppliers of purchased raw materials and packaging, the Company conducts annual evaluations and assessments and implements tiered management. Scores are assigned across dimensions such as qualification level, evaluation results, bid price, product quality, and after-sales service, and are categorized into four company tiers: A (Excellent), B (Qualified), C (Average), and D (Eliminated). In daily procurement activities, the Company also sets requirements for suppliers regarding safety, environmental protection, and integrity, and strictly regulate the behavior of our procurement personnel to promote a green, compliant, and transparent procurement process end to end.

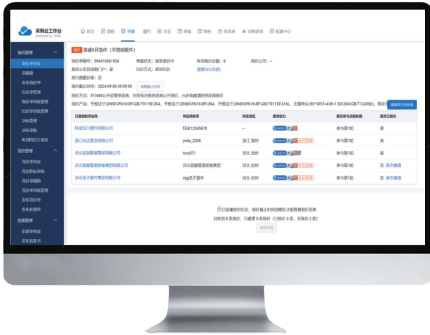
Key Performance

Total number of suppliers: 280	Number of suppliers with environmental management system certification: 44
Number of suppliers with quality management system certification: 67	Number of suppliers with occupational health and safety management system certification: 45
Vendor Integrity Agreement signing rate: 100%	Number of events in the supply chain with significant risks and impacts: 0 cases

Note: The statistical scope is limited to the headquarters of the joint-stock company, Yichang Campus, and Yidu Campus

Digitalization Development

To achieve high-efficiency operations across the entire process of procurement business, the Company breaks down systemic silos by interconnecting the 1688 Procurement Cloud Platform, SAP, OA system, and WMS system in accordance with the sequence of business workflows. This integration enables online tracing and centralized checking of documents, including purchase requisitions, price comparison sheets, order contracts, warehouse receipts, and invoices, while realizing end-to-end digital processing of digitalized ordering, inspection/acceptance, and financial settlement, thereby significantly upgrading the standardization level and operational efficiency of procurement workflow management.



Procurement Cloud Work Platform

Equal Treatment of Small and Medium-Sized Enterprises

During the Reporting Period, the Company strictly complied with the *Law of the People's Republic of China on the Promotion of Small and Medium-sized Enterprises* and the *Regulations on Ensuring Payments to Small and Medium-sized Enterprises*, among other laws, regulations, and policy requirements, and consistently adhered to the principles of fairness and impartiality, treating all partner enterprises equally in the course of business. During the Reporting Period, the Company did not have any arrears of payments to SMEs, effectively safeguarding the legitimate rights and interests of SMEs and maintaining sound business partnerships.

Information Security and Privacy Protection

Information Security Management System

Xingfa Group strictly complies with the *Cybersecurity Law*, the *Data Security Law*, the *Personal Information Protection Law*, and other laws and regulations, establishing and improving its information security management system and continuously strengthening security construction and technical protection. Adhering to the principles of “full participation, prevention first, continuous improvement, and compliant operations”, the Company formulates documents such as the *Information Security Management Regulations* based on laws, regulations, and internal rules, and builds a robust defense through measures including information classification, access control, password management, and system and network security. As the competent management department, the Information Center is fully responsible for system construction, risk assessment, and continuous improvement. As of the end of the Reporting Period, both the Company's OA system and the Company website have passed the Cybersecurity Multi-Level Protection Scheme (Level 2) certification.



MLPS (Cybersecurity Multi-Level Protection) Certification

Case: “Digital Security Casts a Shield”—Ransomware Intrusion Emergency Response and Compliance Handling Drill

On December 16, 2025, the Company conducted a phishing email attack drill to test emergency procedures and device monitoring capabilities, strengthen employees' security awareness, and standardize handling procedures. After the drill, a summary and rectification were carried out, and employees who did not pass received retraining.

Key Performance

Data security/customer privacy protection training reached 16,658 person-times, with a training coverage rate of 90% and an average training duration of 1 hour per person.

Information Security Management Measures

To comprehensively ensure information security, the Company has established a series of information security protection measures.

Information Security Protection Measures

Protective Measures	Content
Data Classification and Protection	- Classify data by sensitivity and business importance and implement differentiated protection measures, including access control, encrypted storage, and secure transmission. - Employing the AES-256 encryption algorithm for sensitive data, and strictly implementing robust data destruction mechanisms.
Data Access and Operations Security	- Enforcing access control models anchored on the Principle of Least Privilege (PoLP) and establishing a centralized Identity and Access Management (IAM) platform; - Utilizing encrypted channels—such as Virtual Private Networks (VPNs) or dedicated leased lines—for all internal and external data transmissions, with a strict prohibition on the plaintext transmission of sensitive data; - Deploying a multi-layered Defense-in-Depth network security architecture encompassing firewalls, Intrusion Detection/Prevention Systems (IDS/IPS), and enterprise anti-virus solutions; - Installing biometric/electronic access controls and continuous video surveillance, implementing full-disk and cryptographic encryption on critical hardware assets, thereby mitigating the risk of data breaches stemming from device theft or physical asset loss.
Risk Monitoring and Security Auditing	- Conducting periodic cyber risk posture assessments and executing time-sensitive patching and remediation of system vulnerabilities - Establishing a robust IT compliance and forensic auditing framework to periodically review system logs and user operations, thereby ensuring absolute traceability and non-repudiation of all user actions.
Data Emergency Management	- Institutionalizing a three-tiered data redundancy strategy for critical assets, spanning local, off-site, and real-time synchronous backups; - Conducting periodic stress tests on hardware infrastructure and software systems, alongside executing aggressive penetration testing and vulnerability scanning; - Formulating, simulating, and regularly exercising the formalized <i>Information Systems Contingency and Emergency Response Plan</i> to ensure systemic resilience.
Technology Cooperation	Engaging in strategic dialogues on emerging security trends and technical frameworks, and conducting deep-dive case studies and empirical experience cross-sharing with industry-leading cybersecurity and data protection vendors, including IP-guard and Sangfor Technologies; and executing formal binding contracts with IP-guard to jointly catalyze the comprehensive fortification and systemic elevation of the corporate information and data security posture.
Training and Culture Building	Formulating a comprehensive data security training blueprint and deploying tailor-made, role-specific curricula mapped to distinct cohorts—including executives, technical specialists, operational personnel, and new hires—encompassing data security laws and regulations, institutional workflows, technological defense matrices, and empirical case analyses; mandating organization-wide participation across both dedicated e-learning platforms and offline intensive training, with completion milestones directly tied to individualized performance appraisal and compensation evaluation systems. During the Reporting Period, the Company successfully cross-verified and logged an aggregated record exceeding 15,000 attendee-times in online cybersecurity educational course completions.

Customer Privacy Protection

The Company strictly protects customer privacy and does not proactively collect personal sensitive information; customer data primarily relies on public information from platforms such as Tianyancha. Internally, by integrating the CRM and OA systems and enforcing strict access approval processes, the Company ensures both efficiency and security throughout its digital services. During the Reporting Period, the Company experienced no data leakage incidents.

03

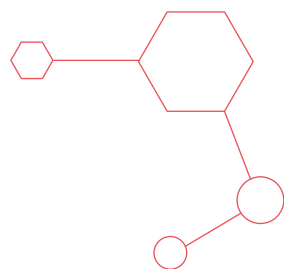
Win-Win Collaboration, Build Better Communities Together

SDGs Addressed in This Chapter



Material ESG Issues Covered in This Chapter

- Protecting Employees' Legal Rights and Interests
- Employee Training and Development
- Occupational Health and Safety
- Social Contribution
- Rural Revitalization



Protection of Employee Rights and Interests

Compliant Employment

Xingfa Group adheres to the principles of openness, fairness, and impartiality, upholds the concept of equal employment, strictly complies with the *Labor Law of the People's Republic of China* and other laws and regulations, and has formulated the *Human Resources Management System* and the *Hiring Procedures Compliance and Fairness Transparency* to regulate employee recruitment processes in accordance with the law. The Human Resources Department, as the competent management department for the Company's recruitment, is primarily responsible for workforce demand analysis, job posting, resume screening, interview scheduling, background checks, and onboarding arrangements.

During the Reporting Period, the Company issued the *Notice on Regulating the Company's Recruitment Processes*, which specified a template for interview question lists focusing on assessing candidates' professional competencies and job fit, while avoiding inquiries into private information and implicit bias arising from interviewer stereotypes. In addition, to ensure recruiter professionalism, the Human Resources Department organizes unified training for recruitment personnel; those who have not participated in the training are not allowed to conduct recruitment independently.

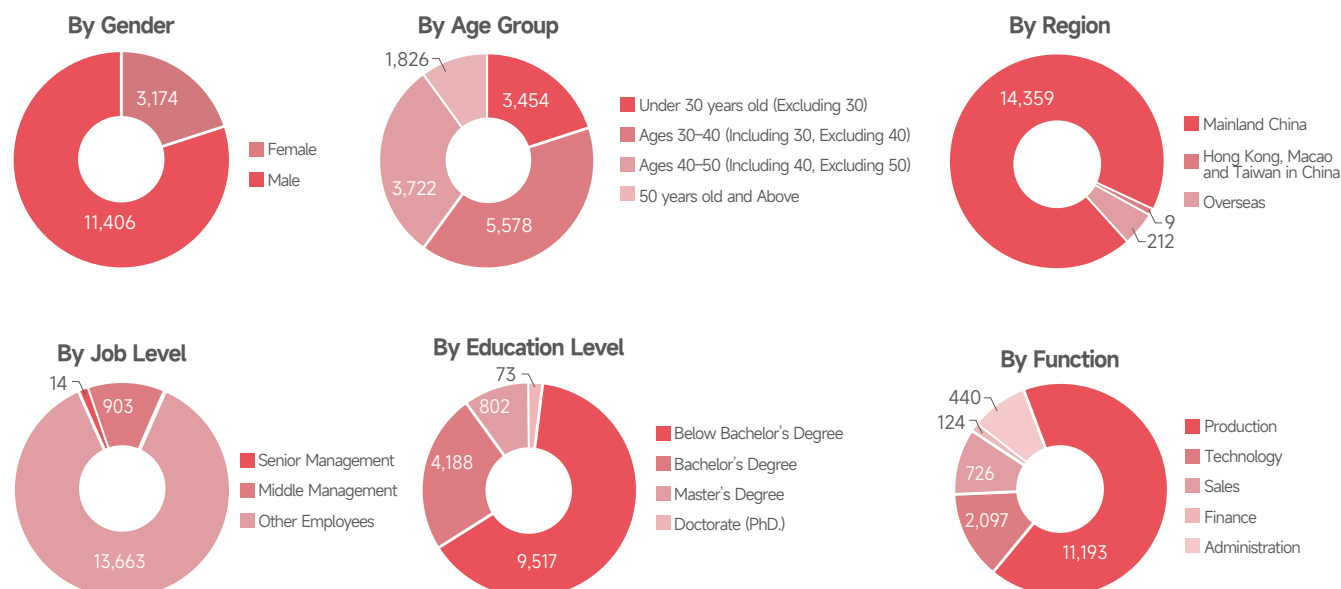
Recruitment Process



Key Performance

As of the end of the Reporting Period, the Company and its subsidiaries had a total of **14,580** employees, including **1,145** employees from ethnic minority groups, accounting for **7.85%**, and **106** employees with disabilities.

