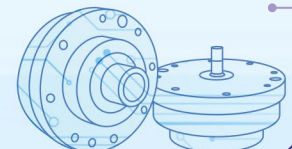
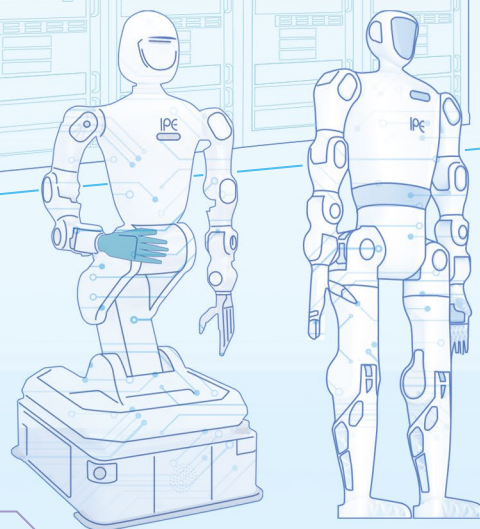
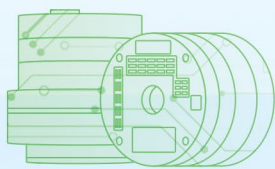
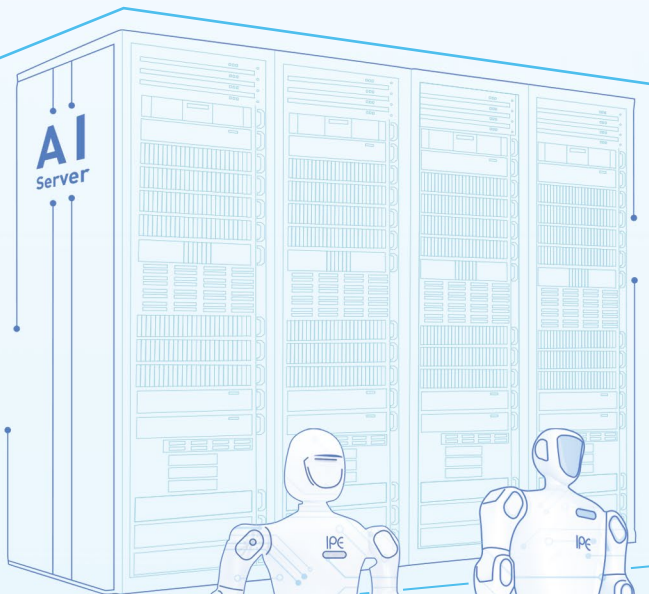
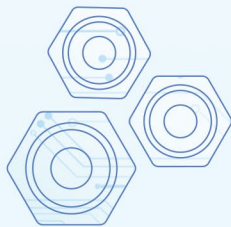
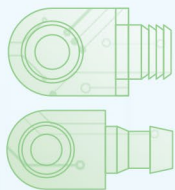
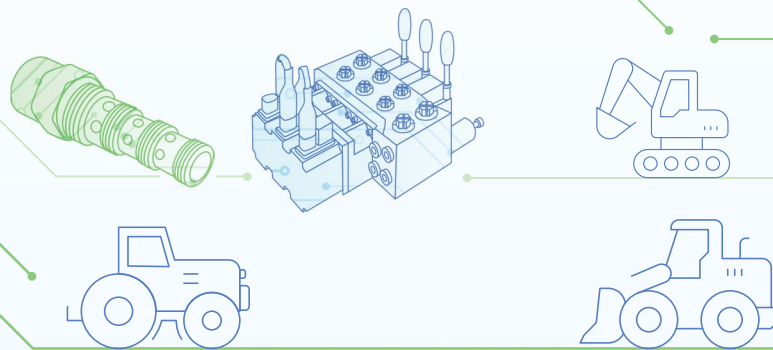


國際精密集團 IPE Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 929)

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ABOUT THIS REPORT

IPE Group Limited and its subsidiaries (collectively “IPE” or “the Group” or the “Company”) remain committed to integrating sustainability considerations into the Group’s business operations. As a key supplier of high-end automotive components, hydraulic equipment, AI-related products and electronic devices, the Group regards Environmental, Social and Governance (“ESG”) as a core element of its business strategy and is dedicated to creating long-term value for its stakeholders. This Environmental, Social and Governance Report (“this Report”) presents, through both qualitative and quantitative disclosures, the Group’s commitments, management approach and performance in relation to ESG matters.

REPORTING STANDARDS

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (“ESG Code”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). In addition, we have followed, to the extent feasible, relevant disclosure requirements of the Global Reporting Initiative (GRI) Standards and aligned our ESG disclosures with the United Nations Sustainable Development Goals (“UN SDGs”) to ensure the Group’s sustainability strategy remains consistent with the UN 2030 Agenda for Sustainable Development. Unless otherwise specified, the methodologies for ESG data measurement and calculation remain consistent with those adopted in the previous reporting year.

REPORTING SCOPE

This Report covers the Group’s business operations in Guangzhou, Dongguan, Changshu, Yangzhou and Shanghai in the People’s Republic of China (“PRC” or “China”). It presents the Group’s ESG performance for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or “2025”). Compared with the previous reporting period, Yutai Hydraulic Technology (Shanghai) Co., Ltd. has been newly included in the reporting boundary in the current reporting period, further enhancing the completeness of the reporting scope.

Entities Covered in This Report

Entity:	Guangzhou Xin Hao Precision Technology Co., Ltd. (“Guangzhou Xin Hao”) ¹	Guangzhou Huitong Hydraulic Co., Ltd. (“Guangzhou Huitong”)	Dongguan Koda Metal Products Co., Ltd. (“Dongguan Koda”)	Changshu Keyu Greystone Machining Co., Ltd. (“Changshu Keyu Greystone”)	Jiangsu Kemai Hydraulic Control System Co., Ltd. (“Jiangsu Kemai”)	Yutai Hydraulic Technology (Shanghai) Co., Ltd. (“Shanghai Yutai”)
Principal Business Activities:	The manufacturing site of automotive parts, hydraulic and electronic equipment and sales office	The manufacturing site of hydraulic products and sales office	The manufacturing site of automotive parts and electronic products and sales office	The manufacturing site of automotive parts and hydraulic and sales office	The manufacturing site of hydraulic equipment components and sales office	The manufacturing site of hydraulic equipment components and sales office

The above entities are principally engaged in manufacturing and sales of precision components and products, collectively accounting for 87.66% of the Group’s total revenue during the Reporting Period.

¹ The operational, environmental and social data disclosed in this Report in respect of Guangzhou Xin Hao Precision Technology Co., Ltd. have been consolidated based on actual operating arrangements. As Guangzhou Huitong Hydraulic Co., Ltd. operates within the same factory and industrial park and shares operational facilities and management arrangements with Guangzhou Xin Hao Precision Technology Co., Ltd., the relevant data have not been separately disaggregated.



CONTACT AND FEEDBACK

We are committed to building and maintaining trust with the communities in which we operate and with our stakeholders. Their views provide an important basis for our business strategy and sustainability initiatives. We highly value your feedback on this Report and our ESG performance. If you have any comments or suggestions, please contact us via:

Address: Units 5–6, 23/F, Enterprise Square Three,
39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong
(Please address to the Chairman of the ESG Committee)

Fax: (852) 2688 6155

Email: ipehk@ipehk.com.hk

ABOUT THE GROUP

ABOUT IPE GROUP

IPE Group Limited (the “IPE Group” or the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 July 2002. The Company is an investment holding company and, together with its subsidiaries (collectively the “Group”), is principally engaged in manufacturing and sales of precision metal components. The Group started its high precision components business in 1990 in Singapore and now produces high precision metal components and assembled parts used in automotive parts, hydraulic equipment, electronic equipment component and other devices.

VALUES AND MISSION

The Group is committed to embedding sustainability into its core values and mission. We strive to strike a balance between business profitability, corporate sustainability and stakeholder satisfaction, and to integrate responsible manufacturing into our corporate strategy and daily operations. Our vision is to become a model of the high-precision industry, a modern large-scale high-tech enterprise, with comprehensive strength among the forefront of precision manufacturing, and continuing to maintain leadership in the industry.

Looking ahead, while maintaining our ability to provide services globally, we will continue to deepen our presence in domestic markets and expand collaborations with industry, academia and research institutions. We aim to drive continuous innovation in product development and production processes, enhance energy efficiency and promote resource circularity, thereby strengthening our leadership position in the automotive, hydraulic, AI and related products, electronics and industrial sectors. IPE Group will continue to work closely with customers, suppliers, employees and local communities, transforming sustainability commitments into measurable and verifiable business outcomes and creating long-term value for shareholders and broader stakeholders.



2025 ESG KEY PERFORMANCE HIGHLIGHTS



26,918.18
tonnes of CO₂e

Total greenhouse gas emissions A decrease of 11.58% compared with 2024



8,640 units

Number of green electricity certificates purchased



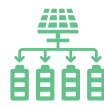
7,316.61 MWh

Cumulative power generation from photovoltaic projects



27.70%

Proportion of green electricity in the Group's total annual electricity consumption



12.36%

Proportion of self-generated solar power to the Group's total annual energy consumption



37.19%

Percentage of female employees



11.08 hours

Average training hours per employee An increase of 45.22% compared with 2024



★★★★

Over 96.5%

Customer satisfaction rate



100%

ISO 14001 coverage rate



100%

ISO 9001 coverage rate

2025 ESG KEY PERFORMANCE HIGHLIGHTS

AWARDS AND RECOGNITION

IPE Group Limited

Awards	Awarding Organisation
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The 11th International Conference on Fluid Power Transmission and Control (ICFP 2025) Silver Sponsor



Guangzhou Huitong Hydraulic Co., Ltd.

Awards	Awarding Organisation
--------	-----------------------

2025 Guangdong Provincial Renowned High-Quality Product – Large Flow Pilot-operated Relief Valve

Guangdong High-tech Enterprise Association

2025 Guangdong Provincial Renowned High-tech Product – Low-noise Structure CVHG-type Check Valve

Guangdong High-tech Enterprise Association

2025 “Seed Unicorn Enterprise”

Guangzhou Association for Science and Technology Innovation Enterprises



Dongguan Koda Metal Products Co., Ltd.

Awards	Awarding Organisation
2025 Guangdong Provincial Renowned High-tech Product – Precision Metal Shaft Components for Automobiles	Guangdong High-tech Enterprise Association
2025 Guangdong Provincial Renowned High-tech Product – Hydraulic Shaft Components	Guangdong High-tech Enterprise Association
2025 Guangdong Provincial Renowned High-tech Product – Precision Metal Shaft Components for Hard Disk Drives (HDD)	Guangdong High-tech Enterprise Association



Changshu Keyu Greystone Machining Co., Ltd.

Awards	Awarding Organisation
Technology-based Small and Medium-sized Enterprise (SME)	Department of Science and Technology of Jiangsu Province

2025 ESG KEY PERFORMANCE HIGHLIGHTS

Jiangsu Kemai Hydraulic Control System Co., Ltd.

Awards	Awarding Organisation
High and New Technology Enterprise (Re-certification Approved)	National Leading Group for the Recognition and Management of High and New Technology Enterprises
2025 “Little Giant” Specialised, Sophisticated, Distinctive and Innovative Enterprise (Re-certification Approved)	Department of Industry and Information Technology of Jiangsu Province
2025 Jiangsu Provincial Advanced-level Intelligent Engineering Project	Department of Industry and Information Technology of Jiangsu Province
Certified Enterprise for the Implementation of R&D Management System Standards in Jiangsu Province	Jiangsu Enterprise R&D Institution Promotion Association

Yutai Hydraulic Technology (Shanghai) Co., Ltd.

Awards	Awarding Organisation
High and New Technology Enterprise	Shanghai High and New Technology Enterprise Recognition Office
Supplier Excellence Recognition	Caterpillar

CHAIRMAN'S MESSAGE

Dear Stakeholders,

Looking back at 2025, global value chains continued to seek new equilibria amid uncertainty, while the requirements for quality, reliability and compliance in the precision manufacturing industry continued to rise. Since its establishment in 1990, the IPE Group has specialised in precision metal components and assemblies for high-specification automotive, hydraulic, AI-related products, electronic and instrumentation applications, serving leading multinational corporations across information technology, hydraulic power, automotive and electrical appliance sectors. As sustainability concerns became increasingly prominent, we recognised that only by integrating sustainability into our strategy and operations can we navigate change with resilience.