Xingfa Group Employee Statistics

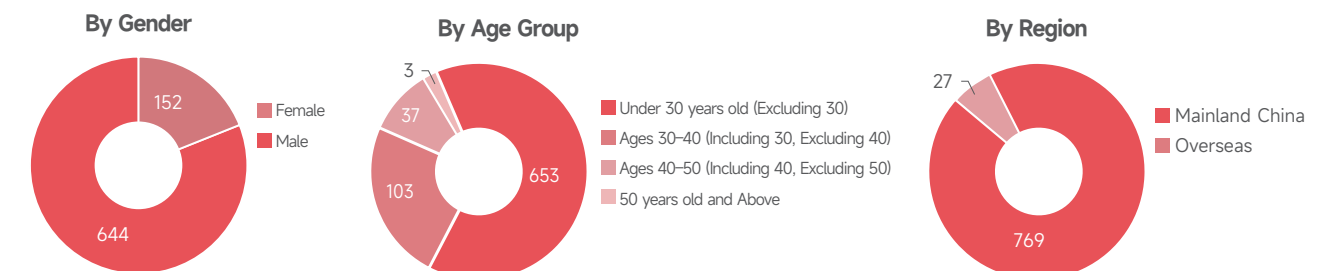


The Company utilizes highly diversified recruitment channels across both campus talent acquisition and lateral professional hiring, encompassing online recruitment platforms, social media sourcing, offline talent expos, industry symposiums, and university career fairs to ensure a comprehensive network for attracting and selecting premier talent, thereby continuously injecting fresh vitality and momentum into the Company's sustainable development. Concurrently, the Company actively aligns with national policies and firmly upholds the core tenets of diversity, equity, and inclusion (DE&I), granting preferential employment to qualified military veterans and proactively offering accessible employment opportunities for individuals with disabilities.

Recruitment Channels

Social Recruitment	Campus Recruitment
Online Recruitment: BOSS Zhipin, 51 Job, yingjiesheng (www.yingjiesheng.com) On-site Recruitment: Career Fairs, Industry Exchange Meetings	University Partnerships: Establishing university-enterprise cooperation with multiple well-known domestic universities, including comprehensive universities and science and engineering institutions. Campus Dual-selection Fairs: Participating in dual-selection fairs and other activities organized by universities to directly introduce corporate culture and recruitment needs to students. Online Recruitment: Leveraging multiple online recruitment platforms, such as 51 Job and yingjiesheng (www.yingjiesheng.com).

Xingfa Group New Employees Statistics



To safeguard the lawful rights and interests of campus recruits, the Company has formulated the *2026 Xingfa Group Campus Talent Recruitment Brochure*, the *Notice on Clarifying Job Assignments and Benefits for 2025 Campus-Recruited Graduates*, and the *Notice on Issuing the Recruitment Plan for 2026 Full-time University Graduates*, specifying position-aligned major requirements and talent benefits. In 2025, the Company recruited a total of 657 undergraduate and above students through campus recruitment from 93 domestic and overseas universities, including Tsinghua University and Fudan University, covering 28 provinces and municipalities and 12 ethnic groups.

Diversity, Equity, and Inclusion

In accordance with the requirements of the *Labor Law of the People's Republic of China*, the Company has formulated the *Provisions on Prohibiting the Use of Child Labor and Opposing Employment Discrimination* to ensure that candidates meet the national statutory minimum working age, avoid the inadvertent hiring of child labor, provide regular anti-discrimination training for the recruitment team, and strictly prohibit any form of employment discrimination. During the Reporting Period, the Company did not experience any labor discrimination incidents.

The Company attaches great importance to protecting women's rights and interests, and has drafted the *Notice on Maternity Leave Duration and Benefits for Female Employees* and the *Notice on Proper Internal Retirement Work for Female Employees* to safeguard women's rights. At the same time, the Company implements multiple benefit policies to ensure that every female employee can genuinely feel care and respect.

Measures for Women's Welfare

- Through employee representative meetings, seminars, and exchange sessions, the Company listens to female employees' proposals and discusses and implements the adopted proposals after the meetings;
- Purchase special disease and Ankang insurance (health insurance) for all female employees, and assist employees who fall ill with claims;
- Conduct gynecological check-ups for female employees once every two years;
- Policies related to the second and third child births are introduced, and employees giving birth to a second or third child are given a one-time reward. Female employees are entitled to 1 year of maternity leave per child.

The Company has set up accessible pathways and elevators, and other facilities to meet the needs of special groups, demonstrating the Company's active practice of the principles of equality and inclusion.

Accessible Elevator



Accessible Ramps



Remuneration and Benefits

Employee Remuneration

The Company structures an equitable and rational compensation architecture, complemented by a scientifically driven performance evaluation mechanism. Within the corporate rewards framework, total remuneration primarily comprises a dual-engine model of base salary and performance-linked incentive pay; the incentive portion is managed and evaluated by the Human Resources Department leveraging the rigorous "2-7-1" forced distribution performance grading methodology. This assessment multi-dimensionally measures individual performance across critical vectors—including professional behavior, deliverable quality, and team-building efficacy—thereby fully accelerating employee proactive engagement and innovation-driven capabilities, fostering individual career development, and driving the seamless realization of the Company's macro-strategic visions and operational milestones.

To ensure compliance in remuneration management, the Company issued the *Notice on Further Regulating Work Related to Remuneration Management*, requiring all production and operation units to strictly assess and allocate wages according to the assessment plans issued by the Company, and to complete the payment of Five Social Insurances and One Housing Fund, enterprise annuities, and supplemental medical insurance.

Employee Benefits

The Company consistently anchors the elevation of employee compensation and welfare on equal footing with the growth of corporate financial performance. While rigorously executing its statutory obligations by contributing to the national "Five Social Insurances and One Housing Provident Fund" system, the Company has strategically formulated and deployed multiple layers of premium corporate benefit policies, explicitly enabling the workforce to share the dividends of corporate reform and strategic growth, thereby comprehensively enhancing the overall quality of life and cultivating a profound sense of workplace well-being among all employees.

Policy Items	Item Details
Social Security Items	Basic pension insurance, basic medical insurance, work-related injury insurance, maternity insurance, unemployment insurance, housing provident fund, annuity
Allowances and Subsidies	Hygiene allowance, underground work allowance, on-duty allowance, vehicle allowance (car reform subsidy), cooling allowance, only-child allowance, review and lecturing fee, phone allowance, construction site allowance, team leader allowance (safety responsibility allowance), relocation allowance, second-child reward, night shift allowance, master-apprentice mentorship allowance, skills allowance, meal allowance, transportation subsidy, blood donation allowance, medical subsidy, O&M allowance, internal auditor allowance, housing allowance, child college enrollment subsidy, talent allowance
Benefits Program	Nursing expenses during hospitalization for work-related injuries, one-time disability employment subsidy, employee convalescence, holiday supplies, supplemental medical insurance, assistance for employees in hardship, heatstroke prevention and cooling supplies, physical examinations and work uniforms (non-labor-protection uniforms)

Key Performance

During the Reporting Period, the employee social insurance coverage rate was **100%**.

Additionally, the Company establishes and refines a robust, long-term incentive architecture by implementing Stock Option and Restricted Stock Incentive Plans tailored for sitting directors, senior executives, core managerial officers, and mid-level management professionals, thereby creating a strategic fortress for stabilizing critical human capital and unlocking prolonged value appreciation.

Key Performance

During the Reporting Period, the Company completed the 2025 employee stock ownership plan, with a total of **1,355** employees subscribing for RMB **265.03** million.

Democratic Governance

The Company takes a highly responsible attitude toward employees' rights and diligently fulfills the responsibilities of the employee representative assembly. It actively builds a democratic management system centered around the employee representative assembly. Through the continuous and steady establishment of key democratic management platforms, such as the representative assembly and trade unions, the Company promotes democratic management towards standardization, institutionalization, and rule of law, comprehensively safeguarding employees' legal rights.

During the Reporting Period, the Company organized and convened the employee representatives in a standardized manner, took representatives' proposals seriously and processed them, achieving a 100% proposal handling and reply rate, with representative satisfaction above 95%.

Case: The Fourth Session of the Fifth Employee Representatives' Congress

The employee representatives' congress reviewed and approved important items such as Xingfa Group's Ten Safety and Environmental Protection Prohibitions, enterprise annuity and supplemental medical insurance, employee handbook, individual labor contracts, and collective labor contracts, fully demonstrating the key role of democratic management in corporate governance.



Key Performance

During the Reporting Period, the Company held **3** employee representatives, which reviewed and approved **7** items. The labor union also reviewed and approved **7** items, with **100%** of the employees on duty being labor union members.

Employee Communication Channels

The Company attaches high importance to communication and interaction with employees, promptly transmitting information and extensively collecting employee feedback and appeals through multiple channels, including employee symposia, Workers' Congresses, the *Xingfa Group Newspaper*, broadcasts, bulletin boards, and the OA office system. Meanwhile, the management team regularly ventures deep into the frontlines of production for field research, frequently convening specialized meetings on-site to dissect and resolve production and operation bottlenecks as well as hardships encountered by employees in their work and daily lives. By effectively resolving practical difficulties for employees, the Company fully stimulates their work enthusiasm and fosters a positive and upward corporate atmosphere.

Resolution of Labor Disputes

The Company has established the *Rules of Work of People's Mediation Committee* and set up the People's Mediation Committee of Xingfa Group to define responsibilities, work principles, the rights and obligations of mediation applicants, and the mediation process. In the event of a labor dispute that has not yet been submitted for arbitration, the Company prioritizes negotiation with the employee, striving to continue fulfilling the employment contract or mutually agreeing to terminate the contract. If no agreement can be reached, and the Company is required by law to terminate the employment contract, except when the employee has seriously violated rules and regulations or other statutory situations, the Company will notify the union in writing and obtain its written consent. The Company will notify the employee in writing 30 days in advance and proceed with the employee's departure procedures within the prescribed time, providing a resignation certificate.

Key Performance

During the Reporting Period, the Company and its subsidiaries experienced **9** labor dispute cases in total, of which **4** were closed, and most were properly resolved through mediation.

Labor Dispute Handling Process

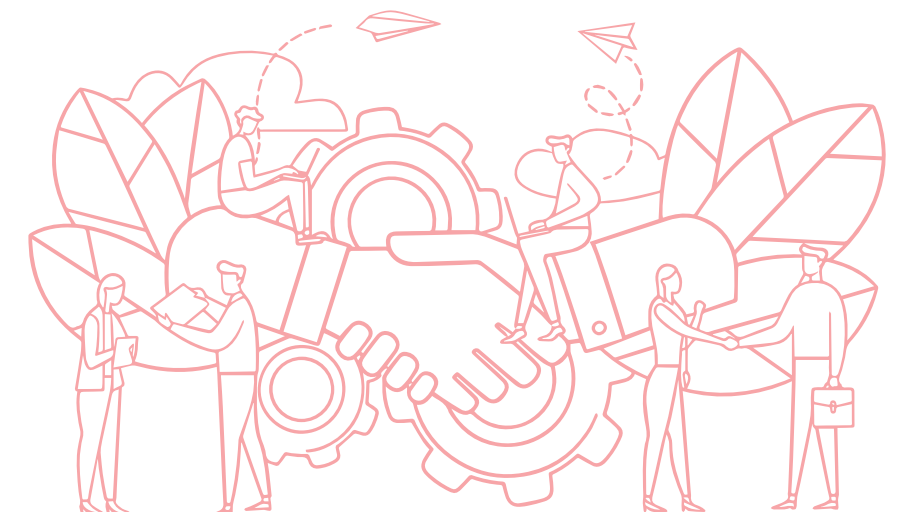


Resignation Management

The Company has formulated the *Measures for Handling Matters Related to the Performance of Labor Contracts*, clarifying various scenarios and corresponding strategies during the process of contract fulfillment, thereby safeguarding the legitimate rights and interests of both parties and ensuring the strict performance of contracts. Meanwhile, it has also formulated the *Procedural Statement on Employee Separation/Dismissal* and the *Measures for the Administration of Employee Mobility*, expounding on the complete process for employees' voluntary resignation or dismissal due to special circumstances. Clear and standardized specifications are provided across all links—from application and approval to subsequent handover and formalities—ensuring that relevant operations are legal, compliant, fair, and just, maintaining a harmonious relationship between the Company and its employees, and fueling the Company's steady operations.

Key Performance

During the Reporting Period, the Number of employee departures for the Company and its subsidiaries was **555** people, and the overall employee turnover rate is **4%**, for **4** consecutive years declined.



Care for Employee

Employee Activities

The Company values employees' physical and mental well-being as well as team cohesion, and fosters a positive organizational atmosphere through diverse activities. During the Reporting Period, the Company organized team events such as the Spring Festival Gala and parent-child team building, sports events including the employee sports meet and badminton, as well as occasions like International Women's Day and the May Fourth themed gala, meeting employees' cultural and social needs and strengthening corporate cohesion.

Spring Festival Gala



Music Caravan



Employee Sports Meeting



May Fourth Activities



National Defense Education Parent-Child Activity



Badminton Friendship Tournament



Employee Assistance

Upholding a people-centered philosophy, the Company firmly believes that employees are its most valuable asset. To carry out annual home visits and condolence activities for employees in need, the Group's labor union developed a detailed "Warmth to Your Home" plan and established a long-term mechanism to focus on and assist employees facing hardship. During the Reporting Period, the Company revised its assistance policy for employees in difficulty, clarifying the beneficiaries and standards for assistance to employees in difficulty, employees with serious illnesses, employees suffering major disasters, and deceased employees. Through official account articles, the Company further deepened and solidified the "Warmth Delivery" initiative to ensure no employee is left behind.

Xingfa Group Employee Assistance Measures

- **Serious Illness Medical Assistance:** For employees incurring high medical expenses due to major illnesses, provide tiered financial support based on out-of-pocket costs to ease the medical burden;
- **Work-related Injury Assistance:** For employees disabled by work injuries whose daily life and work are affected, provide dedicated financial aid to ensure basic livelihood;
- **Deep Hardship Assistance:** For employees facing exceptional difficulties such as heavy family burdens and low per capita income, provide assistance at the highest standard to precisely address core livelihood challenges;
- **Relative Hardship Assistance:** For employees with general living difficulties, such as children's education or elderly care, provide basic assistance funds to ease day-to-day pressure;
- **Disaster Relief Assistance:** For employees whose lives are thrown into hardship by natural disasters or sudden accidents, provide financial relief based on the extent of the loss;
- **Funeral Assistance Support:** For the families of employees who pass away while in service, a one-time special funeral allowance is provided to ease their financial burden and convey the Company's care.

Key Performance

During the Reporting Period, the Company's total expenditure on employee assistance reached RMB **1.5086** million, providing targeted relief to a total number of **244** employees in distress.

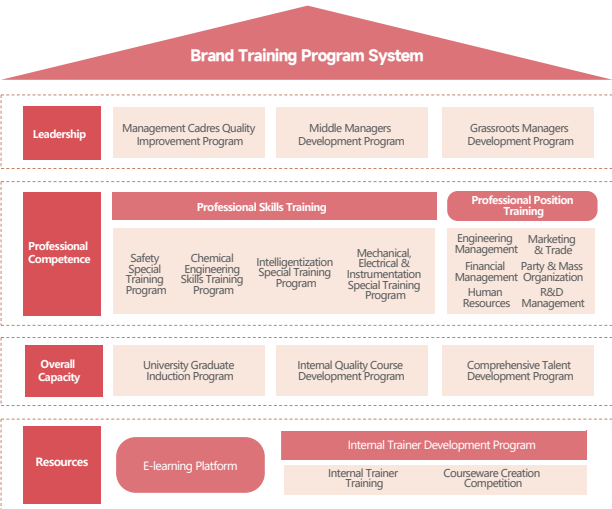
Employee Training and Development

Employee Training

Closely centering on the strategic goal of "building a domestically renowned chemical vocational training brand," Xingfa Group comprehensively advances four major tasks—"management upgrading, resource construction, project landing, and business expansion"—and has formulated the *Measures for the Administration of Employee Training*, with the Human Resources Department serving as the centralized core management department for employee training to fully coordinate training initiatives.

The Company has constructed a comprehensive training curriculum system covering all employees around six professional categories, including safety specials, chemical skills, intellectualization specials, business specials, management capabilities, and mechanical, electrical, and instrumentation (MEI) skills, while establishing multi-level advanced progression pathways. Relying on the online training academy and the SAP system to build an information platform, the training adopts a combination of online and offline methods. Employees complete course selection, studying, and examinations through the platform, and certificates are issued upon passing, thereby achieving end-to-end digitalized management of the entire training process.

Xingfa Group Training System



Case: "Embark on a New Journey, Strive in the Prime of Youth" 2025 Campus Recruitment New Graduate Onboarding Training

On July 8, 2025, the Company held a kick-off ceremony for the new employee onboarding training, welcoming 661 graduates from 93 universities including Tsinghua University and Zhejiang University. The training conveyed the values of "innovation, responsibility, integrity, and hard work," and offered courses centered on corporate culture and career transition to help new employees integrate quickly. This initiative reflects the Company's full-chain investment in talent attraction, development, utilization, and retention, and consolidates the talent foundation for future growth.



Onboarding Training for Campus-Recruited Graduates

Case: Management Cadre Competency Enhancement Program

On June 3, 2025, the 28-day systematic training of Xingfa Group's fourth cohort of management cadre training concluded. Centered on the main thread of "strategic thinking - managerial capability - digital-intelligent transformation," the program offered sixteen courses, including corporate strategy, digital transformation, new-quality productive forces, and financial statements. Breaking with tradition, it adopted methods such as case discussions and five-dimensional points-based evaluations, and organized on-site visits to drive the conversion of knowledge into practical application.



Training Courses

Case: 2025 "Xingfa Craftsman Cup" Employee Skills Competition

On October 24, 2025, multiple employees participated in training and competition for the Tourism Comprehensive Service Attendant event of the 2025 "Xingfa Craftsman Cup" Employee Skills Competition. After multiple rounds of selection, 18 semifinalists underwent a month of intensive training and ultimately achieved outstanding results, setting an example for young employees.



Employee Skills Competition

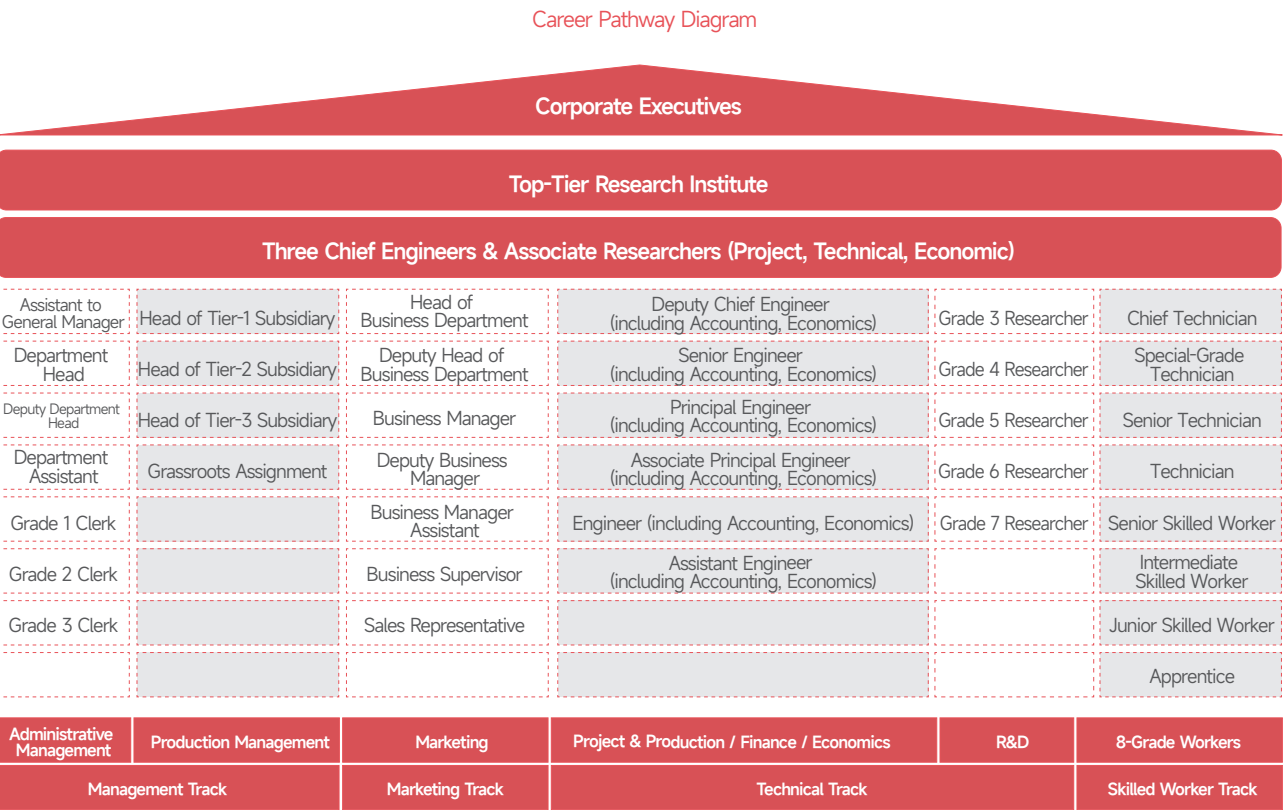
Key Performance

During the Reporting Period, the Company and its subsidiaries invested a total of RMB **28.285** million in employee training, conducted **134** offline training sessions with **14,259** attendances, delivered a total of **1,423,936** training hours, with an average of **97.66** hours per employee, and achieved a training coverage rate of **97.8%**.

To standardize the management of the Company's trainer fleet and build a high-quality team of instructors, the Company adheres to the principle of "attaching equal importance to internal and external resources" and has formulated the *Measures for the Administration of Trainers*. The Training Center is responsible for the cultivation and daily management of the trainer fleet, including the selection, appointment, and performance appraisal of trainers, dedicating itself to forging a high-quality and professional trainer fleet to provide a solid guarantee for the Company's training initiatives.

Employee Promotion

The Company attaches great importance to talent development and appointment. On one hand, it has established four major career development tracks—management, technology, marketing, and skills—providing growth paths and a stage to showcase talents for different types of personnel. On the other hand, in terms of talent utilization, the Company focuses on appointing outstanding individuals from the recruited university graduates, selecting excellent middle and primary-level management and technical personnel through methods such as tier-by-tier recommendation and appraisal, internal open competitive examinations, and external public recruitment, thereby stimulating team vitality.