Over the past year, we advanced our sustainability transformation across three key areas. First, low-carbon operations and energy efficiency. We continued to implement energy-saving initiatives and equipment efficiency upgrades, gradually expanded the share of renewable energy in our energy consumption and launched carbon footprint assessments for key products, laying the foundation for future Scope 3 management and alignment with customers' decarbonisation expectations. Second, safety-first operations and talent development. All production sites have strengthened their safety inspections and hazard identification protocols and have enhanced standard operating procedures and training mechanisms, upholding our commitment to zero major incidents. Third, compliance and business integrity. We continued to reinforce supply chain compliance and internal controls, and in 2025 conducted thematic training programmes on ethical culture to strengthen employees' awareness of anti-corruption and data privacy issues across the Group.

To support its medium-term roadmap, the Group has refreshed its five-year environmental targets, focusing on gradual improvement of key performance indicators relating to renewable energy usage, greenhouse gas emissions, waste generation and water use efficiency. The Board continues to oversee ESG matters, review progress against targets and risk assessments, and incorporate relevant KPIs into management performance evaluations to ensure accountability and adequate resource allocation.

Our competitiveness lies in our engineering strength and system-level integration capabilities. Besides supplying high-precision components in large volumes, we provide one-stop solutions for global partners, covering the co-development and final testing of automotive, hydraulic, AI-related products. These projects typically involve long development cycles, deep technical collaboration and stringent quality requirements and delivery reliability. During the year, we further strengthened cross-functional collaborations, enhanced operational outcomes and improved delivery performance through data-driven quality management and process optimisation. We responded effectively to key material issues such as customer satisfaction, product quality and safety, energy efficiency and business ethics.

We are fully aware of the challenges and gaps that lie ahead. Firstly, global supply chain volatility and uncertain energy prices continue to pressure production costs and delivery resilience. Secondly, the gradual implementation of the EU Carbon Border Adjustment Mechanism ("CBAM") and related climate disclosure requirements has made it incumbent upon supply chains to monitor data boundaries, carbon accounting and traceability capabilities more stringently. In addition, Scope 3 emissions management and enhancement of supplier capabilities will require time and collaborative partnerships. In response, the Group has established a phased implementation plan. First, we will strengthen collection of energy and carbon data, expanding carbon footprint accounting and third-party verification coverage for key products. Second, we will progressively increase the proportion of green electricity and high-efficiency equipment investments to continuously improve our energy mix. Third, we will establish a supplier ESG assessment and empowerment mechanism, driving carbon reduction and compliance implementation through training, audits, and co-creation projects.

CHAIRMAN'S MESSAGE

The Group continues to adhere to the requirements of the ISO 14001 environmental management system, ISO 9001 quality management system and ISO 45001 occupational health and safety management systems, ensuring structured and standardised approaches to quality, safety and environmental management. Moving forward, we intend to benchmark our approach and performance against more international best practices in environmental management, occupational health and safety, business ethics and human rights due diligence. We shall also consider external evaluations and accountability mechanisms to enhance transparency and market confidence.

In 2026, we will continue to pursue “high-quality growth and responsible manufacturing” as the guiding principle. We will work towards achieving our environmental targets, promote energy saving, emissions reduction and initiatives towards a circular economy, improve material utilisation and reduce waste generation. Through advanced R&D and engineering services, we expect to deepen collaborations with customers, enhance product quality and functional safety, ensure stable delivery schedules and continuously improve customer satisfaction. With our Research Institute as an innovation hub, we will deepen collaborations with universities and industry leaders, strengthen our “R&D–pilot–mass production” development cycle, and accelerate domestic substitution and performance breakthroughs for key components. At the same time, we will reinforce ethical culture and talent development, fostering a safe, inclusive and purpose-driven workplace.

Sustainability is a long-term endeavour requiring clear direction, strong governance and the trust of our stakeholders. Leveraging our capabilities in precision engineering, process control and system integration, the Group will continue to work hand-in-hand with customers, suppliers and the community to turn challenges into opportunities and create long-term, verifiable value for our shareholders, employees and society.

I sincerely thank all stakeholders for their continued support over the past year.

Chairman

IPE Group Limited

27 March 2026

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE



SUSTAINABILITY GOVERNANCE

Board Statement

The Group follows a corporate philosophy that places sustainable development at its core. We are committed to contributing to environmental protection, social progress and sound corporate governance while pursuing business growth. The Board recognises that performance in environmental, social and governance matters is a key indicator of long-term corporate value and competitiveness. Accordingly, ESG principles have been integrated into the Group's strategic decision-making, risk management and daily operations.

The Group's ESG Committee is composed of Executive Directors and Independent Non-executive Directors, chaired by an Independent Non-executive Director. The Committee is responsible for reporting on significant ESG matters, policy updates and performance progress to the Board. It also works closely with management to facilitate cross-departmental coordination and ensure effective implementation of ESG strategies across all operating units.

ESG Approach and Strategy

When formulating the Group's ESG management approach, the Board considers stakeholder expectations, industry trends and international standards. The Board guides the management in identifying and evaluating ESG issues that may impact business performance, including energy efficiency, remuneration and benefits, product quality and safety, customer satisfaction and business ethics. Through a structured risk and opportunity assessment mechanism, the Group ensures that ESG-related risks are identified and managed in a timely manner, and that sustainability principles are embedded into operational practices and corporate culture.

During 2025, the Board closely monitored the Group's progress on decarbonisation and energy efficiency, green manufacturing, and employee development. The Board also strengthened oversight of ESG data management and disclosure transparency to encourage more informed decision-making.

The Board reviews ESG targets and key performance indicators ("KPIs") on a regular basis and makes adjustments based on actual progress and changes in the external environment. In 2025, the Board reviewed a number of ESG priorities, including continuous improvement of the environmental management system, enhancement of safety culture, and implementation of energy conservation initiatives. The Board has confirmed that these efforts have strengthened operational efficiency and enhanced brand reputation, laying a solid foundation for the Group's long-term competitiveness and sustainable growth.

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

SUSTAINABILITY GOVERNANCE (Continued)

Board Statement (Continued)

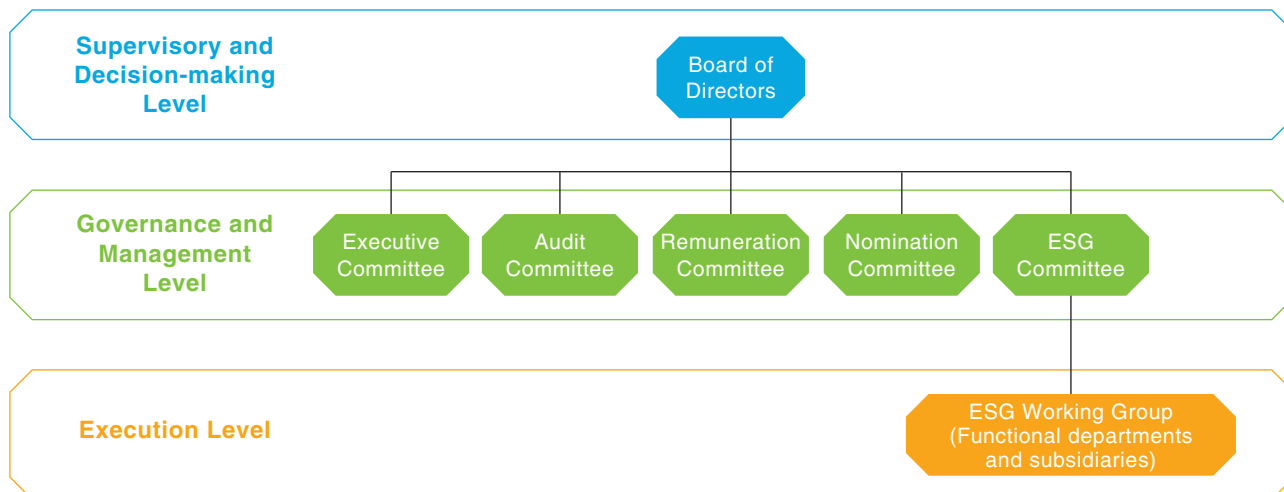
ESG Approach and Strategy (Continued)

The Group firmly believes that efficient ESG management is closely linked to sustainable business development. By promoting low-carbon manufacturing and reinforcing corporate responsibility, we not only meet the expectations of customers and investors, but also strengthen our leadership position in the precision manufacturing industry.

Looking forward, the Board will continue to enhance its ESG governance framework, refine target-setting and performance monitoring mechanisms, and strengthen communication and collaboration with stakeholders. The Board will remain attentive to climate-related risks, emerging technologies and social impact, and will continue to advance sustainability to create long-term value for shareholders, employees, society and the environment.

Sustainability Governance Structure

The Group has established a comprehensive sustainability governance structure to ensure that ESG matters are managed effectively. The Board leads the formulation of key plans, which are implemented by the ESG Committee, supported by cross-departmental collaboration. This forms a top-down governance and implementation mechanism.



SUSTAINABILITY GOVERNANCE (Continued)

Sustainability Governance Structure (Continued)

Board Responsibilities

The Board holds the ultimate responsibility for the Group's sustainability strategy and performance. It reviews ESG targets, progress, key risks and management measures on a regular basis. ESG matters are discussed during scheduled Board meetings each year to ensure that the Group's ESG strategy aligns with long-term business direction and stakeholder expectations.

ESG Committee

To advance the Group's sustainability agenda, the ESG Committee—comprising members of the Board and chaired by an Independent Non-executive Director with professional ESG expertise—oversees all ESG matters. Its responsibilities include:

- Formulating and implementing ESG strategies, policies and action plans aligned with the business model;
- Establishing ESG targets, KPIs and measurement indicators to monitor performance and progress;
- Assessing and managing ESG-related risks and opportunities;
- Reviewing and reporting ESG performance, and making recommendations to the Board on material ESG issues.

The ESG Committee meets semi-annually to evaluate the Group's ESG performance and progress towards targets, ensuring effective implementation and continuous improvement.

Mr. Cheung Chun Yue, Anthony serves as Chairman of the ESG Committee. He is currently Managing Director and Head of ESG of Polymer Capital Management (HK) Limited. He also serves as GHG Protocol Independent Standards Board member, Supervisory Board Member of the World Benchmarking Alliance (WBA), Steering Committee of Climate Governance Initiative Hong Kong Chapter and Board Governor at Friends of the Earth (HK). His professional background provides valuable guidance in the formulation and execution of the Group's sustainability strategy.

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

SUSTAINABILITY GOVERNANCE (Continued)

Sustainability Governance Structure (Continued)

ESG Working Group

To ensure more effective implementation and enhanced coordination across subsidiaries, the Group established an ESG Working Group in 2025. Acting as a bridge between the ESG Committee and operating units, the Working Group is responsible for executing ESG-related tasks and driving the implementation of the Group's sustainability policies.

Its primary responsibilities include:

- Executing assignments delegated by the ESG Committee;
- Coordinating and overseeing ESG-related tasks across departments;
- Collecting ESG data from operating units and consolidating improvement suggestions;
- Supporting ESG reporting, policy updates and training arrangements;
- Identifying and reporting potential ESG risks and opportunities.

The Working Group reports progress to the ESG Committee on a regular basis, ensuring alignment across the Group and fostering continuous improvement toward ESG goals.

External Advisory Support

To ensure professionalism and continuous enhancement of ESG governance, the Group engages external ESG consultants to provide technical support and expert advice. The consultants assist the Group in identifying material issues, optimising data management processes and enhancing the quality of ESG disclosure, helping drive ongoing improvement in the Group's sustainability performance.

SUSTAINABILITY STRATEGY

Considering the rapid evolution of global value chains, shifting customer expectations and tightening regulatory requirements, the Group firmly believes that sustainability is a core driver of long-term competitiveness. To ensure that our operating model remains aligned with future trends, the Group has conducted an in-depth analysis of the environmental, social and governance impacts across the entire manufacturing value chain. This analysis forms the basis for the Group's ESG strategic direction, management framework and medium- to long-term sustainability objectives.

Understanding Our Value Chain Impact on the Environment and Society

Drawing on value chain analysis methodologies, the Group evaluates the potential environmental and social impacts of its operations at each stage of the value chain—from raw material procurement, manufacturing and processing, product sales and logistics distribution, customer service, through to product disposal and recycling. This assessment helps identify risks and opportunities across each phase, and is further integrated with the results of the double materiality assessment to determine the ESG topics most relevant to our operations.