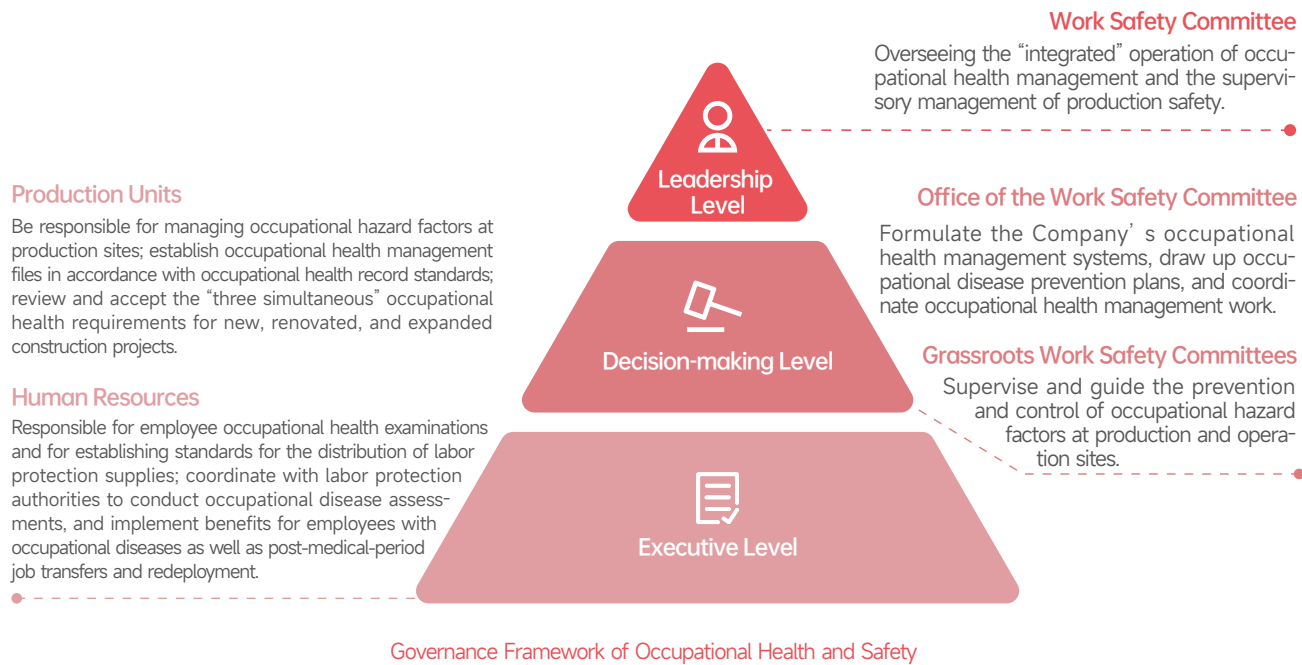
Xingfa Group has formulated the *Employee Position Change and Work Handover Management Guidelines* in accordance with the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, and other relevant national laws and regulations, as well as the *Articles of Association* and the *Human Resources Management System*. These guidelines aim to standardize the work handover process during employee position changes. The Human Resources Department, responsible for managing both position changes and work handover, oversees the entire process whenever an employee changes roles.

Occupational Health and Safety

Governance

Xingfa Group strictly follows the requirements of relevant laws and regulations, including the *Law of the People's Republic of China on Safety Production* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, to build a sound safety system and organizational structure. Through measures such as organizing emergency drills and implementing hazard identification and rectification, the Company comprehensively safeguards operational safety and employees' occupational health, constructing a solid safety defense line for talent development and stable corporate operations. During the Reporting Period, the Company experienced zero major production safety accidents.

The Safety Production Committee undertakes the heavy responsibility of comprehensive leadership and supervision of safety management work, thereby strengthening production safety management, effectively preventing and reducing the occurrence of various safety accidents, and has formulated relevant regulations such as the *Safety Management System*. In addition, the Company signs Safety Production Responsibility Statements with its employees to ensure that the production safety management work comprehensively and meticulously covers every single link. During the Reporting Period, the Company passed the ISO 45001 Occupational Health and Safety Management System certification.



To fulfill the primary responsibility for safety, environmental protection, and internal security, and strengthen management, each subsidiary has prepared the *2025 Safety, Environmental Protection, and Internal Security Target Management Responsibility Statement* in line with national laws, government directives, and company policies. Xingfa Group has established a safety responsibility system for all employees, featuring clear accountability assessments, well-defined evaluation criteria, publicly displayed results, and corresponding rewards and penalties.

Key Performance

During the Reporting Period, the total investment in safety production made by the Company and its subsidiaries amounted to RMB **272.2124** million.



ISO 45001 Occupational Health and Safety Management System Certification

Strategy

Risk Identification and Assessment Table for Occupational Health and Safety Issues

Risk Type	Risk Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Health Risk	Employees who are exposed to chemical materials for extended periods may develop occupational diseases such as respiratory illnesses, poisoning, and other health issues.	Mid-term	Operations	Increase in Operating Costs	Enhance the provision and management of personal protective equipment; regularly organize occupational health check-ups for employees; and optimize production processes to reduce exposure to harmful substances.
Safety Risk	The operation of chemical production equipment is complex and may result in accidents such as mechanical injuries, electric shocks, and other hazards.	Short term	Operations	Increase in Operating Costs	Refine safety operating procedures and strengthen safety training for employees; regularly maintain and service equipment; also, install safety protective devices.
Management Risk	The occupational health and safety management system is incomplete, with ineffective implementation.	Long term	Operations	Increase in Operating Costs	Establish and improve the occupational health and safety management system; and strengthen internal supervision and assessment to ensure effective implementation of the system.

Opportunity Identification and Assessment Table for Occupational Health and Safety Issues

Opportunity Type	Opportunity Description	Period of Impact	Impact of Value Chain	Financial Impact	Reponse Measures
Technology Opportunity	Intelligent technologies can be used for remote equipment monitoring and automated operations, reducing on-site operational risks for employees. Green chemistry technologies can minimize the use of harmful chemicals, improving the work environment from the source.	Mid-term	Operations	Decrease in Operating Costs	Increase investment in research and development, collaborate with research institutions, introduce and independently develop intelligent and green chemistry technologies; conduct training for employees on these technologies.
Policy Opportunity	The government is tightening its supervision of occupational health and safety in enterprises, urging them to upgrade their standards.	Long term	Operations	Decrease in Operating Costs	Respond actively to policies and take proactive actions to improve the occupational health and safety management level.
Talent Opportunity	A favorable occupational health and safety environment helps attract top talent.	Long term	Operations	Increase in Operating Revenue	Consistently improve the occupational health and safety environment while enhancing publicity and promotion.
Social Image Opportunity	Outstanding performance in occupational health and safety enhances the Company's social image.	Long term	Upstream, Downstream	Increase in Operating Revenue	Strengthen the publicity of occupational health and safety achievements to establish a positive corporate image.

Impact, Risk and Opportunity Management

Risk Management Mechanism

To ensure the implementation of management measures and strengthen risk management, the Company follows the *Notice on Strengthening the Company's Risk Grading and Control Measures* formulated by Yichang Xingfa Group, reinforcing primary responsibility and the frequency of tiered inspections.

Identification

Strictly identify risks in accordance with the *Guidelines for the Investigation and Treatment of Safety Risks and Hidden Dangers in Hazardous Chemical Enterprises*, the determination criteria for the "two key and one major" in hazardous chemicals, and the requirements of the dual prevention system for hierarchical risk control and hidden danger investigation and treatment.

Assessment

Safety risks are classified into three levels: A, B, and C. Class A is the highest, referring to Level I and II major hazard installations, key supervised processes such as chlorination, and risks that may cause major accidents; Class B is higher, referring to Level III and IV major hazard installations, other key supervised processes, and major hidden dangers; Class C is general, referring to significant risks identified by the Company's internal systems.

Management

By tailoring and implementing technical and managerial measures for different risk levels, conducting tiered inspections and professional oversight, and reinforcing them with a strict accountability system, the Company achieves dynamic, tiered, and precise risk control.

Emergency Plans and Drills

To effectively implement the *Emergency Response Law of the People's Republic of China* and the *Production Safety Law of the People's Republic of China*, and to ensure efficient rescue operations in the event of a production safety accident, protecting both employee safety and company property, each production unit has developed an *Emergency Response Plan for Production Safety Accidents* to guide emergency rescue actions and regular training and drills.

The Company regularly conducts safety emergency drills to enhance its capability to respond to emergencies, ensuring the continuity and stability of the Company's core business at critical moments and mitigating risk-induced losses to the minimum.

Case: Conducting a Special Emergency Drill for Major Hazard Sources

On May 27, 2025, the Baishahe Chemical Plant at the headquarters of the joint-stock company organized a special emergency drill for major hazard sources to effectively strengthen on-site emergency response capabilities and build a solid line of defense for work safety.



Key Performance

During the Reporting Period, the Company and its subsidiaries conducted **1,868** safety emergency drills, with **30,928** participant or observer attendances.

Hidden Hazard Inspections

The Company attaches great importance to work safety and actively carries out hidden hazard inspections. In strict accordance with the requirements of the competent authorities at all levels and *the Company's Implementation Plan for the Three-Year Tough Action on Addressing Root Causes (2024-2026)*, all subsidiaries proactively conduct safety hazard inspections.

Since April 2025, the Company has implemented the "Everyone is a Safety Whistleblower" mechanism, utilizing the incentive logic of "small rewards for minor hazards, and major rewards for significant hazards" to motivate employees to proactively investigate and rectify potential risks. During the Reporting Period, the Company adopted a total of 2,270 hazard and potential risk reports and distributed cumulative rewards amounting to RMB 0.3185 million, effectively promoting the formation of a corporate safety culture where "everyone talks about safety, and everyone knows how to handle emergencies."

During the Reporting Period, the principal leaders of each subsidiary led teams to organize specialized groups to conduct self-inspections and rectifications against the industry's criteria for identifying major accident hazards; no major accident hazards were found.

Key Performance

During the Reporting Period, the Company and its subsidiaries achieved a **100%** on-schedule rectification rate for identified hazards.

Indicators and Targets

Xingfa Group has developed a set of comprehensive and forward-thinking occupational health and safety goals, aligning with industry characteristics and regulatory requirements, to establish a solid foundation for a safe and healthy work environment.

Targets

The target for incidents of general severity and above is 0

The number of major hazards identified through external inspections is 0

The number of loss incidents involving hazardous chemicals and civil explosives is 0



Indicators	Unit	Year 2025
Safety Permit Utilization Rate	%	100
Employee Job Certification Rate	%	100
Protective Equipment Utilization Rate	%	100
Comprehensive Utilization and Safe Disposal Rate of Various Solid Wastes and Hazardous Wastes	%	100
"Three-Level" Safety Education Pass Rate	%	100
"Three Types Of Personnel" Certification Rate	%	100
Work-Related Fatalities Per 100 Million in Revenue	Persons	0

Work Safety Measures

Safety Incident Management

In the Company's production and operations, work safety is always the top priority. In the event of a production safety accident, personnel at all levels respond swiftly, and departments and teams collaborate closely to efficiently carry out a series of emergency measures, making every effort to ensure employees' safety and reduce accident losses.

Safety Training and Culture Building

The Company formulated the 2025 Annual Training Plan and actively carried out all-round and multi-level safety training activities. The training content is rich and diverse, covering professional sectors such as various safety laws and regulations, safety leadership, and instrumentation safety training. This fortifies employees' safety control over critical links in the production process, and comprehensively enhances employees' safety literacy and business capabilities.

Case: "Managing Major Hazard Sources Scientifically" Safety Education and Training

On June 27, 2025, Xingrui Company conducted a "Managing Major Hazard Sources Scientifically" safety education and training session. More than 180 management cadres participated, which comprehensively enhanced the management team's understanding of major hazard sources.



Case: "Family Safety Messages" Activity

On June 18, 2025, Trisun Chemical held a heartwarming "Family Safety Messages" activity. Breaking through traditional models, the event adopted an innovative "online + offline" integrated approach with diverse formats.



Key Performance

During the Reporting Period, the Company and its subsidiaries conducted occupational health and safety training for **196,848** participants, with a training coverage rate of **100%**.

Contractor Safety Management

The Company has formulated the *Contractor Management System* to strengthen oversight of contractor entities, provide safety training to contractors, enhance their safety awareness and service standards, and effectively safeguard employees' lives and property, preventing various types of incidents at the source.

Occupational Health Protection

Occupational Hazard Control Measures

To thoroughly implement the decisions and deployments on occupational disease prevention and control, the Company has taken proactive actions and adopted a multi-pronged approach, ensuring employees' operational safety through measures such as equipping complete occupational disease protective facilities and posting eye-catching warning signs in the workplace. Meanwhile, the Company establishes occupational health surveillance files for every single employee—implementing a "one file per person" profile to track their health status in real time, thereby safeguarding employees' occupational health in an all-round manner.



On April 30, 2025, Yichang Central People's Hospital conducted a free clinic at the Houping Phosphate Mine.