Through this process, the Group identifies priority areas requiring careful management, such as energy consumption, waste management, occupational health and safety, and supply chain responsibility. Meanwhile, the assessment also highlights positive opportunities arising from our operations, including advancing green manufacturing, enhancing quality performance, supporting employee development and upholding integrity in business operations. These insights form the foundation for building the Group's sustainability strategy.



Potential Negative Impacts

- | | | | | |
|---|--|--|---|--|
| <ul style="list-style-type: none"> • Carbon emissions and energy consumption associated with raw material extraction • Variations in labour standards across the supply chain (e.g. working hours, wages, risks of child labour) • Environmental compliance risks among upstream suppliers (e.g. heavy metal pollution and chemical use) | <ul style="list-style-type: none"> • High energy and water consumption and associated greenhouse gas emissions • Generation of wastewater, oil residues, dust and noise • Occupational health and safety risks for operations personnel | <ul style="list-style-type: none"> • Logistics-related carbon emissions • Packaging waste • Supply chain instability leading to delays or higher spoilage | <ul style="list-style-type: none"> • Safety risks associated with defective or failed products • Inadequate customer service affecting reputation | <ul style="list-style-type: none"> • Improper handling of scrap metal potentially causing environmental pollution • Increased corporate carbon footprint |
|---|--|--|---|--|

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

SUSTAINABILITY STRATEGY (Continued)

Understanding Our Value Chain Impact on the Environment and Society (Continued)



Opportunities for Positive Contributions:

- Promoting green procurement to enhance supply chain environmental performance
- Advancing supplier responsibility for OHS and labour rights
- Improving procurement efficiency to reduce waste
- Enhancing efficiency and energy performance through digitalisation and automation
- Reducing scrap generation and resource consumption through process optimisation
- Strengthening customer retention by improving quality performance
- Reducing air emissions by adopting low-carbon logistics and route optimisation
- Increasing the use of recyclable packaging materials
- Enhancing supply chain resilience
- Strengthening corporate image through efficient after-sales service
- Using customer feedback loops to drive quality improvements
- Increasing success rates for long-term customer collaboration
- Improving material utilisation and reducing waste through enhanced metal recycling rates
- Reducing cost and boosting positive ESG recognition by following circular economy practices

Corresponding ESG Topics:

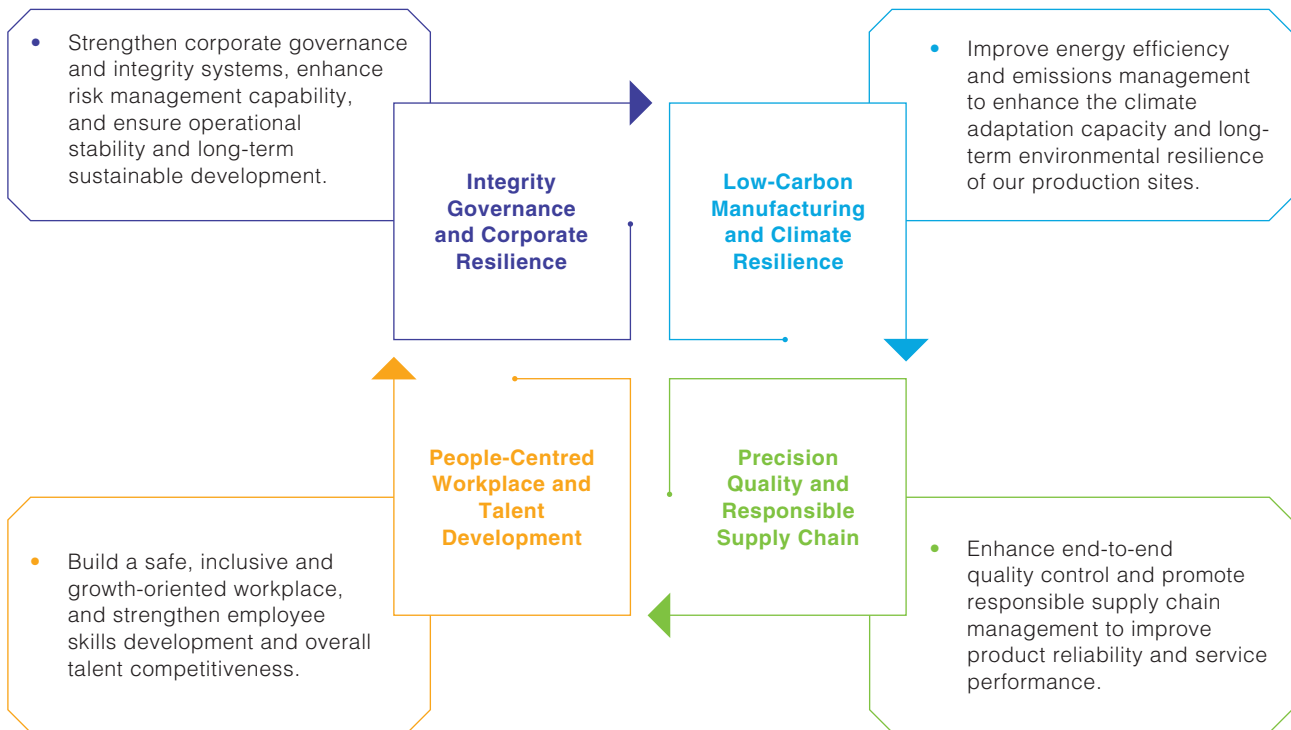
- Use of Materials
- Waste Management
- Circular Economy
- Responsible Supply Chain
- Business Ethics
- Addressing Climate Change
- Air Emissions
- Water Resource Management
- Wastewater Management
- Energy Efficiency
- Greenhouse Gas Emissions
- Clean Technology
- Occupational Health and Safety
- Product Quality and Safety
- Marketing and Product and Service Labelling Compliance
- Greenhouse Gas Emissions
- Addressing Climate Change
- Business Ethics
- Customer Satisfaction
- Customer Service Quality and Complaints Handling
- Customer Privacy and Data Protection
- Circular Economy
- Waste Management
- Nature-related Risks and Opportunities Management
- Environmental Compliance

SUSTAINABILITY STRATEGY (Continued)

ESG Strategic Pillars

Based on the value chain analysis, the Group has identified four pillars for its sustainability strategy, which serve as the core framework for long-term transformation and resilience building. These pillars help respond directly to the Group's key risks and opportunities, covering governance, environmental management, employee development, and product and supply chain responsibility. Together, they form the overarching blueprint for the Group's sustainability journey.

Each strategic pillar is supported by clear objectives and measurable management directions to ensure structured implementation. This framework strengthens operational efficiency and competitiveness, while enabling the Group to stay aligned with industry trends, mitigate risks and seize opportunities created by the global transition towards green manufacturing.



On the basis of the four strategic pillars the Group has further defined medium- to long-term objectives for each pillar, translating them into clearly articulated action programmes. These objectives are closely linked with our material ESG topics and sustainability goals and ensure that our strategic direction remains measurable, actionable and sustainable. Key areas include energy and resource management, occupational health and safety, quality and supply chain responsibility, and ethical governance.

By establishing clear targets and quantitative indicators, the Group can effectively monitor progress, enhance transparency and continuously improve performance in terms of managing risks and capturing opportunities.

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

SUSTAINABILITY STRATEGY (Continued)






ESG Strategic Pillars (Continued)

To align with international sustainability frameworks, the Group has also mapped its ESG strategy to the United Nations Sustainable Development Goals (“SDGs”), prioritising those most relevant to its business. This not only demonstrates our commitment to global sustainability initiatives, but also highlights the Group’s contribution to low-carbon manufacturing, employee well-being, quality and supply chain responsibility, and strong governance. The Group aims to continue to promote progress shared between the enterprise and the society, contributing long-term value to global sustainability.

Strategic Pillar	Strategic Objectives	Material Topics	Sustainability Targets	Corresponding SDGs
Integrity Governance and Corporate Resilience	<ul style="list-style-type: none"> Maintain the highest standards of anti-corruption practices Strengthen the corporate risk management framework Establish robust data protection and cyber security safeguards Enhance transparency in corporate governance and stakeholder engagement 	<ul style="list-style-type: none"> Business Ethics Corporate Governance Corporate Risk Management 	<ul style="list-style-type: none"> Complete the Group-wide annual risk identification and updates each year 	 
Low-Carbon Manufacturing and Climate Resilience	<ul style="list-style-type: none"> Advance energy management and upgrade energy-saving technologies Increase the proportion of renewable energy in total consumption Reduce the intensity of emissions, wastewater and waste generation Strengthen climate risk identification (e.g. heavy rainfall, high temperatures) 	<ul style="list-style-type: none"> Energy Efficiency 	<ul style="list-style-type: none"> By 2029, 15% of the Group's total energy consumption will be supplied by self-generated solar power By 2029, reduce electricity intensity by 10% compared with 2024 By 2029, reduce water intensity by 10% compared with 2024 By 2029, reduce sludge generation intensity by 10% compared with 2024 By 2029, reduce Scope 1 and Scope 2 GHG emission intensity by 10% compared with 2024 	  

SUSTAINABILITY STRATEGY (Continued)

ESG Strategic Pillars (Continued)

Strategic Pillar	Strategic Objectives	Material Topics	Sustainability Targets	Corresponding SDGs
People-Centred Workplace and Talent Development	<ul style="list-style-type: none"> Enhance occupational health and safety management across the Group (ISO 45001) Build a strong safety culture (zero fatalities, zero major incidents) Improve remuneration and benefits, talent development and employee engagement Foster a diverse, inclusive and supportive work environment 	<ul style="list-style-type: none"> Remuneration and Benefits 	<ul style="list-style-type: none"> Maintain zero major work-related injury incidents 	  
Precision Quality and Responsible Supply Chain	<ul style="list-style-type: none"> Strengthen end-to-end quality management (including PPAP, FMEA, R&R and other automotive standards) Improve customer satisfaction and after-sales service performance Promote green procurement and conduct supplier ESG audits Ensure labour standards and environmental compliance throughout the supply chain 	<ul style="list-style-type: none"> Customer Satisfaction Customer Service Quality and Complaints Handling Product Quality and Safety 	<ul style="list-style-type: none"> Achieve a 100% complaint closure rate Ensure 100% audit coverage for high-risk suppliers 	 

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

STAKEHOLDER ENGAGEMENT




The Group firmly believes that stakeholders' insights are essential for shaping and refining its sustainability strategy. By maintaining open, transparent and continuous communication with diverse stakeholder groups, we are able to better understand their expectations and concerns, ensuring that our business is moving in the desired direction and ESG priorities are aligned with societal needs.

The Group engages its key stakeholders through a variety of channels, including surveys, meetings, supplier audits, employee training and community activities. These interactions not only help identify potential risks and opportunities but also provide important inputs for enhancing our management practices, product quality and service standards.