Occupational Hazard Factor Testing and Occupational Health Examinations

The Company consistently places employees' occupational health in the paramount position. In strict accordance with the requirements of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, it has formulated the *Measures for the Administration of Occupational Disease Diagnosis, Identification, and Implementation of Benefits*, safeguarding employees' rights and interests from the institutional level. The Company regularly organizes occupational health surveillance, striving to detect occupational injuries at the earliest possible stage through comprehensive medical examinations. Meanwhile, it conducts timely testing of hazard factors in the workplace to fully safeguard employees' health. During the Reporting Period, the Company engaged a third-party testing agency to detect occupational disease hazard factors and issue testing reports on occupational disease hazard factors.

Key Performance

During the Reporting Period, the employee physical examination coverage rate of the Company and its subsidiaries was **100%**, the detection rate for occupational disease hazard factors was **100%**, the pass rate for monitoring occupational disease hazard factors was **100%**, the incidence rate of occupational diseases was **0%**, and the work injury rate was **0.137%**.

HSE Safety Management Informatization Platform

Centered on Hubei Province's "12345" safety management model as its core, the HSE Information Platform is a specialized system tailored to the safety production management characteristics of Xingfa Group. Its functions comprehensively cover key safety management elements, including organizational structures and responsibilities, hazard and safety risk management, laws, regulations, and corporate policies, hazardous operations management, emergency management, incident handling, "one file per person" profiles, as well as education, training, and certification, while simultaneously providing data analytics reports, mobile APP accessibility, and other management functionalities.



HSE Safety Management Information Platform

Joining Forces for Beneficial Action

Rural Revitalization

Xingfa Group upholds a strong sense of social responsibility and continues to advance rural revitalization. The Company focuses on the previously key poverty alleviation areas—Shukongping Village and Maocaoping Village in Xingshan County—deploying efforts in industrial support, infrastructure development, and talent cultivation. It provides comprehensive assistance to drive the two villages' economic development and livelihood improvement, consolidating the gains of poverty alleviation.

Key Performance

During the Reporting Period, the Company and its subsidiaries invested RMB **1.6387** million in rural revitalization.

Case: Targeted Assistance for Maocaoping Village

The Company's team stationed in Maocaoping Village advanced rural revitalization assistance. It secured RMB 0.15 million from the Group to build a water-lifting project, solving the water-use difficulties of residents in Group 2; promoted the public disclosure of the village plan and improved infrastructure. Leveraging a 3,500-mu walnut industry, it strengthened technical support and brand building, and carried out consumption-based assistance. It implemented monitoring to prevent a return to poverty, helped two households eliminate risks, and provided stable employment through the Group's system. Through a multi-pronged approach of "Party building + industry + infrastructure," it demonstrated corporate social responsibility and offered replicable experience for rural revitalization.



Water-Lifting System



Walnut Orchard

Case: Targeted Assistance in Shukongping Village

The Company's task force stationed in Shukongping Village advanced assistance efforts around the "Five Revitalizations." Under Party-building leadership, 3 new Party members were developed and 12 themed Party Day activities were held; policies such as the Rain Dew Program were implemented, benefiting 49 person-times; 15 mu of alpine vegetable cultivation and the second phase of a photovoltaic industry were promoted; a convenience bridge was built and a village plan was prepared; throughout the year, there were no new households added under anti-relapse-to-poverty monitoring; 16 events such as environmental hygiene evaluations were organized to enhance rural civility; over the year, 412 households were visited, difficulties were resolved, and residents' sense of gain and happiness was strengthened.



Social Contribution

The Company actively responds to various public welfare calls, pays close attention to the practical needs of women and children, and at the same time, establishes close cooperation with numerous philanthropic organizations, deeply integrating into social public welfare activities with practical actions, and persistently contributing strength to public welfare undertakings.

Key Performance

- During the Reporting Period, the Company and its subsidiaries made external donations of RMB **12.3662** million.
- During the 14th Five-Year Plan period, the Company and its subsidiaries made cumulative external donations of RMB **307.3336** million.

Case: A Great Act of Love—Passing on Life with Marrow

On January 9, 2025, an employee of the subsidiary Trisun Chemical successfully completed a hematopoietic stem cell donation at Yichang Central People's Hospital. A 215mL suspension ignited the hope of life for a patient with a malignant hematologic disease, becoming Yichang's first donor in 2025.



The Company Visited the Donor

Case: Xingfa Group's Overseas Companies Relay to Fulfill Global Social Responsibility

In December 2025, AMCO donated essential supplies to the flood-stricken areas of Sumatra and established a housing repair fund; during Farmers' Day, Bon Agro donated tractors and other agricultural supplies to support agricultural development. These actions embodied the Company's philosophy of "global presence, local commitment," deepened cooperation with host countries, and strengthened its image of overseas responsibility.



Donate Materials to the Local Community

04

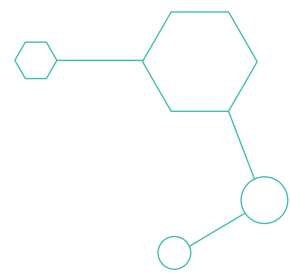
Prudent Operation for Long-term Stability, Consolidating the Bedrock of Development

SDGs Addressed in This Chapter



Material ESG Issues Covered in This Chapter

- Anti-Commercial Bribery and Anti-Corruption
- Anti-Unfair Competition
- Due Diligence



Standardizing Corporate Governance

Corporate Governance

The Company is committed to building an efficient and transparent governance system, strictly complying with the *Company Law of the People's Republic of China* (hereinafter referred to as the "Company Law"), the *Securities Law of the People's Republic of China* (hereinafter referred to as the "Securities Law"), the *Code of Corporate Governance for Listed Companies*, and other laws and regulations. It continuously optimizes internal management systems such as the *Articles of Association* and the *Rules of Procedure for the Board of Directors*, clarifies the specific responsibilities of the General Meeting of Shareholders, the Board of Directors, the Management, and various departments, and continuously improves the governance structure, laying a solid foundation for the Company's long-term development.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of the Company. In strict accordance with the provisions of relevant laws and regulations, such as the *Rules for the General Meetings of Shareholders of Listed Companies*, the Company standardizes the requisition and convening of general meetings. The general meetings provide multiple forms of voting, including in-person voting and online voting, to expand the proportion of shareholder participation and fully listen to the opinions of attending shareholders. The Company's controlling shareholder also strictly standardizes its own behavior and exercises shareholder rights according to law through the general meetings.

Meanwhile, the Company emphasizes treating all shareholders equally, ensuring that all shareholders, especially minority shareholders, enjoy equal status and can fully exercise their rights. The Company convenes meetings in the form of on-site gatherings and utilizes a secure, economic, and convenient online voting method to provide convenience for shareholders to participate in the general meetings. Concurrently, for major matters affecting the interests of small and medium investors, a separate counting of votes is implemented for their ballots, practically protecting the legitimate rights and interests of minority shareholders. During the Reporting Period, the Company revised the *Rules of Procedure for the General Meeting of Shareholders*.

Key Performance

During the Reporting Period, the Company held the General Meeting of Shareholders **3** times, including the annual general meetings **1** times and extraordinary general meetings **2** times, and a total of **24** proposals were deliberated and approved by the General Meeting.

Board of Directors

As the core decision-making body for the Company's daily operations, the Board of Directors bears critical responsibilities in the Company's development. To further enhance operational compliance and decision-making rigor, during the Reporting Period the Company revised the *Rules of Procedure for the Board of Directors*, improving the Board's agenda procedures, decision-making processes, and directors' rights and obligations. This ensures that the Board of Directors has rules to follow when performing tasks such as strategic planning, investment decision-making, and management supervision, guaranteeing that every decision undergoes thorough discussion and prudent consideration, and effectively ensuring that the Company's operations forge ahead steadily in the right direction.

Key Performance

During the Reporting Period, the Company convened meetings of the Board of Directors **6** times in total, and reviewed and approved **37** proposals, with an average attendance rate of **100%**.

Specialized Committees of the Board of Directors

The Board of Directors has established three specialized committees: the Audit Committee, the Nomination, Remuneration and Evaluation Committee, and the Development Strategy Committee, and has formulated corresponding Detailed Working Rules for each to enhance the professionalism and scientific nature of decision-making. Each specialized committee has a clear division of labor and collaborates with one another, providing robust support for the Company's strategic decisions, ensuring the precise execution of the Company's various decisions, and contributing strength to the Company's sustainable development.

Overview of the Special Committees of the Board of Directors

Special Committees of the Board of Directors	Convener	Number of Members	Number of Independent Directors	Proportion of Independent Directors
Audit Committee	Independent Director	5 people	5 people	100%
Nomination, Remuneration and Assessment Committee	Independent Director	5 people	5 people	100%
Development Strategy Committee	Chairman of the Board	7 people	5 people	71%

Key Performance

During the Reporting Period, the Company convened meetings of the Development Strategy Committee **4** times in total, and reviewed and approved **5** items; meetings of the Audit Committee **6** times in total, and reviewed and approved **14** items; meetings of the Nomination, Remuneration and Assessment Committee **3** times in total, and reviewed and approved **7** proposals were deliberated and approved by the General Meeting.

Independence of the Board of Directors

The Company attaches great importance to the pivotal role of independent directors in corporate governance and has revised the *Rules of Procedure for Independent Directors*, clarifying selection criteria to ensure candidates' independence. By granting independent directors special powers and pre-review authority, and establishing dedicated meeting mechanisms, the Company ensures that independent directors make independent, objective, and impartial judgments on all proposals, effectively safeguarding the interests of minority shareholders.

All independent directors participated in all board meetings either in person or via telecommunication, fully engaging in the work of the three specialized committees of the Board of Directors—Independent directors account for more than half of the Audit Committee, the Nomination, Remuneration and Evaluation Committee, and the Development Strategy Committee, and the convener of the Audit Committee possesses a profound professional background in accounting. The Company organizes special meetings of independent directors on a regular or irregular basis, providing professional and objective suggestions for the Company's operational development and offering robust support to promote the enhancement of the board's decision-making level.

Remuneration Management of Directors and Senior Executives

In accordance with the *Company Law* and other applicable laws and regulations, and with reference to the *Company's Articles of Association*, the Company has formulated the *Remuneration Management System for Directors and Senior Management*. The Nomination, Remuneration and Assessment Committee is responsible for developing remuneration standards and appraisal plans for directors and senior management, conducting comprehensive and objective performance evaluations of directors and senior management, and submitting them for separate review and approval by the shareholders' meeting and the board of directors to ensure fairness and effectiveness of the incentive mechanism.

Key Performance

During the Reporting Period, the Company paid remuneration (including post-departure payments) to directors and senior management totaling RMB **22.7364** million.

Diverse Composition of the Board of Directors

The Company adheres to internationally accepted ESG governance standards and regards board diversity as a core lever for improving the modern corporate governance system. It actively promotes board diversity across dimensions such as gender, age, and educational background. The Board consists of 13 directors, including 1 female director, accounting for 7.69%. Board members possess solid professional expertise and extensive practical experience, covering multiple fields, including corporate management, finance, accounting, chemicals, safety and environmental protection, legal and compliance, and ESG and sustainable development.