The following table outlines our key stakeholder groups, their primary areas of concern and the corresponding engagement mechanisms:

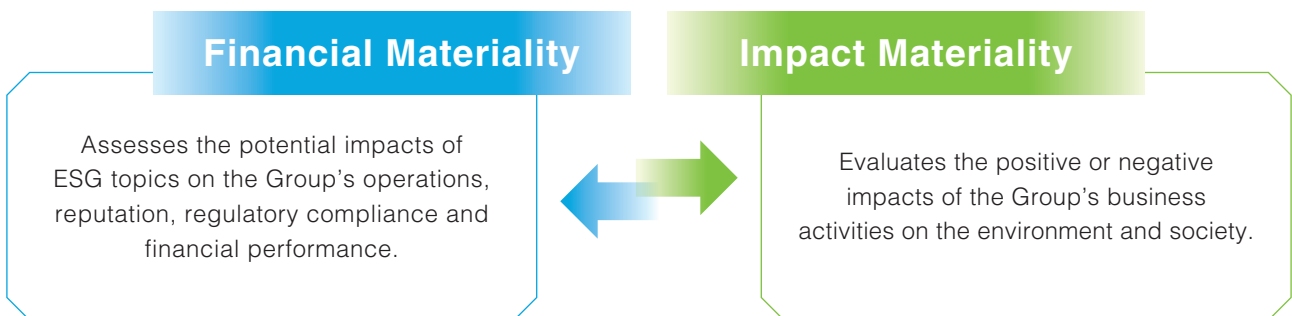
Stakeholder Group	Key Areas of Concern	Communication Channels
 Employees	<ul style="list-style-type: none"> Occupational health and safety Remuneration and benefits Diversity and equal opportunities 	<ul style="list-style-type: none"> Employees' performance evaluations Internal newsletters Internal trainings Employee satisfaction questionnaire
 Customers	<ul style="list-style-type: none"> Product quality and safety Customer service quality and complaints handling Customer privacy and data protection 	<ul style="list-style-type: none"> Company communications Customer feedback systems Exhibitions
 Suppliers and subcontractors	<ul style="list-style-type: none"> Responsible supply chain Business ethics 	<ul style="list-style-type: none"> Regular electronic and business meetings Supplier meetings
 Shareholders/Investors	<ul style="list-style-type: none"> Regulatory compliance Corporate governance Enterprise risk management 	<ul style="list-style-type: none"> Annual Report/ESG Report Company website Shareholder meetings Financial statements

STAKEHOLDER ENGAGEMENT (Continued)

Stakeholder Group	Key Areas of Concern	Communication Channels
 Regulatory Bodies	<ul style="list-style-type: none"> • Business ethics • Regulatory compliance • Environmental compliance 	<ul style="list-style-type: none"> • Regulatory filings • Compliance reports
 Local Communities	<ul style="list-style-type: none"> • Community engagement 	<ul style="list-style-type: none"> • Community engagement programs • Charity/donation events
 Non-Governmental Organisations (“NGOs”)	<ul style="list-style-type: none"> • Ecosystem and biodiversity conservation • Prevention of child or forced labour 	<ul style="list-style-type: none"> • Partnerships with NGOs

DOUBLE MATERIALITY ASSESSMENT

To ensure that ESG-related disclosures accurately reflect the Group’s business realities and external impacts, the Group conducted a double materiality assessment in 2025 to identify, evaluate and prioritise the most significant environmental, social and governance topics. This framework considers two dimensions:



INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

DOUBLE MATERIALITY ASSESSMENT (Continued)

Assessment Process

The Group's double materiality assessment comprises four key stages:

IDENTIFICATION

Reviewing international standards (including the GRI Standards), sector trends, peer practices and stakeholder opinions to compile a list of ESG topics relevant to the Group.



STAKEHOLDER ENGAGEMENT

Collecting feedback from internal and external stakeholders through online surveys to understand their concerns regarding various ESG topics and their assessment of the importance of these topics to the business.



PRIORITISATION

Integrating stakeholder responses and compiling scoring results for ESG topics. Combining these with actual business circumstances to assess the potential impact of each topic on the Group's operations, thereby confirming the outcomes of the materiality matrix.



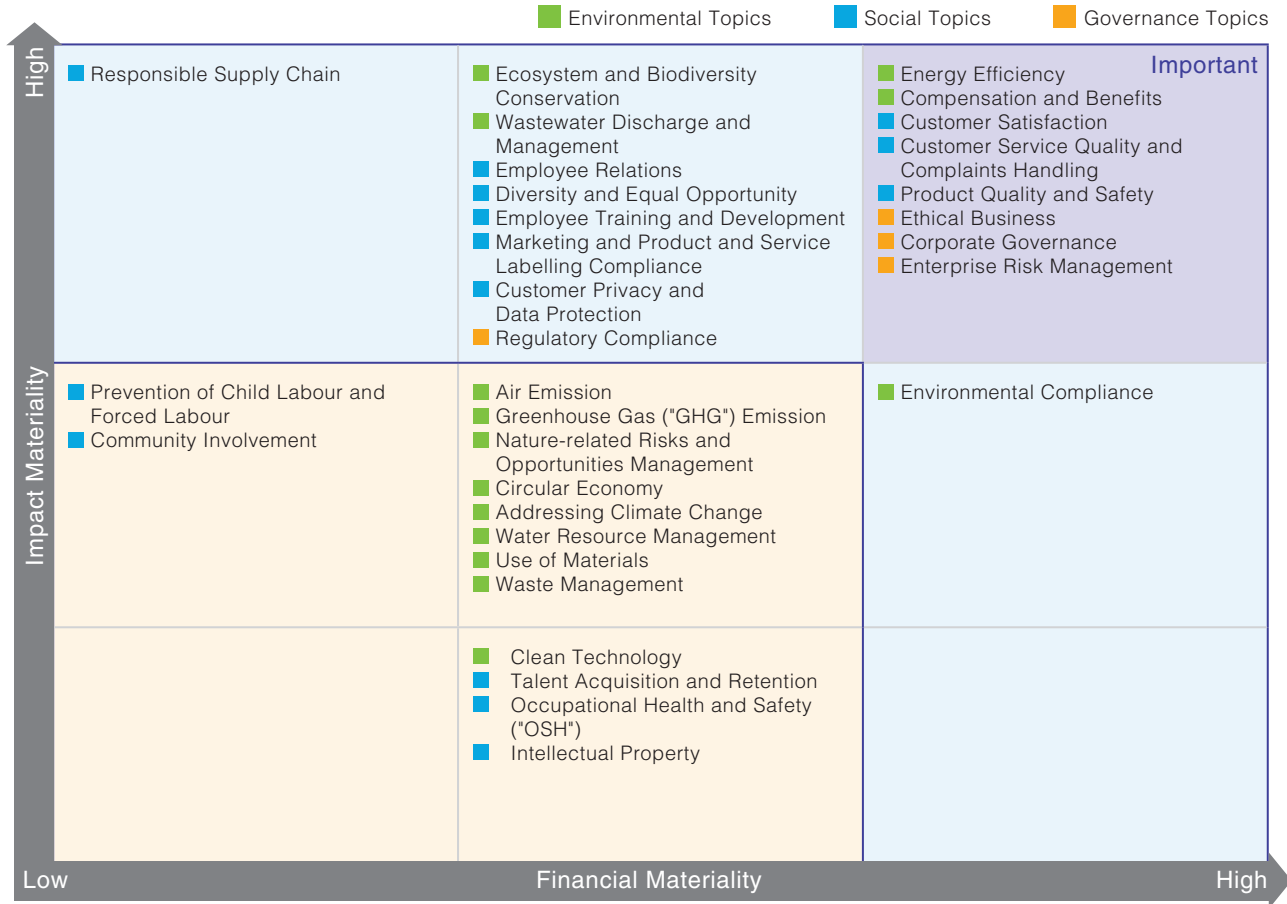
VALIDATION

The assessment results are submitted to the ESG Committee for review and confirmation, serving as the basis for formulating ESG strategies and reporting content. The Group regularly reviews identified ESG topics and their impacts to ensure their relevance.

DOUBLE MATERIALITY ASSESSMENT (Continued)

Assessment Results

Based on the 2025 assessment, the double materiality matrix below illustrates the relative importance of each ESG topic from both financial and impact perspectives:



Topics located in the upper-right quadrant of the matrix exhibit high financial materiality and high impact materiality, and are therefore identified as the Group's priority ESG topics for future management:

2025 Material ESG Topics

- Energy Efficiency
- Customer Service Quality and Complaint Handling
- Corporate Governance
- Remuneration and Benefits
- Product Quality and Safety
- Corporate Risk Management
- Customer Satisfaction
- Business Ethics

These topics are closely aligned with the Group's long-term strategy and reflect the key areas of concern for major stakeholders such as customers, employees and regulatory authorities.

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

IDENTIFYING ESG RISKS AND OPPORTUNITIES

Based on the identified material topics, the Group conducted an ESG risk and opportunity assessment to evaluate their potential impact on the Group's operations and long-term sustainability. The table below summarises the assessment results and the corresponding actions presented in this Report.

Material Topic	Risks	Opportunities	Responses in Section(s)
Energy Efficiency	<ul style="list-style-type: none"> Rising energy costs increasing operating costs. Increasing regulatory requirements on energy efficiency, with potential non-compliance risks if improvements are not made in time. 	<ul style="list-style-type: none"> Energy-saving initiatives help reduce operating costs. Expanding self-generated solar power improves energy autonomy and lowers carbon emissions. High energy efficiency enhances market competitiveness and customer appeal. 	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change
Remuneration and Benefits	<ul style="list-style-type: none"> Non-competitive remuneration may lead to talent loss and recruitment challenges. Low morale could affect productivity and product quality. 	<ul style="list-style-type: none"> Enhancing remuneration and benefits improves talent attraction and retention. Higher employee satisfaction strengthens operational stability and efficiency. 	People-Centred Workplace and Talent Development – Employee Relations
Customer Satisfaction	<ul style="list-style-type: none"> Poor complaint handling may lead to customer churn and reputational damage. Delivery delays or quality issues may result in increased cost and compensation risks. 	<ul style="list-style-type: none"> Strengthening customer communication and complaint management enhances loyalty. Stable product quality and delivery performance improve customer retention and order growth. 	Precision Quality and Responsible Supply Chain – Customer Service
Customer Service Quality and Complaint Handling	<ul style="list-style-type: none"> Inadequate after-sales service may increase return rates and compliance risks. Lack of standardised processes could result in delayed handling and risk escalation. 	<ul style="list-style-type: none"> Enhancing complaint handling procedures drives service improvement. A robust response mechanism strengthens customer trust and brand perception. 	Precision Quality and Responsible Supply Chain – Customer Service

IDENTIFYING ESG RISKS AND OPPORTUNITIES (Continued)

Material Topic	Risks	Opportunities	Responses in Section(s)
Product Quality and Safety	<ul style="list-style-type: none"> Substandard products may lead to recalls, complaints and financial losses. Rapidly tightening regulations in the automotive and precision manufacturing sectors may increase compliance costs. 	<ul style="list-style-type: none"> Enhancing product quality improves brand reputation and market share. High quality standards support entry into premium markets. 	Precision Quality and Responsible Supply Chain – Product Responsibility
Business Ethics	<ul style="list-style-type: none"> Fraud or bribery incidents may lead to legal penalties and reputational damage. Higher risks in sales and procurement functions. 	<ul style="list-style-type: none"> Robust anti-corruption systems improve transparency. Ethical operations strengthen long-term partnerships with customers and suppliers. 	Integrity Governance and Corporate Resilience – Business Ethics
Corporate Governance	<ul style="list-style-type: none"> Weak governance structures may undermine decision-making efficiency and risk management capability. 	<ul style="list-style-type: none"> Strong governance enhances corporate stability and transparency. Improves investor, customer and employee confidence. 	Integrity Governance and Corporate Resilience – Sustainability Governance <i>For further details on corporate governance, please refer to the Corporate Governance Report in the Group's 2025 Annual Report.</i>
Corporate Risk Management	<ul style="list-style-type: none"> Supply chain disruptions, climate events and geopolitical factors increase operational risks. Lack of structured risk identification reduces resilience. 	<ul style="list-style-type: none"> Strengthened risk management enhances the Group's ability to withstand external shocks. Supports more forward-looking strategic and resource planning. 	Integrity Governance and Corporate Resilience – Identifying ESG Risks and Opportunities <i>For further details on corporate risk management, please refer to the Corporate Governance Report in the Group's 2025 Annual Report.</i>

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

BUSINESS ETHICS

Anti-corruption and Anti-fraud

The Group regards integrity, fairness and ethical conduct as the foundations of long-term and sustainable corporate development. We strictly comply with all applicable anti-corruption and anti-bribery laws and regulations² and have established a comprehensive set of internal policies and monitoring mechanisms to ensure that the highest ethical standards are followed in all business activities. The Group has established management policies such as the *Code of Conduct* and the *Anti-fraud and Whistleblowing Policy*, which clearly stipulate that all Directors, employees, staff members at our operating sites, as well as outsourced workers, contractors and their representatives, are strictly prohibited from directly or indirectly engaging in any form of bribery, kickbacks, fraud, abuse of power, misappropriation of assets or improper transfer of benefits.

Governance Structure

The Group has established an anti-fraud governance structure with clear delineation of responsibilities across relevant functional departments:



We regularly review and update all policies, internal control procedures and monitoring measures to ensure our anti-corruption framework remains aligned with emerging risks and changes in the market environment.

² For relevant laws and regulations, please refer to the Legal and Regulatory section of this report.

BUSINESS ETHICS (Continued)

Anti-corruption and Anti-fraud (Continued)

Internal Controls and Accountability Mechanisms

To strengthen integrity in operations, the Group has implemented robust control and accountability mechanisms. Employees in high-risk functions—such as import and export, procurement, sales and supply chain management—are subject to enhanced monitoring measures, including transparency requirements, delegated approval authorities, internal review procedures and mandatory record-keeping.

The Group generally enters into Trade Security Agreements, or agreements containing equivalent provisions, with its business partners, requiring all parties to comply with ethical standards, anti-corruption laws and confidentiality obligations. This helps mitigate supply chain and cross-border trade risks, while safeguarding mutual trust and corporate reputation.

The Group has a zero-tolerance approach towards corruption and fraudulent behaviour. Any employee found to have violated ethical conduct, internal policies or relevant laws is subject to disciplinary actions proportionate to the severity of the misconduct. Measures may include warnings, re-training or termination of employment. Serious violations may be reported to regulatory or judicial authorities.

Whistleblowing Mechanism and Protection

To strengthen internal oversight and enhance transparency, the Group has established a secure, confidential and anonymous whistleblowing mechanism. Employees and third parties (such as customers and suppliers) are encouraged to report suspected fraud, misconduct or significant risks.

Reports can be submitted through the following channels:

Whistleblowing Email: ia@ipecn.com.cn	Whistleblowing Hotline: 020-82945929-2558	Whistleblowing Form
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All whistleblowing reports are centrally logged, categorised and handled by the Internal Audit Department. Cases are reviewed by an uninvolved Executive Director or the Audit Committee, which oversees the effectiveness of the whistleblowing mechanism and ensures follow-up actions are properly implemented. Serious cases are reported to relevant regulatory authorities where appropriate.

The Group is committed to protecting whistleblowers acting in good faith. Retaliation or unfair treatment against whistleblowers is strictly prohibited and explicitly addressed in our whistleblower protection policy.

INTEGRITY GOVERNANCE AND CORPORATE RESILIENCE

BUSINESS ETHICS (Continued)

Anti-corruption Training and Awareness Building

The Group continuously enhances employees' understanding of anti-corruption requirements, laws and internal control mechanisms through training and communication.

During the Reporting Period, Board members received 15 hours of anti-corruption and anti-fraud training, while employees completed 57 hours of related compliance and internal control training, reinforcing the Group's culture of integrity and compliance.

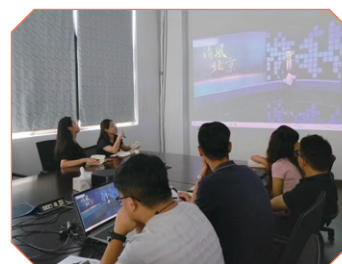
Furthermore, the Group organised a thematic training programme on ethical culture during the Reporting Period. A total of 166 employees—including senior management, middle-level staff and frontline employees—participated in the programme and submitted reflections after the training. This initiative further strengthened the culture of integrity at all levels in the organisation.



Guangzhou Xin Hao



Dongguan Koda



Changshu Keyu Greystone



Jiangsu Kemai



Shanghai Yutai

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE



ADDRESSING CLIMATE CHANGE

Global climate change is bringing unprecedented challenges to businesses across sectors. The Group attaches great importance to the potential impacts of climate change and regards decarbonisation as an integral part of its long-term corporate strategy. The Group aligns its climate-related disclosures with the International Financial Reporting Standard *S2 Climate-related Disclosures* (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”), as well as Part D (Climate-related Disclosures) of the “ESG Code” of HKEX. Guided by the four core pillars of “governance, strategy, risk management, and metrics & targets”, the Group has been implementing its climate response in an orderly manner to ensure effective implementation of various measures.

Governance

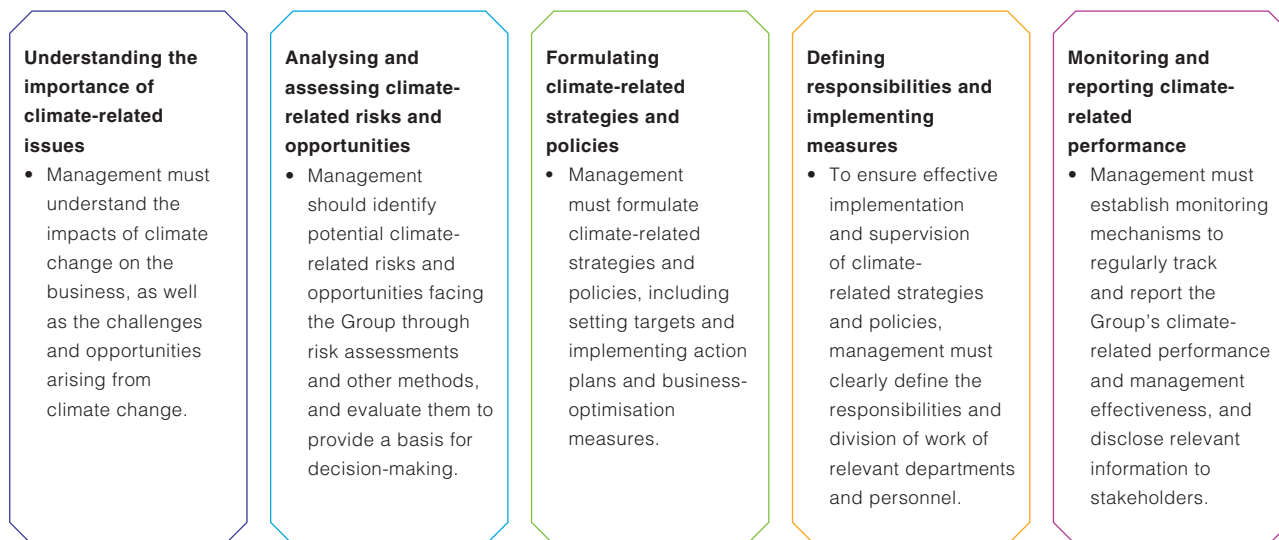
The Board recognises the potential impacts of climate change on the Group’s business and considers climate-related risks and opportunities when planning and making strategic decisions. As investors place greater emphasis on climate topics, the Board has requested each Group company to formulate climate-related risk management policies and plans, and to set and evaluate relevant metrics and targets. The Board receives biannual reports from the ESG Committee to keep informed of climate-related risks and opportunities and how the Company is addressing the relevant issues.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Governance (Continued)

The Board has allocated responsibilities for climate-related work to the ESG Committee and management, who jointly drive the implementation of relevant initiatives. The key processes include:



As the impacts of climate change become increasingly evident, the Group continues to enhance its governance mechanism for addressing the related risks and opportunities, and reviews and strengthens its response measures where appropriate. To ensure that the Board possesses the skills and competencies necessary to address climate change, Board members receive regular training on sustainability and climate-related issues, and seek external professional advice and consultancy support as needed.

For details of the specific climate governance structure, please refer to the section *Sustainability Governance Structure*.

Strategy

Climate change presents both physical and transitional challenges to the Group. Physical risks include increased frequency of extreme weather events (such as typhoons, heavy rainfall and heatwaves) and threats such as rising sea levels, which may lead to asset damage, delivery delays and higher operating costs. At the same time, the tightening of climate-related policies is resulting in increasing demand for low-carbon products and rising stakeholder expectations, besides mounting transition risks. These include compliance requirements, operational adjustments and reputational pressure. In the midst of these challenges, the Group actively seeks to capture transitional opportunities arising from climate-related actions, to enhance business resilience and achieve a leading position in green development.

During the Reporting Period, in view of the latest climate-related disclosure requirements under “IFRS S2” and “ESG Code”, the Board and the management conducted a qualitative assessment of climate-related risks and opportunities. Scenario analysis was used to evaluate the potential impacts on the Group's business model and value chain, thereby supporting the formulation of climate adaptation and mitigation strategies.

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Physical Risk Scenarios

During the Reporting Period, the Group selected the Shared Socioeconomic Pathway (“SSP”) low greenhouse gas (GHG) emissions scenario “SSP1-2.6” and the very high GHG emissions scenario “SSP5-8.5” from the Intergovernmental Panel on Climate Change (“IPCC”) Sixth Assessment Report (“AR6”) as the main scenarios for assessing physical climate risks. The key assumptions³ (scenario narratives, temperature rise and sea level rise) are illustrated in the chart below.

SSP1-2.6 Scenario	SSP5-8.5 Scenario
<input type="checkbox"/> Scenario Description: Under a future of strengthened global cooperation and promotion of sustainable development, China shall continue to accord high priority to clean energy and shall implement increasingly more stringent environmental policies in the future with the goal of achieving carbon neutrality by around 2075.	<input type="checkbox"/> Scenario Description: Global energy structures continue to rely heavily on fossil fuels, and greenhouse gas emissions remain at high levels over the long term.
<input type="checkbox"/> Temperature Increase: By 2100, average global temperatures are expected to remain within 2°C above pre-industrial levels (approximately the year 1850).	<input type="checkbox"/> Temperature Increase: By 2100, average global temperatures may rise 3.3°C to 5.7°C above the pre-industrial era.
<input type="checkbox"/> Sea Level Rise: By 2100, global sea levels are projected to rise 0.32 to 0.62 metres, with relatively lower inundation risks for coastal regions and infrastructure.	<input type="checkbox"/> Sea Level Rise: By the end of the century, global sea levels are projected to rise 0.63 to 1.01 metres, posing significant risks to coastal regions and related infrastructure.

³ The scenario narratives are referenced from the Summary for Policymakers of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Transition Risk Scenarios

During the Reporting Period, the Group drew on the Net Zero Emissions by 2050 Scenario (“NZE”) and the Stated Policies Scenario (“STEPS”) published by the International Energy Agency (“IEA”) for assessing climate-related transition risks. Their key assumptions⁴ covering scenario narratives, economic outlook, climate policies and levels of commitment, are shown in the chart below.

NZE Scenario	STEPS Scenario
<input type="checkbox"/> Scenario Description: The global energy system follows a pathway consistent with achieving net zero carbon dioxide emissions by 2050. By 2100, the increase in global average temperature is broadly contained at around 1.5°C above pre-industrial levels.	<input type="checkbox"/> Scenario Description: Reflects only those energy and climate policies that have been implemented or officially announced by governments, assuming no additional major mitigation action. Greenhouse gas emissions remain at a relatively high level over the long term, and by 2100 global temperature may rise by about 2.4°C above pre-industrial levels.
<input type="checkbox"/> Economy: Huge investments in clean energy and low-carbon technologies drive global economic growth until 2030.	<input type="checkbox"/> Economy: Continued reliance on fossil fuel development patterns leads to slower investment growth in renewable energy.
<input type="checkbox"/> Climate Policies: All countries implement stringent emissions-reduction policies and establish clear roadmaps to meet climate-related targets.	<input type="checkbox"/> Climate Policies: Limited intensity in implementing new climate policies and insufficient institutional frameworks for advancing global emissions reductions.
<input type="checkbox"/> Level of Commitment: With supportive policies, governments, businesses, and consumers actively adjust their behaviour, accelerating the transition toward a low-carbon economy.	<input type="checkbox"/> Level of Commitment: Climate action urgency among stakeholders remains low, making it difficult to generate momentum for large-scale climate improvements.

The above scenarios were selected primarily because they are published by internationally recognised authorities and capture a wide range of possible pathways—from aggressive decarbonisation to maintaining current policies and high-emission trajectories. These scenarios cover key uncertainties such as policy tightening, energy prices, technological development and physical risks, enabling the Group to assess the resilience of its operations and strategy under different circumstances.