Name	Gender	Position	Age	Educational Background	Professional Background						
					Business Management	Finance	Accounting	Chemical Engineering	Health and Safety	Law and Compliance	ESG and Sustainability
Li Guozhang	♂	Chairman of the Board	60	Master's degree	●			●		●	●
Cheng Yali	♂	Director, General Manager	44	Bachelor's degree	●	●				●	
Hu Kunyi	♂	Vice Chairman	58	Master's degree		●	●			●	●
Wang Jie	♂	Director, Executive Deputy General Manager	53	Bachelor's degree				●	●		
Wang Chen	♀	Director, Deputy General Manager, Head of Finance	48	Bachelor's degree		●	●				
Yuan Bing	♂	Director	58	Bachelor's degree	●				●		
Cui Daqiao	♂	Independent Director	69	Master's degree			●				
Jiang Chunqian	♂	Independent Director	56	Master's degree		●					
Yu Shaojun	♂	Independent Director	63	Master's degree				●			
Yang Guangliang	♂	Independent Director	61	Master's degree				●			
Cao Xianjun	♂	Independent Director	70	Bachelor's degree				●			
Xue Dongfeng	♂	Independent Director	58	PhD				●			
Hu Guorong	♂	Independent Director	63	PhD				●			

Protection of Investors' Rights and Interests

Information Disclosure

Xingfa Group strictly follows the *Shanghai Stock Exchange Administrative Measures for Information Disclosure by Listed Companies* and other relevant requirements, and has formulated relevant systems to ensure the accuracy and timeliness of the Company's external disclosures. The Company revised the *Information Disclosure Management System*, the *Accountability System for Major Errors in Annual Report Information Disclosure*, the *External Units Information Submission Management System*, the *Major Internal Matters Reporting System*, and the *Insider Information Management System*, to safeguard the right to know of the broad base of investors and stakeholders, and to strengthen internal management of information and external transparency. In addition, the Company also formulated the *Information Disclosure Postponement and Exemption Management System*, which standardizes internal approval procedures and management requirements for handling the disclosure of sensitive information, ensuring that the Company fulfills its information disclosure obligations on a lawful and compliant basis.

During the Reporting Period, the Company received an A rating in the information disclosure assessment from the Shanghai Stock Exchange.

Key Performance

During the Reporting Period, the Company disclosed 4 periodic reports in number of issues, and nearly 140 ad hoc announcements and online documents, with zero penalties imposed for violations related to information disclosure.

Investor Relations Management

The Company attaches great importance to investor relations management. During the Reporting Period, it revised the *Investor Relations Management System*, strengthened services for and responses to the demands of minority investors, and expanded communication topics to include ESG, shareholder rights, and risks and challenges.

The Company designates dedicated personnel to specific posts to be responsible for investor relations management, promptly responding to investor concerns under the premise of compliance, and continuously carrying out communication and exchanges through multiple channels. During the Reporting Period, the Company organized earnings conferences, participated in the 2025 Online Collective Reception Day for Investors of Listed Companies in the Hubei Jurisdiction, actively attended investor strategy conferences, and received investor surveys, while utilizing third-party information platforms to promptly release the Company's performance and important updates. By virtue of its persistent efforts in investor relations management, the Company has garnered multiple honors.

Case: "Improving Quality and Efficiency to Boost Confidence, Seeking Progress While Maintaining Stability to Promote Development" — Hubei-Listed Companies' 2025 Investors' Collective Reception Day and 2024 Annual Results Briefing

On June 12, 2025, the Company held an Investors' Collective Reception Day and the 2024 Annual Results Briefing, providing detailed answers and interactions via an online platform on investor concerns such as financial performance, business planning, and capacity progress, thereby enhancing investors' understanding of and trust in the Company.



Outstanding Practice in 2024 Annual Results Briefing

(Granting Organization: China Association for Public Companies)

6th Panorama Network Investor Relations Gold Award

(Granting Organization: Panorama Network)

Key Performance

During the Reporting Period, the Company hosted more than **150** on-site investor research visits, participation in broker strategy meetings, and online exchanges, and held **4** results briefings; answered over **500** investor phone calls; responded to more than **140** investor questions on SSE E-Interaction; disclosed **9** investor relations activity record forms.

Shareholder Returns

Xingfa Group attaches great importance to shareholder returns. Under the guidance of the *Articles of Association*, the Company has built a fair and transparent profit distribution system, thereby implementing a reasonable profit distribution plan to respond to shareholders' trust and support with tangible actions, creating more stable and sustainable returns for shareholders.

Profit Distribution

Year	Cash Dividend Per Share (Unit: RMB/share)	Total Cash Dividends Distributed (Pre-tax) (RMB 10,000)	Proportion of Net Profit Attributable to Shareholders of the Listed Company (%)
2023	1	86,200.18 (Including Share Repurchase and Cancellation)	62.52
2024	1	110,325.52	68.89
2025 (Proposed)	0.5	59,809.47	40.09

Note 1: Pursuant to the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 7 – Share Repurchases*, when a listed company repurchases shares using cash consideration via centralized bidding or tender offer, the share repurchase amount implemented in that year is deemed equivalent to a cash dividend amount and is included in the relevant ratio calculation for that year's cash dividends.

Note 2: The dividend distribution plan for 2025 has been approved by the 15th meeting of the 11th Board of Directors and is pending approval by the General Meeting of Shareholders.

Compliance Operations and Risk Management

Compliance Operations

Compliance Management System

With the compliance management policy of "firmly establishing the compliance concept of operating in accordance with laws and regulations, where everyone is responsible for law-abiding and regulation-compliance; actively constructing a compliance culture of universal law-abidance and integrity; and continuously improving the compliance management system to safeguard the high-quality development of the Company," Xingfa Group has formulated systems including the *Compliance Management System*, *Compliance Evaluation Control Procedure*, and *Contract Management System*. The Compliance Committee is responsible for confirming compliance strategies and targets, constructing the compliance management system, reviewing and approving major systems and proposals, as well as guiding, supervising, and evaluating management work.

During the Reporting Period, the Company revised and improved 29 systems, including the *Rules of Procedure for the General Meeting of Shareholders and Rules of Procedure for the Board of Directors*, among which 3 were newly added and 1 was canceled, ensuring their alignment with the latest regulatory requirements and the Company's practical realities. On this basis, 41 business and management processes were simultaneously optimized, strengthening compliance control nodes within the processes. As of the end of the Reporting Period, the Company successfully passed the certification of the GB/T 35770-2022 / ISO 37301:2021 Compliance Management Systems.



Compliance Management
System Certification

Compliance Management Measures

In accordance with systems such as the *Measures for Internal Control Inspection, Evaluation, and Examination*, the Company vigorously promotes compliance management and regularly and comprehensively reviews operational processes. In 2025, centering on high-risk businesses and key management links, the Company focused on carrying out special research and inspections regarding the execution of compliance systems in critical fields, such as the procurement of production materials, operations of mining units, and overseas subsidiaries. Through in-depth troubleshooting, the Company identified shortcomings in compliance execution, prompted relevant units to rectify issues in a timely manner, and promoted the effective landing of compliance requirements at the business front lines. The Internal Control Evaluation Report during the Reporting Period indicated that no compliance risks or internal control deficiencies were detected.

Compliance Culture

To further enhance the quality and effectiveness of compliance management, the Company offers targeted legal training courses for employees based on high-risk compliance scenarios specific to different positions. In addition to company-organized training, departments also conduct ad hoc legal training and study sessions.

Case: Corporate Compliance Legal Risk Management Training

On April 17, 2025, the Company conducted corporate compliance legal risk management training to help employees understand the importance of corporate compliance and compliance management, recognize legal risks in labor relations, and master basic skills for handling common legal issues in contracts.



Status of Legal Training

Indicators	Unit	Year 2025
Number of Legal Training Sessions Conducted	Times	30
Total Duration of Legal Training Conducted	Hours	88
Total Attendances at Legal Training	Person-times	3,900
Number of Legal/Compliance Staff Participating in the Training	Persons	17

Import and Export Compliance Management

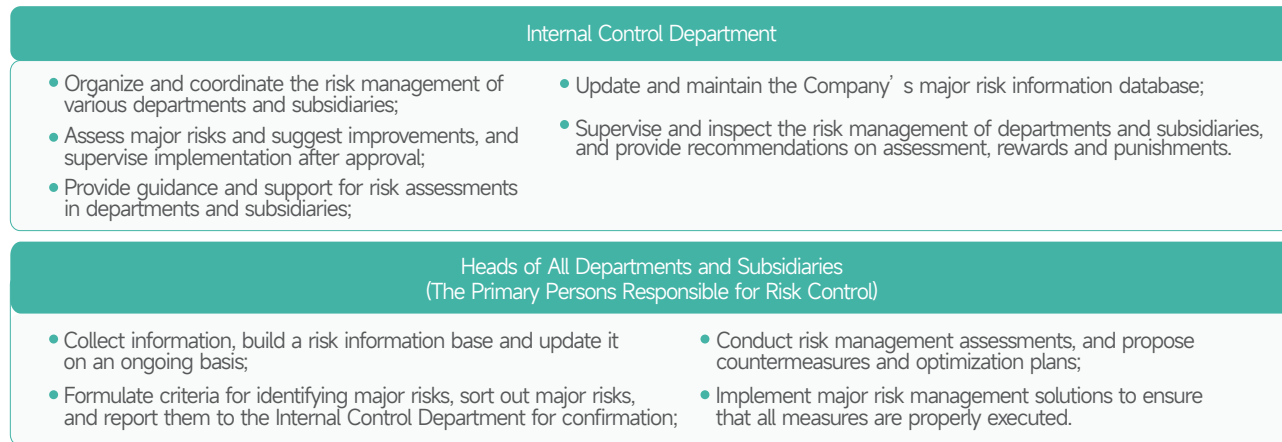
To match the development of the Company's overseas business and ensure the compliance of import and export operations, the Company has formulated the *Foreign-Related Business Management System* and constructed a full-process, tiered, and clearly defined risk control system for foreign-related business: pre-event tiered review and auditing; in-event refined normalization of contracts, documents, financial instruments, and communication processes; and post-event explicit accountability clauses to ensure the effective execution of the system. Hong Kong Xingfa Group serves as the management entity for foreign-related business, responsible for the full-process management of operations, including organizing review meetings, supervising pre-event reviews and contract audits, inspecting execution status and providing analysis, while providing professional support for business development and taking the lead in handling risks and disputes. During the Reporting Period, the Company had zero non-compliance incidents in foreign-related business.

Risk Management

Risk Management System

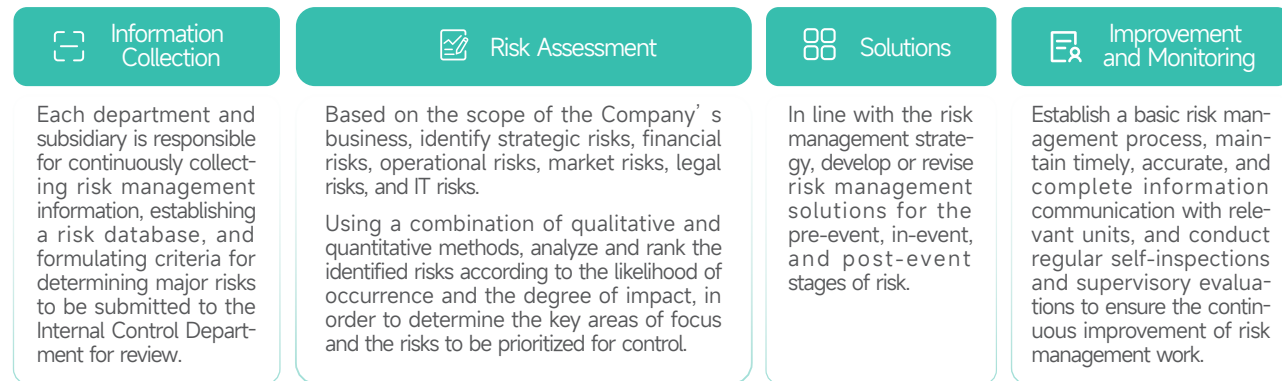
The Company strictly adheres to relevant laws, regulations, and internal policies, and has established the *Risk Management System* and the *Internal Control Evaluation Management System*, building a comprehensive and rigorous risk management framework. The Internal Control Department is responsible for organizing, coordinating, guiding, and supervising the risk management work of all departments and subsidiaries.

Risk Management System Structure



Risk Control Management

The Company conducts risk assessments through internal audits. The risk management process covers key steps such as information collection, assessment, strategy formulation, and improvement supervision, systematically identifying potential risks and developing response plans to ensure risks are effectively controlled.