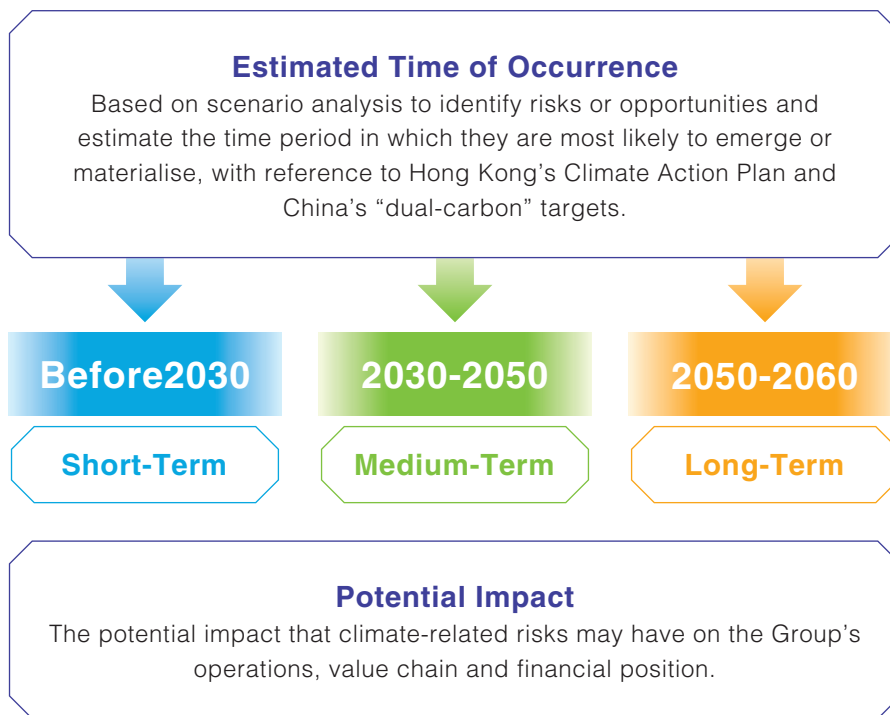
⁴ The scenario narratives are based on the Global Energy and Climate Model Report published by the International Energy Agency (IEA).

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Climate Risk Assessment Dimensions

The Group assesses climate-related risks and opportunities mainly along two dimensions: “expected time of occurrence” and “potential impact”. The “expected time of occurrence” is further divided into short term (before 2030), medium term (2030 to 2050) and long term (2050 to 2060), in order to reflect climate risks and opportunities that may arise at different stages.



The scope of this climate-related scenario analysis is consistent with the ESG reporting boundary for the Reporting Period and covers the Group's major production bases, including the Guangzhou, Shanghai, Yangzhou, Changshu and Dongguan bases.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Assessment Results

Climate-Related Risks

Based on the qualitative assessment conducted, extreme weather events and rising average temperatures are identified as the principal physical climate risks faced by the Group. Under high-emissions scenarios, the continued rise in global temperature may lead to increased frequency and severity of typhoons, heavy rainfall and extreme heatwaves. These events could cause operational disruptions or damage to certain production sites, warehousing facilities and logistics infrastructure, thereby affecting production capacity and operating costs.

We are aware that as customers and other stakeholders place increasing emphasis on environmental performance and low-carbon practices, failure to meet expectations on decarbonisation may result in market and reputational risks, including potential customer loss and deterioration of brand image. This could have a significant impact on the Group's revenue. In contrast, the overall risk level associated with tighter carbon-emission regulations and mandatory climate disclosure requirements is relatively low in this assessment. This is mainly because the Group has already undertaken product life cycle assessments (LCA) and continues to prepare ESG reports and respond to relevant disclosure requirements, helping to mitigate such risks.

Physical Risk	Relevance Assumptions	SSP1-2.6 Scenario			SSP5-8.5 Scenario		
		2030	2050	2060	2030	2050	2060
Extreme weather events	We assess, based on the IPCC climate scenarios, how climate change may affect the locations of assets in South China and the coastal regions of East China and the potential value of at-risk assets, with a particular focus on the possible impacts of typhoons, heavy rainfall, sea level rise and high temperatures on operations and asset damage.	•	•	•	•	•	•
Sea-level rise		•	•	•	•	•	•
Increase in average temperature		•	•	•	•	•	•

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Assessment Results (Continued)

Climate-Related Risks (Continued)

Transitional Risk	Relevance Assumptions	NZE – Net Zero Emissions Scenario			STEPS – Stated Policies Scenario		
		2030	2050	2060	2030	2050	2060
Tightening of carbon-emission regulations	We expect regulators in Hong Kong and Mainland China to progressively expand climate-related information disclosure, which may result in additional carbon taxes and compliance costs.	•	•	•	•	•	•
Mandatory climate-related disclosure requirements		•	•	•	•	•	•
Low-carbon technology transition	We expect that implementing energy-saving measures and deploying low-carbon technologies such as photovoltaic systems will require higher upfront capital expenditure and R&D investment, and will involve risks relating to technology maturity and operational stability.	•	•	•	•	•	•

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Assessment Results (Continued)

Climate-Related Risks (Continued)

Transitional Risk	Relevance Assumptions	NZE – Net Zero Emissions Scenario			STEPS – Stated Policies Scenario		
		2030	2050	2060	2030	2050	2060
Changing customer preferences	We expect that growing demand for low-carbon products and supply chain emission reduction, together with adjustments in market structure, may create cost pressure.	•	•	•	•	•	•
Rising environmental expectations from stakeholders	We expect that failure to meet environmental expectations of regulators, investors and the community may adversely affect the Group’s brand image and, in turn, weigh on business volume and revenue.	•	•	•	•	•	•
<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 10px; background-color: #808080; margin-right: 5px;"></div> Lower Risk </div>	The risk is unlikely to materialise within the relevant “expected time of occurrence”, and is expected to have only a limited “potential impact” on the Group within that period.						
<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 10px; background-color: #FFD700; margin-right: 5px;"></div> Medium Risk </div>	The risk has a moderate likelihood of materialising within the relevant “expected time of occurrence”, and is expected to have a moderate “potential impact” on the Group within that period.						
<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 10px; background-color: #FF0000; margin-right: 5px;"></div> Higher Risk </div>	The risk is more likely to materialise within the relevant “expected time of occurrence”, and is expected to have a significant “potential impact” on the Group within that period.						

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Assessment Results (Continued)

Climate-Related Opportunities

The Group is actively pursuing low-carbon transition initiatives and green R&D measures. Several of these related opportunities are expected to begin materialising around 2030 and their benefits are expected to expand further in the medium to long term.

Opportunity	Relevance Assumptions	Expected Time of Realisation		
		2030	2050	2060
Growing demand for low-carbon products	We assessed the estimated timing of climate-related opportunities emerging during the Group's transition toward net-zero.	★★★	★	★
Energy transition and efficiency improvement		★★★	★★	★
Green policies and subsidy support		★★★	★	★

- ★★★ High likelihood of opportunity realisation
- ★★ Medium likelihood of opportunity realisation
- ★ Lower likelihood of opportunity realisation

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Potential Impacts and Response Strategies

Risk Type	Climate-related Risk	Impact on Business Model	Impact on Value Chain	Potential Financial Impact	Response Strategy
Physical Risks					
Acute risk	Extreme weather events	<ul style="list-style-type: none"> Damage to plants, warehouses and other assets in coastal and low-lying areas 	<ul style="list-style-type: none"> Disruption of upstream and downstream transport of raw materials and finished goods, increasing the risk of raw-material shortages and affecting the Group's ability to supply and fulfil orders 	<ul style="list-style-type: none"> Decrease in revenue: production stoppages and transport disruption leading to delayed or lost sales 	<ul style="list-style-type: none"> Develop emergency plans for extreme weather events such as heavy rainfall and cold waves
Chronic risk	Sea level rise Increase in average temperature	<ul style="list-style-type: none"> Frontline workers face higher health and safety risks, leading to work injuries and absenteeism Insufficient energy and water supply to factories and facilities 	<ul style="list-style-type: none"> Higher risk of customer order transfers and customer loss 	<ul style="list-style-type: none"> Increase in expenditure: repair of plants and equipment, replenishment of inventory losses, higher insurance premiums, and investment in flood-prevention and reinforcement facilities 	<ul style="list-style-type: none"> Strengthen flood-prevention and safety facilities at plants
Transition Risks					
Policy and legal risk	Tightening of carbon-emissions regulations Mandatory climate-related disclosure requirements	<ul style="list-style-type: none"> Need to phase out existing high-energy, high-emission equipment in stages Will be subject to more stringent environmental laws and regulations (such as carbon-emission caps and carbon-pricing-related requirements) and industry standards 	<ul style="list-style-type: none"> Key upstream raw-material suppliers must meet low-carbon requirements; those that fail to do so may be replaced by the Group If the Group performs relatively poorly in carbon-emission compliance, it may be removed from some customers' approved supplier lists 	<ul style="list-style-type: none"> Cost increase: higher emission-related and compliance costs; if targets are not achieved in time, the Group may face fines or other legal liabilities 	<ul style="list-style-type: none"> Continuously monitor changes in domestic and overseas regulations and take corresponding measures to meet new compliance requirements Actively carry out carbon-emission accounting, ESG report preparation, and internal and external assurance work

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Potential Impacts and Response Strategies (Continued)

Risk Type	Climate-related Risk	Impact on Business Model	Impact on Value Chain	Potential Financial Impact	Response Strategy
Transition Risks					
Technology risk	Low-carbon technology transition	<ul style="list-style-type: none"> Need to phase out existing high-emission equipment in stages To meet low-carbon manufacturing and energy-efficiency requirements, the Group needs to adopt emerging low-carbon technologies and materials Technology upgrades may affect existing production processes and cost structure 	<ul style="list-style-type: none"> Increased reliance on equipment suppliers and energy-service providers with low-carbon technological capabilities If the Group fails to transform successfully, it may be removed from some customers' approved supplier lists 	<ul style="list-style-type: none"> Cost increase: additional R&D investment and capital expenditure required to introduce green technologies and high-efficiency equipment Asset reduction: existing equipment may need to be retired/written off earlier than planned Higher technology-upgrade costs as rapid technological iteration requires continuous equipment upgrades 	<ul style="list-style-type: none"> Continuously monitor low-carbon technology developments in the industry and relevant policy directions, and advance technology upgrades in an orderly manner
Market risk	Changing customer preferences	<ul style="list-style-type: none"> Market acceptance of high-emission and less-efficient production processes declines, while low-carbon manufacturing and green products gradually become mainstream requirements 	<ul style="list-style-type: none"> Consumers' preferences are shifting and customers tend to select suppliers with a lower carbon footprint Risk of customer loss increases 	<ul style="list-style-type: none"> Decrease in revenue if the business model is not adjusted in time, resulting in customer loss Increase in costs due to additional R&D, pilot-production and certification expenses for low-carbon products 	<ul style="list-style-type: none"> Give priority to suppliers with recognised environmental and social certifications

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Potential Impacts and Response Strategies (Continued)

Risk Type	Climate-related Risk	Impact on Business Model	Impact on Value Chain	Potential Financial Impact	Response Strategy
Transition Risks					
Reputational risk	Rising environmental expectations from stakeholders	<ul style="list-style-type: none"> Failure to meet the environmental performance expectations of employees, communities and investors may weaken the Group's brand image and affect the recruitment and retention of key technical and managerial talent 	<ul style="list-style-type: none"> As supply chains transition to low-carbon models, demand for high-emission products/services is expected to continue to decline suppliers with damaged reputations may face reduced production capacity, for example delayed project approvals or supply-chain disruptions 	<ul style="list-style-type: none"> Revenue risk where climate-related disclosure or performance falls short of expectations, affecting tender results, contract renewals and brand value Increase in costs due to potential claims and litigation 	<ul style="list-style-type: none"> Strengthen green operating practices, including the use of renewable energy Work with customers and partners to build a green supply chain Promote LCA-related certification for key products

Opportunity Type	Climate-related Opportunity	Impact on Business Model	Impact on Value Chain	Potential Financial Impact	Response Strategy
Market opportunity	Growing demand for low-carbon products	<ul style="list-style-type: none"> Develop and expand low-carbon, high-efficiency products and services Use technological innovation and product upgrades to meet the demand for electrification and automation 	<ul style="list-style-type: none"> Strengthen technical cooperation and joint development with downstream customers 	<ul style="list-style-type: none"> Increase in revenue as demand for low-carbon products expands and sales grow Enhancement of brand value, as green products enjoy price premium and competitive advantage in the market 	<ul style="list-style-type: none"> Actively invest in R&D of environmental-protection products Strengthen product carbon-footprint management Step up cooperation with governments and social organisations to obtain resources for sustainable-development initiatives

ADDRESSING CLIMATE CHANGE (Continued)

Strategy (Continued)

Potential Impacts and Response Strategies (Continued)