During the Reporting Period, in accordance with the Company's risk management system requirements, the Internal Control Department organized the Finance Department, Investment and Development Department, Safety and Environmental Protection Department, Quality Management Department, Legal Department, Planning and Assessment Department, Marketing Department, Human Resources Department, Board Secretary's Office, Information Center, and other departments to complete the 2025 annual risk management work. A total of 353 risks were identified and assessed, flat with the previous year. Among them were 37 Category A major risks, 166 Category B relatively significant risks, and 150 Category C general risks.

Key Performance

During the Reporting Period, the Company completed the financial audit report **44** units and Engineering Project Final Account Audit Report **523** units.

Risk Management Training

The Company places great emphasis on enhancing employees' risk awareness, actively conducts risk training, and strengthens employees' understanding of and ability to respond to risks, thereby building a robust and comprehensive risk management system.

Case: Contract Legal Risk Training

In 2025, the Company conducted corporate contract law training and organized a special session on practical issues in corporate contract law. The training covered key points across the full life-cycle of contract management, used case studies to analyze common legal risks and dispute resolution strategies, and strengthened the professional capabilities and risk awareness of legal and business personnel, thus laying a solid foundation of compliance for business development.

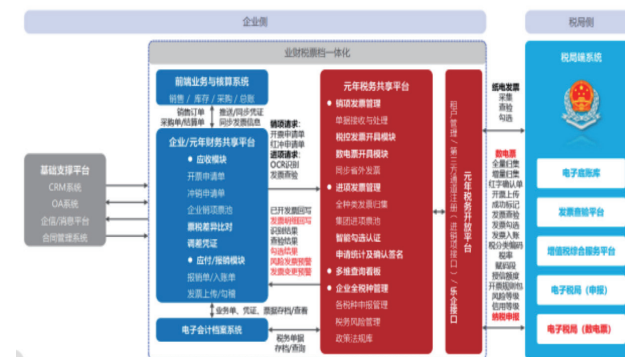


Tax Management

The Company attaches great importance to tax management, formulating and regularly optimizing the *Measures for Tax Risk Management* and other related systems, clarifying tax obligations and responsibilities, closely monitoring changes in tax policies, and making timely adjustments to address potential risks, so as to ensure standardized tax operations.

Leveraging the e-invoicing reform for value-added tax, the Company built a direct-connection platform to the State Administration's system, completing intelligent data linkage between the ERP system and the tax system to promote digitalization and intelligence in financial management. At the same time, it optimized tax system functions to support automatic filing and data validation across multiple tax categories, established a tax shared service center to improve processing efficiency, integrated data to support decision-making, strengthened risk monitoring, effectively reduced tax risks, and propelled the Company's overall digital transformation.

Direct-Connection Platform



Tax Shared Service Platform



The Company regularly organizes tax and finance sharing sessions and training to enhance tax managers' compliance awareness and professional capabilities, establishes a tax shared services center with clear delineation of responsibilities. At the same time, it sets up communication mechanisms, strengthens internal exchanges, emphasizes cross-department collaboration, ensures alignment between tax work and overall operations, and effectively reduces tax risks.

Case: Training for Finance Personnel

In September 2025, the Company's Finance Department jointly planned and launched the 2025 annual finance system training, aiming to transform finance personnel from an accounting role into strategic value creators, raising professional standards to a higher level and upgrading financial management with a more global perspective.



Key Performance

During the Reporting Period, 25 warning and awareness sessions were conducted, reaching more than 4,000 participants. Management completed 43,900 hours of anti-corruption training; 878 members of management participated; management anti-corruption training coverage reached 100%.



Integrity Book Bar



Integrity Training



Integrity Reminders on the Official WeChat Account

Upholding Business Ethics

Xingfa Group strictly complies with the *Company Law*, the *Anti-Monopoly Law of the People's Republic of China*, and other relevant regulations, steadfastly upholds the bottom line of business ethics, adheres to the principle of fair competition, and advances lawful and compliant operations by establishing and improving internal management systems and strengthening employees' legal education and professional ethics training. Through concrete actions, it fulfills corporate social responsibility, sets an industry benchmark, and contributes to building a healthy and orderly market environment.

Anti-Commercial Bribery and Anti-Corruption

Management System

The Company, in accordance with the requirements of the *Compliance Management System*, has built an anti-commercial bribery management system. In daily operations, it signs integrity agreements comprehensively with business partners to clarify both parties' integrity standards in commercial dealings, thereby building a solid integrity defense through concrete actions. At the same time, it has established multidimensional reporting channels to keep supervision and feedback unimpeded, vigorously promotes the construction of an integrity culture, embeds integrity awareness into every corner of the enterprise, and makes every effort to foster a clean and upright business environment to safeguard the Company's steady progress.

During the Reporting Period, the Company's Commission for Discipline Inspection (CDI) consciously accepted the unified leadership of the Group CDI, strictly followed the Group CDI's work arrangements, carried out supervision and inspections on a regular basis, and organized special inspections based on reported clues obtained, effectively strengthening routine supervision and discipline enforcement.

Management Measures

To foster an atmosphere of integrity, the Company and its subsidiaries have set up a large number of integrity slogans in offices, factories, and other locations, and established an "Integrity Book Bar." At the same time, they regularly carry out training activities, using real case analyses and interpretations of laws and regulations to help employees deeply understand the importance of integrity in their work. In addition, the Company regularly publishes integrity-themed posts on its WeChat Official Account, conveying integrity concepts to employees through illustrated content, reinforcing integrity awareness through everyday details, and embedding the concept of integrity deep in employees' minds. During the Reporting Period, the signing rate of integrity agreements was 100%.

Case: Conference on Party Conduct and Clean Government Building

On February 6, 2025, the Company convened a conference on Party conduct and clean government, studying the guidelines of the central authorities and the deployments of the Central Commission for Discipline Inspection plenary session, summarizing the work of 2024, and arranging the tasks for 2025. The meeting called for an in-depth understanding of the spirit of important speeches to strengthen the consciousness of exercising strict Party self-governance; advancing the anti-corruption fight with rigorous standards and promoting precise and normalized political oversight; tightening principal responsibilities and improving the supervision system to provide strong safeguards for building "Hundred-Billion Xingfa, World-Class Excellence."



Whistleblowing and Complaints Mechanism

The Company has established multiple reporting channels to allow employees and all sectors of society to conveniently report potential violations. A series of confidentiality and protection measures are adopted to ensure the informant's information security and the safeguarding of their lawful rights and interests.

Whistleblowing Channels

Email: xftjiwei@163.com

Tel: 0717-2588616

Address: Room 812, No. 58 Gaoyang Avenue, Gufu Town, Xingshan County, Yichang City, Hubei Province

Anti-Unfair Competition

The Company strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Monopoly Law of the People's Republic of China*, and is committed to maintaining a fair and impartial market competition environment. It firmly opposes any form of monopolistic behavior and ensures that its business activities do not involve abusing a dominant market position or restricting or eliminating competition. At the same time, it actively advocates fair competition and, through integrity in operations and high-quality services, creates greater value for consumers and industry partners, jointly promoting the prosperous development of the market economy.



Appendix

ESG Performance Overview

Environmental Performance

Indicators	Units	Year 2025
Environmental Compliance Management		
Total Environmental Protection Investment	RMB 10,000	75,731
Including: Operating Expenses for Environmental Protection Facilities	RMB 10,000	41,980
Number of Environmental Protection Training Sessions	Times	2
Number of Participants in Environmental Protection Training	Person-times	114
Duration of Environmental Protection Training	Hours	2,304.00
Pollutant Emissions		
Emissions of Air Pollutants by Categories		
Emissions of Nitrogen Oxides (NOx)	Tonnes	673.62
Emissions of Sulfur Dioxide (SO2)	Tonnes	917.38
Emissions of Volatile Organic Compounds (VOCs)	Tonnes	32.69
Emissions of Particulate Matter (PM)	Tonnes	135.96
Wastewater Discharge of Manufacturing Enterprises		
Wastewater Discharge Volume	10,000 tonnes	2,206.48
Wastewater Discharge Intensity	Tonnes per tonne of product	1.12
	Tonnes per RMB 10,000 of revenue	7.53
Wastewater Discharge of Key Pollutant-discharging Units		
Wastewater Discharge Volume of Key Pollutant-discharging Units	10,000 tonnes	1,244.27
Wastewater Discharge Intensity of Key Pollutant-discharging Units	Tonnes per tonne of product	0.63
	Tonnes per RMB 10,000 of revenue	4.25
Discharge Status of Wastewater Pollutant Categories of Key Pollutant-discharging Units		
Chemical Oxygen Demand (COD)	Tonnes	614.78
Ammonia Nitrogen (NH ₃ -N)	Tonnes	41.74
Ammonia Nitrogen (NH ₃ -N)	Tonnes	5.99

Indicators	Units	Year 2025
Waste Management		
Solid Waste Emissions		
Waste Generation Volume	10,000 tonnes	531.72
Including: Hazardous Waste	10,000 tonnes	7.18
Non-hazardous Waste	10,000 tonnes	524.54
Waste Generation Intensity		
Including: Hazardous Waste	Tonnes per RMB 10,000 of revenue	0.02
	Tonnes per tonne of product	0.0037
Non-hazardous Waste	Tonnes per RMB 10,000 of revenue	1.79
	Tonnes per tonne of product	0.27
Water Resource Utilization		
Water Consumption Volume	10,000 tonnes	2,367.25
Water Consumption Intensity	Tonnes per tonne of product	1.21
	Tonnes per RMB 10,000 of revenue	8.08
Energy Utilization ¹		
Comprehensive Energy Consumption		
Total Direct Energy Consumption	10,000 tonnes of standard coal	124.70
Including: Coal	10,000 tonnes of standard coal	114.76
Diesel	10,000 tonnes of standard coal	0.89
Natural Gas	10,000 cubic meters	6,488.47
Electrode	10,000 tonnes of standard coal	0.42
Total Indirect Energy Consumption	10,000 tonnes of standard coal	76.68
Including: Electricity	10,000 tonnes of standard coal	65.58
Thermal Energy	10,000 tonnes of standard coal	11.11
Total Green Electricity Consumption	100 million kWh	9.80

The standard coal equivalent conversion coefficient is sourced from *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589—2020).

Indicators	Units	Year 2025
Total Energy Consumption	10,000 tonnes of standard coal	201.38
Energy Consumption Intensity	Tonnes of standard coal per RM 10,000B of revenue	0.69
Total Clean Energy Consumption	10,000 tonnes of standard coal	20.74
Response to Climate Change		
Total Greenhouse Gas Emissions	10,000 tCO ₂ e	636.44
Including: Direct Greenhouse Gas Emissions (Scope 1)	10,000 tCO ₂ e	366.57
Indirect Greenhouse Gas Emissions (Scope 2)	10,000 tCO ₂ e	269.87
Greenhouse Gas Emission Intensity	tCO ₂ e per tonne of product	0.32
Number of Products Certified for Carbon Footprint	Units	26
Scale of Carbon Quota Trading	10,000 tonnes	13.29

² Note 1: The accounting scope for greenhouse gas emissions covers production enterprises included within the scope of the Company's consolidated financial statements;

Note 2: Scope 1 emissions primarily originate from the combustion of fossil fuels such as coal, diesel, gasoline, and natural gas, as well as emissions from industrial production processes like electrodes and carbonates. The relevant emission factors refer to the default values provided in the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Chinese Chemical Production Enterprises (Trial). Among these, the emission factors for production processes are determined based on the Company's testing and analysis data;

Note 3: Scope 2 emissions primarily result from the consumption of purchased electricity and steam (thermal energy). The emission factor for electricity adopts the 2023 national grid average emission factor of 0.5306 kgCO₂e/kWh; the emission factor for heat adopts 0.11 tonnes of CO₂e/GJ as specified in the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Chinese Chemical Production Enterprises (Trial).

Note 4: The greenhouse gas emission data disclosed in this table are calculated independently by the Company based on relevant methodologies and have not yet undergone verification by a third-party organization.

Industrial Performance

Indicators	Units	Year 2025
Innovation-driven		
R&D Investment	RMB 100 million	13.19
Proportion of R&D Investment to Operating Revenue	%	4.5
Total Number of R&D Team Members	Persons	1,749
Proportion of R&D Personnel in Total Employees	%	12
By Education Level		
Bachelor	Persons	849
Master	Persons	830
Doctor	Persons	70
By Age Group		
Under 30 years old (Excluding 30)	Persons	608
Ages 30–40 (Including 30, Excluding 40)	Persons	848
Ages 40–50 (Including 40, Excluding 50)	Persons	236
50 years old and Above	Persons	57
Innovation Incentive Bonus	RMB 10,000	2,354
Number of Various Science and Technology Products Applied for and Approved	Items	38
Approved Funding for Science and Technology Project Awards (Excluding Talent Programs)	RMB 10,000	1,093.50
Number of Innovative Projects in the Implementation Plan	Items	116
Number of Awards Received by the Company During the Reporting Period	Items	4
Number of Standards Led or Participated in by the Company	Items	119
Including: International Standards	Items	2
National Standards	Items	37
Industry Standards	Items	43
Group Standards	Items	36
Local Standards	Items	1
Cumulative Number of Granted Patents	Items	1,743
Number of Valid Patents per RMB Million in Revenue	Items per RMB million of revenue	0.060
Including: Cumulative Number of Granted Invention Patents	Items	627
Cumulative Number of Granted Utility Model Patents	Items	1,116
Cumulative Number of PCT	Items	1

Indicators	Units	Year 2025
Number of New Patents Added During the Reporting Period	Items	343
Including: Added Number of Granted Invention Patents	Items	136
Added Number of Granted Utility Model Patents	Items	207
Added Number of PCT	Items	1
Cumulative Number of Software Copyrights	Items	46
Cumulative Number of Trademarks	Items	233
Number of Software Copyrights per RMB Million in Revenue	Items per RMB million of revenue	0.00795
Cumulative Number of Published Papers	Articles	258
Specialized, Refined, Differential, and Innovative (SRDI) Enterprises	Units	5
National High-tech Enterprises	Units	13
Product and Service Safety and Quality		
Target Completion Rate of Product Pass Rate	%	100
Number of Internal Quality Audits per Year	Times	8
Number of Spot Checks Conducted by Third-party Institutions	Times	210
Pass rate of Spot Checks	%	100
Number of Product Recalls	Items	0
Product Recall Rate (Percentage of Sold or Shipped Products that Must Be Recovered)	%	0
Amount Involved in Major Liability Incidents Related to Product or Service Safety and Quality	RMB 10,000	0
Number of Participants in Quality Training	Person-times	380
Duration of Quality Training per Capita	Days	29.89
Number of Quality Training Sessions	Times	8
Number of Customer Complaints	Times	1
Rate of Customer Complaint Resolution	%	100
Customer Satisfaction	%	91
Sustainable Supply Chain		
Total number of suppliers	Units	280
Number of Suppliers with Quality Management System Certification	Units	67
Number of Suppliers with Environmental Management System Certification	Units	44
Number of Suppliers with Occupational Health and Safety Management System Certification	Units	45
Signing Rate of Supplier Anti-corruption Agreement	%	100

Indicators	Units	Year 2025
Information Security and Privacy Protection		
Average Duration of Training Related to Data Security/ Customer Privacy Protection	Hours	1
Number of Participants in Training Related to Data Security/ Customer Privacy Protection	Person-times	16,658
Coverage Rate of Training Related to Data Security/ Customer Privacy Protection	%	90
Specific Amount Involved in Data Security Incidents	RMB 10,000	0
Specific Amount Involved in Customer Privacy Breach Incidents	RMB 10,000	0

Social Performance

Indicators	Units	Year 2025
Employee Rights and Interests Protection		
Total Number of Employees	Persons	14,580
Including: Number of Ethnic Minority Employees	Persons	1,145
Number of Employees with Disabilities	Persons	106
Proportion of Ethnic Minority Employees	%	7.85
Labor Dispatch Personnel	Persons	769
Number of Employees by Gender		
Female	Persons	3,174
Male	Persons	11,406
Number of Employees by Age		
Under 30 years old (Excluding 30)	Persons	3,454
Ages 30–40 (Including 30, Excluding 40)	Persons	5,578
Ages 40–50 (Including 40, Excluding 50)	Persons	3,722
50 years old and Above	Persons	1,826
Number of Employees by Region		
Mainland China	Persons	14,359
Hong Kong, Macao and Taiwan in China	Persons	9
Overseas	Persons	212
Number of Employees by Job Level		
Senior Management	Persons	14
Middle Management	Persons	903
Other Employees	Persons	13,663

Indicators	Units	Year 2025
Number of Employees by Educational Level		
Below Bachelor's Degree	Persons	9,517
Bachelor's Degree	Persons	4,188
Master's Degree	Persons	802
Doctorate (PhD.)	Persons	73
Number of Employees by Function		
Production	Persons	11,193
Technology	Persons	2,097
Sales	Persons	726
Finance	Persons	124
Administration	Persons	440
Employee Turnover - Inflows		
Number of New Hires	Persons	796
New Hires by Gender		
Female	Persons	152
Male	Persons	644
New Hires by Age		
Under 30 years old (Excluding 30)	Persons	653
Ages 30-40 (Including 30, Excluding 40)	Persons	103
Ages 40-50 (Including 40, Excluding 50)	Persons	37
50 years old and Above	Persons	3
New Hires by Region		
China	Persons	769
Overseas	Persons	27
Employee Turnover - Outflows		
Number of Employee Departures	Persons	555
Overall Employee Attrition Rate	%	4
Remuneration and Benefits		
Social Insurance Coverage Rate	%	100
Number of Participants in the Employee Stock Ownership Plan	Persons	1,355
Total Subscription Amount of the Employee Stock Ownership Plan	RMB 10,000	26,503

Indicators	Units	Year 2025
Democratic Management		
Number of Employee Representative Congress Meetings Held	Times	3
Number of Items Approved by the Employee Representative Congress	Items	7
Number of Items Approved by the Trade Union	Items	7
Proportion of Trade Union Members among Active Employees	%	100
Number of Labor Dispute Cases	Cases	9
Number of Labor Dispute Cases Closed	Cases	4
Employee Care		
Total Expenditure on Employee Assistance	RMB 10,000	150.86
Total Number of Employees Assisted in Hardship	Persons	244
Employee Training and Development		
Investment in Employee Training	RMB 10,000	2,828.50
Number of Offline Employee Training Sessions	Sessions	134
Total Duration of Employee Training	Hours	1,423,936
Total Number of Training Attendances	Person-times	14,259
Employee Training Coverage Rate	%	97.80
Average Annual Training Hours Per Employee	Hours/Person	97.66
Occupational Health and Safety		
Hidden Hazards Identification and Rectification Rate	%	100
Investment in Work Safety	RMB 10,000	27,221.24
Work Safety Emergency Drills	Times	1,868
Observation of Emergency Drills	Person-times	30,928
Number of Participants in Safety Training	Person-times	196,848
Safety Training Employee Coverage Rate	%	100
Work Injury Rate	%	0.137
Occupational Hazard Factor Inspection Rate	%	100
Occupational Hazard Factor Inspection Pass Rate	%	100
Occupational Disease Incidence Rate	%	0
Employee Physical Examination Coverage Rate	%	100

Indicators	Units	Year 2025
Social contribution		
Company's External Donation Amount	RMB 10,000	1,257.69
Amount of External Donations Invested During the 14th Five-Year Plan Period	RMB 10,000	30,733.36
Investment Amount in Rural Revitalization	RMB 10,000	163.87

Governance Performance

Indicators	Units	Year 2025
Operating Performance		
Operating Revenue	RMB Million	29,299.52
Party-Building Leadership		
Number of Party Committees in the Company (Including the Committee at This Level)	Units	7
Number of Party Branches	Units	83
Corporate Governance		
Total Number of Shareholders' Meetings Convened	Times	3
Including: Annual General Meeting of Shareholders	Times	1
Extraordinary General Meeting of Shareholders	Times	2
Number of Matters Approved by the Shareholders' Meeting	Items	24
Number of Board Members	Persons	13
By Gender		
Male	Persons	12
Female	Persons	1
By Type		
Independent Directors	Persons	7
Non-Independent Directors	Persons	6
Operation of the Board of Directors and its Specialized Committees		
Number of Board Meetings Convened	Times	6
Matters Approved by the Board of Directors	Items	37
Average Attendance Rate of the Board of Directors	%	100
Number of Audit Committee Members	Persons	5
Number of Audit Committee Meetings Convened	Times	6
Matters Approved by the Audit Committee	Items	14

Indicators	Units	Year 2025
Number of Development Strategy Committee Members	Persons	7
Number of Development Strategy Committee Meetings Convened	Times	4
Matters Approved by the Development Strategy Committee	Items	5
Number of Nomination, Remuneration and Evaluation Committee Members	Persons	5
Number of Nomination, Remuneration and Evaluation Committee Meetings Convened	Times	3
Matters Approved by the Nomination, Remuneration and Evaluation Committee	Items	7
Remuneration of Directors and Senior Management (Including Current and Former)	RMB 10,000	2,273.64
Protection of Investors' Rights and Interests		
Number of Periodic Reports Disclosed	Units	4
Number of Ad Hoc Announcements and Online Documents Disclosed	Units	140
Number of Penalties Received for Violations in Information Disclosure	Times	0
Number of On-site Investor Research Receptions, Participation in Brokerage Strategy Conferences, and Online Communication Sessions	Units	Over 150
Number of Earnings Briefing Sessions Held	Units	4
Number of Investor Phone Calls Answered	Times	Over 500
Total Number of Investor Questions Answered on SSE E-Interaction	Units	Over 140
Number of Investor Relations Activity Record Forms Disclosed	Units	9
Cash Dividend Per Share	RMB per share	0.5
Total Cash Dividends (Tax-inclusive)	RMB 10,000	59,809.47
Proportion of Total Cash Dividend Distribution to Net Profit Attributable to Owners of the Parent Company	%	40.09
Compliance Operations and Risk Management		
Number of Legal Training Sessions Conducted	Times	30
Duration of Legal Training Conducted	Hours	88
Number of Participants in Legal Training Sessions	Person-times	3,900
Number of Participants by Legal Personnel In Training Sessions	Person-times	17
Number of Financial Audit Reports Completed	Units	44
Number of Settlement Audit Reports for Engineering Projects Completed	Units	523
Upholding Business Ethics		
Total Number of Participants in Anti-Commercial Bribery and Anti-Corruption Training	Person-times	Over 4,000
Duration of Management's Participation in Anti-Corruption Training	Hours	43,900
Number of Management Participants in Anti-Corruption Training	Persons	878
Anti-Corruption Training Coverage Among Management	%	100

Indicator Index

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Feedback Form

Dear Reader,

Thank you very much for reading this report. We greatly value and look forward to hearing your feedback. Your comments and suggestions are an important basis for us to continuously improve our corporate ESG information disclosure, and to advance our ESG management and practices. We welcome and sincerely appreciate your valuable opinions!

1.What is your overall assessment of our ESG performance?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

2.What is your overall assessment of this report?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

3. How do you assess our performance in stakeholder communication?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

4.How do you assess our performance in product responsibility?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

5.How do you think we are doing in terms of environment, safety and occupational health?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

6.How do you think we are doing in terms of employee responsibility?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

7.How do you think we are doing overall in ESG?

☐ Excellent ☐ Good ☐ Average ☐ Below Average ☐ Poor

8.Do you have any comments or suggestions on our ESG performance and this report?

You can contact us through the following ways

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