Opportunity Type	Climate-related Opportunity	Impact on Business Model	Impact on Value Chain	Potential Financial Impact	Response Strategy
Technology opportunity	Energy transition and efficiency improvement	<ul style="list-style-type: none"> Reduce greenhouse-gas emission risks Lower future exposure to fossil-fuel price increases (for example by optimising the energy mix) 	<ul style="list-style-type: none"> Anticipated increase in demand across operations for related products and services 	<ul style="list-style-type: none"> Reduction in operating costs: through cooperation with Guangzhou Ganghua Energy Development Co., Ltd. to develop photovoltaic systems and lower long-term energy expenditure Risk mitigation: reduced impact from fossil-fuel price volatility 	<ul style="list-style-type: none"> Expand the proportion and coverage of renewable energy use
Financial support	Green policies and subsidy support	<ul style="list-style-type: none"> Accelerate energy-efficiency retrofits, smart manufacturing and other green projects, thereby increasing the proportion of low-carbon products 	<ul style="list-style-type: none"> Drive upstream equipment and raw-materials suppliers to improve energy efficiency and environmental performance, helping to build a green supply chain 	<ul style="list-style-type: none"> Cost reduction: tax incentives and R&D subsidies help reduce capital expenditure and R&D expenses Enhanced financial flexibility: obtain relatively stable and lower-cost funding through green bonds, low-interest loans and other green-finance instruments, improving cash-flow management 	<ul style="list-style-type: none"> Continue to monitor national and local green policies and subsidy schemes, assess their relevance to the Group's businesses and submit applications in a timely manner

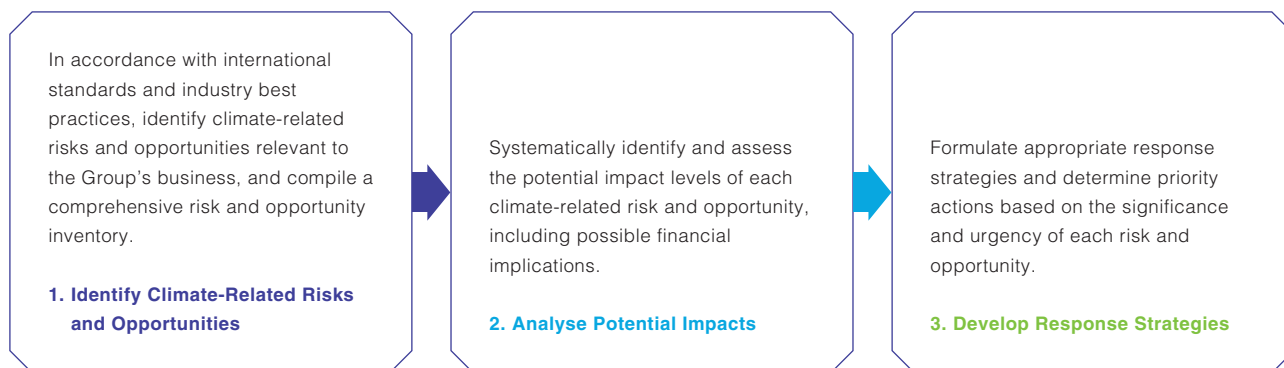
LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Risk Management

The Group regularly assesses climate-related risks and opportunities that may affect its financial performance and integrates climate risk management processes into the Group's overall risk management framework. The Group's climate-related risk management process covers the following three core steps:

Climate-Related Risk Management Process



Based on the climate scenario analysis conducted in the course of this assessment, the Group has identified the physical and transition risks that may have a more significant impact on its operations, as well as climate-related opportunities that may emerge earlier. Looking ahead, the Group will continue to allocate resources to strengthen the management of these risks and opportunities and will regularly review and update the assessment results. This enables dynamic adjustments to response measures, supporting the Group's long-term resilience, competitiveness and sustainable development objectives.

ADDRESSING CLIMATE CHANGE (Continued)

Metrics and Targets

To more effectively assess and manage climate-related risks and opportunities, the Group has established a systematic climate metrics monitoring mechanism that continuously tracks and quantifies climate-related factors, supporting risk assessment, strategy formulation and performance management. The key climate metrics and indicators monitored by the Group are:

Monitoring Scope	Indicators
Climate Change	Temperature changes, precipitation patterns, sea level rise and extreme weather events.
Greenhouse Gas Emissions	Scope 1, Scope 2 and Scope 3 GHG emissions (in tonnes of CO ₂ e), total emissions and emissions intensity (tonnes of CO ₂ e per employee).
Energy and Resource Use	Total energy consumption (in MWh), and energy intensity (MWh per employee).
Renewable Energy Use	Renewable energy consumption and its proportion.

Greenhouse Gas Emissions

During the Reporting Period, the Group's total greenhouse gas emissions⁵ amounted to 26,918.18 tonnes of CO₂e, representing a decrease of approximately 11.58% compared with 2024. The GHG emissions intensity was 15.74 tonnes of CO₂e per employee.

The Group's emissions mainly arise from indirect emissions generated from purchased electricity (Scope 2), which were 26,442.46 tonnes of CO₂e, accounting for approximately 98.23% of total emissions. Scope 1 emissions primarily comprise fuel combustion from stationary and mobile sources, which amounted to 232.72 tonnes of CO₂e, representing 0.86%.

⁵ The Group's greenhouse gas emissions calculation and management, as well as the emission factors adopted, are based on How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEX, the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard, and the Notice on the Release of the 2023 Regional Grid Baseline Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China.

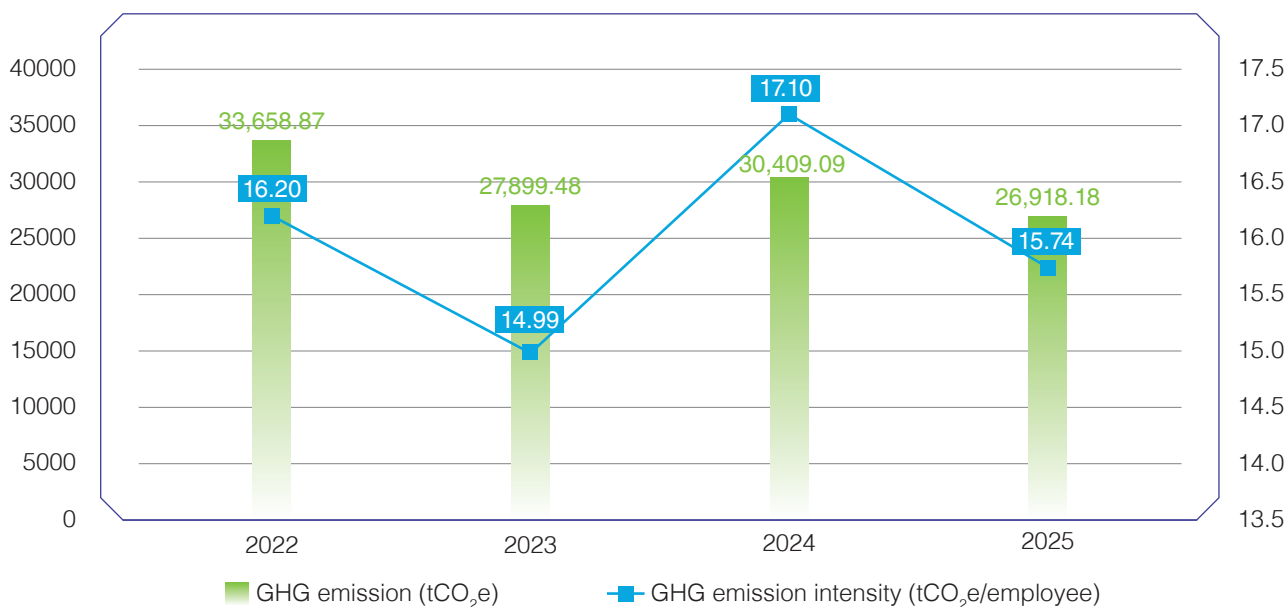
LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Metrics and Targets (Continued)

Greenhouse Gas Emissions (Continued)

CHG Emission and Intensity from 2022 to 2025



Energy Management

During the Reporting Period, the Group's total energy consumption⁶ amounted to 57,749.95 MWh, comprising mainly electricity consumption⁷ which accounted for 86.29% of the total energy consumption. The overall energy intensity was 33.77 MWh per employee, representing an increase of approximately 20.40%⁸ compared with 2024 (28.05 MWh/employee).

⁶ Yutai Hydraulic Technology (Shanghai) Co., Ltd. was formally brought within the Group's energy statistics boundary during the Reporting Period, and its energy data have been consolidated into the Group's total energy consumption.

⁷ The Group's electricity consumption data include purchased electricity and the portion of self-generated solar power consumed on-site. Electricity generated from photovoltaic systems that is exported to the grid is not included in the electricity consumption statistics.

⁸ Energy intensity in 2025 was higher than in 2024, primarily due to a change in scope: the 2024 figures excluded electricity generated and consumed from the Group's photovoltaic systems, whereas such solar energy utilised during the operation of the photovoltaic system has been included in the 2025 figures. On a comparable basis using a consistent methodology, the year-on-year change would differ.

ADDRESSING CLIMATE CHANGE (Continued)

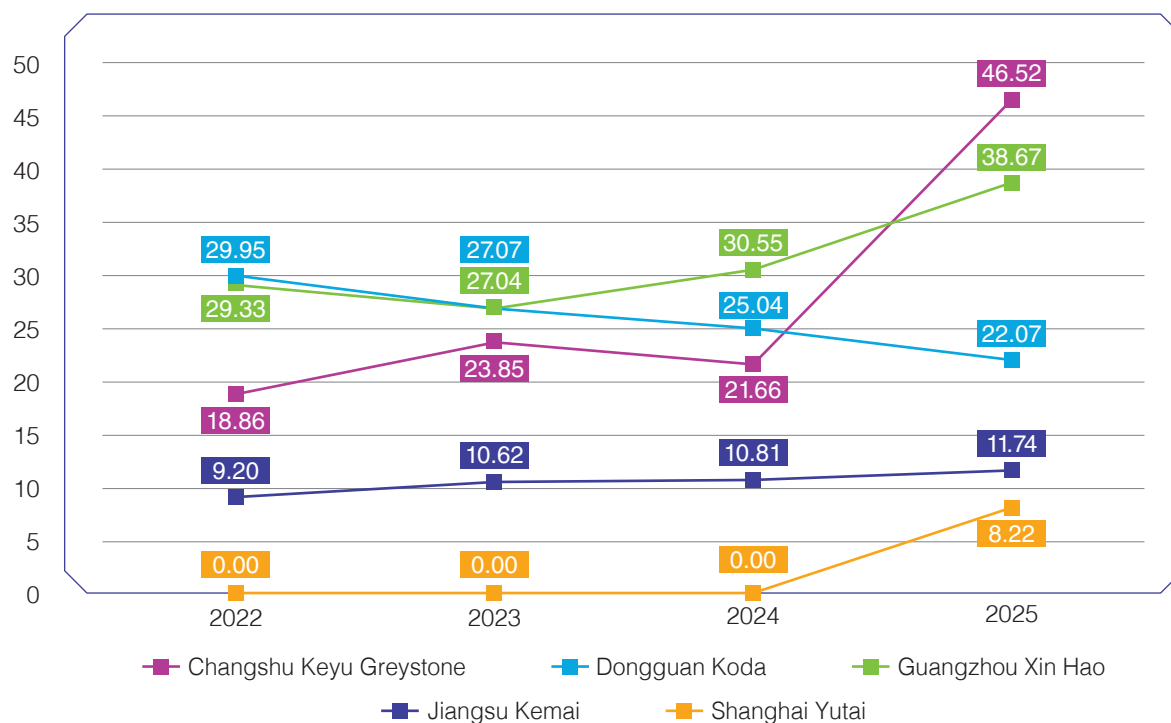
Metrics and Targets (Continued)

Energy Management (Continued)

During the Reporting Period, intensity of electricity usage across all operating locations remained generally stable. Among them, Changshu Keyu Greystone recorded the highest electricity consumption intensity at 46.52 MWh per employee, mainly because it serves as the Group's core production base, with longer operating hours and higher electricity demand. The detailed electricity consumption of each operating site is shown in the table below.

Operating Site (2025)	Electricity Consumption (MWh)	Electricity Consumption Intensity (MWh/employee)
Guangzhou Xin Hao	41,794.90	39.92
Dongguan Koda	6,026.08	22.07
Changshu Keyu Greystone	6,745.41	46.52
Jiangsu Kemai	1,323.04	11.71
Shanghai Yutai ⁹	1,085.17	8.22
Total	55,671.28	32.56

Electricity Intensity (MWh/employee) from 2022 to 2025



⁹ Shanghai Yutai was included in the reporting boundary for the first time this Reporting Period. Therefore, there is no comparative electricity consumption data from previous years, and the relevant data is presented as zero in this Report.




LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction

Energy Conservation and Emissions Reduction Plan

Looking ahead, the Group will continue to promote energy conservation and emissions reduction, focusing on investments in green technologies and improvements in energy efficiency, progressively reducing energy consumption and carbon emissions in its operations and production processes. These measures cover production processes, office operations and the application of renewable energy, with the aim of driving the transition toward a low-carbon operating model through innovative technologies.

Emission-reduction Plan	Specific Measures	Applicable Locations
<p>Strengthen the promotion of energy-saving technologies across the Group</p> 	<p>The Group is committed to promoting energy conservation and emission reduction initiatives, and continues to strengthen the promotion of energy-saving technologies and management practices in all departments. This includes encouraging employees to adopt energy-saving actions in daily operations and work habits.</p>	<p>Group-wide</p>
<p>Replace conventional air compressor equipment with more energy-efficient models</p> 	<p>The Group continues to introduce high-energy-efficiency machinery to replace existing air compressor equipment, with the aim of improving energy utilisation efficiency and overall operational performance. This helps reduce energy waste while enhancing the stability and effectiveness of operations.</p>	<p>Dongguan Koda</p>
<p>Enhance PV system performance and coverage</p> 	<p>The Group will continue to optimise the performance of the 3.67 MW PV systems at Jiangsu Kemai and Changshu Keyu Greystone, and assess the feasibility of rolling out similar projects at other operating sites, with a view to further increasing the share of renewable energy use.</p>	<p>Jiangsu Kemai/ Changshu Keyu Greystone</p>

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction (Continued)

Energy Use Efficiency

The Group continues to promote energy efficiency and has completed clean energy and energy-saving equipment upgrades across multiple operating sites. During the Reporting Period, the Group generated 7,316.61 MWh of renewable electricity through its photovoltaic systems, of which 7,139.59 MWh was consumed on-site and 177.02 MWh was fed into the grid. In addition, the Group procured green electricity certificates, claiming an additional 8,640 MWh of renewable electricity. Collectively, this accounted for 27.70% of the Group's total annual electricity consumption. The aforementioned renewable electricity volumes involve no double counting.

Guangzhou Xin Hao has successfully completed Phase I and Phase II of its photovoltaic clean energy projects, both of which have maintained stable operation. Furthermore, the Company has been gradually replacing decentralised standalone equipment with a centralised energy station system. The centralised energy station offers higher energy and cooling efficiency, helping to reduce overall energy loss and enhance operational stability of the equipment. Guangzhou Xin Hao will continue to optimise its energy system in line with China's "carbon peaking and carbon neutrality" policy direction.




In addition to Guangzhou Xin Hao, the Group's other operating sites are also implementing energy-saving and carbon-reduction measures, including upgrades of air-compression systems, construction of solar photovoltaic and energy-storage systems, and enhancements in equipment energy efficiency. These efforts collectively help reduce reliance on traditional energy sources and gradually lower greenhouse gas emissions.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction (Continued)

Energy Use Efficiency (Continued)

Guangzhou Xin Hao			
Category	Project	Key Measures	Annual Progress/Achievements
Renewable Energy Application	Solar PV Phase I	Installation of a 2.2 MW rooftop solar PV system under a third-party investment model for self-consumption	Operating stably and consistently
			
	Solar PV Phase II	Construction of a new 3 MW solar PV system covering approximately 20,000 m ²	Grid-connected in 2025, with first year power generation of approximately 2.98 million kWh
			
	Purchase of Green Electricity Certificates	Purchased 8,640 MWh of green electricity certificates, optimising the energy source mix	Reduction in Scope 2 Greenhouse Gas Emissions (market-based method)
			
Energy saving in production equipment	Central air-conditioning energy-saving retrofit	Integration of the cooling systems of five plant buildings, adopting high-efficiency chillers and intelligent control	Operating stably and consistently
	Air-compressor system energy-saving retrofit	Replacement of ageing air compressors, with new dryers and a central control system installed	Improved energy efficiency; operating stably and consistently
Energy Infrastructure Upgrade	Energy storage system	Installation of a 2.1 MW/3.87 MWh energy storage system integrated with the solar PV system	Operating stably and consistently

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction (Continued)

Energy Use Efficiency (Continued)

Jiangsu Kemai Facility – Solar-plus-Storage System

The Group continues to implement multiple energy-efficiency upgrade initiatives at Jiangsu Kemai, integrating a solar-plus-storage system with upgrades to the central air-compression station. The rooftop of the new plant has been equipped with PV panels with an installed capacity of 0.4 MW, together with an energy storage system of 0.5 MW/1.075 MWh. The project was successfully connected to the grid in February 2025.

During the Reporting Period, the project generated approximately 626,500 kWh of electricity, contributing to a further reduction in greenhouse gas emissions.



Changshu Keyu Greystone and Jiangsu Kemai – Expansion of Solar Power Facilities (Phase II)

The Group continues to advance the phased implementation of solar energy applications. Phase I of the solar project was successfully connected to the grid in 2024, with an installed capacity of approximately 1.49 MW for the distributed photovoltaic system, generating an estimated 1.5 million kWh of electricity annually.

Phase II of the solar project was signed at the end of 2024, with an installed capacity of approximately 3.67 MW, and was successfully connected to the grid and commenced power generation in the first half of 2025. During the Reporting Period, this project generated approximately 1,393,700 kWh of electricity, further increasing the Group's share of renewable energy use and enhancing overall energy efficiency.



LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction (Continued)

Energy-saving Management in Production Processes

The Group continues to enhance its energy-saving management across production lines to optimise electricity efficiency in manufacturing processes. In particular, Guangzhou Xin Hao has further strengthened the energy-saving measures of its fume and air emissions treatment systems, including optimisation of operating frequencies, implementing gradual frequency reduction, introducing a remote monitoring system, and defining clear responsibilities for energy-saving management. These efforts ensure effective implementation and continuous improvement of the relevant measures.

Electricity Consumption in Manufacturing Processes

Designate engineers to conduct daily inspections of equipment.

Switch off machines and equipment that are not in use for extended periods to reduce power consumption.

Ensure that power outlets and distribution boxes remain safe and functional. All electrical distribution equipment must be equipped with protective devices and periodically inspected by qualified electricians.

Maintain cleanliness of electrical equipment and related facilities; conduct regular inspections and rectify any identified hazards.

Guangzhou Xin Hao

Optimise the operating frequency of exhaust gas treatment and ventilation systems to avoid unnecessary energy consumption caused by prolonged high-frequency operation.

Implement step-down frequency control and install frequency converters. Adjust operating frequencies based on on-site air quality, with execution confirmed by responsible personnel.

Introduce remote monitoring systems to track the operation of air emissions purification and treatment equipment, and apply remote shutdown management during non-production hours.

Clearly define responsibilities by appointing a designated person in charge of remote monitoring and personnel responsible for Sunday inspections, to ensure that energy-saving measures are effectively implemented.

The water and power team submits a monthly energy-saving report on each department's performance to management.

ADDRESSING CLIMATE CHANGE (Continued)

Energy Conservation and Emissions Reduction (Continued)

Green Office Operations

The Group continuously invests in green office initiatives to improve energy efficiency and advance related energy-saving and emissions-reduction objectives.

Lighting management	Air-conditioning management	Office equipment electricity use
<input type="checkbox"/> Use LED lighting throughout the offices and make the best use of natural daylight.	<input type="checkbox"/> Set air-conditioning temperatures no lower than 26°C.	<input type="checkbox"/> Switch off computers, printers, photocopiers and other equipment when not in use to reduce standby power consumption.
<input type="checkbox"/> Switch off unnecessary lighting in public areas, and place energy-saving reminders next to the light switches.	Make use of natural ventilation.	<input type="checkbox"/> Give priority to office equipment with energy-efficiency labels.
<input type="checkbox"/> Install motion-sensor lights that automatically switch off when areas are unoccupied.	<input type="checkbox"/> Switch off air-conditioning at least 30 minutes before the end of working hours.	
	<input type="checkbox"/> Keep doors and windows closed while air-conditioning is in use, and clean equipment regularly to improve efficiency.	

ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental Management

The Group recognises that minimising the environmental impacts of its operations is critical to sustainable development. It is committed to prioritising environmental considerations in management decisions and operational processes and to complying with relevant national and local environmental protection laws, regulations¹⁰ and emission standards.

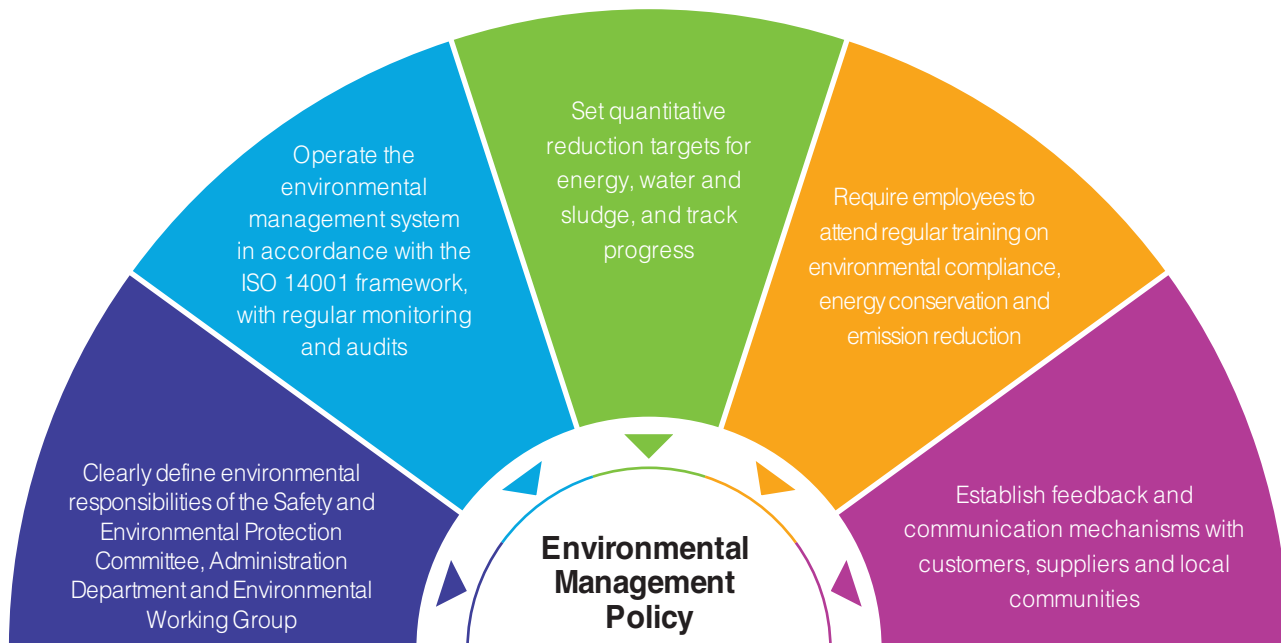
The Group has formulated an Environmental Management Policy to establish a systematic environmental management mechanism. The policy, developed with reference to the ISO 14001 environmental management system framework, defines environmental management responsibilities, objectives and implementation procedures. It covers the Group's own operations, suppliers and contractors, and requires partners to comply with the Group's environmental requirements. The policy is approved by the Board and reviewed and monitored by the ESG Committee.

¹⁰ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

Environmental Management (Continued)



Several of the Group's operating bases have obtained ISO 14001:2015 Environmental Management System certification.



Guangzhou Xin Hao



Guangzhou Huitong



Dongguan Koda



Changshu Keyu Greystone



Jiangsu Kemai



Shanghai Yutai

ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

Targets and Performance Review

To align with the Group's long-term strategy on environmental and low-carbon transition, the Group established five-year environmental targets for 2025–2029 during the year, with 2024 as the base year. These targets cover five key areas: cleaner production, energy management, GHG emissions, water resource management and waste reduction. Relevant targets are expressed in intensity metrics to more effectively reflect improvements in operational efficiency and environmental performance.

To enhance the management effectiveness and strategic alignment of these indicators, the Group has revised the basis for calculating resource consumption and emissions intensity from “per employee” to “per HKD'000 of revenue”. This refinement reflects the closer linkage of the Group's energy use, water consumption and sludge generation to production scale and output value, whereas their correlation with employee headcount is relatively limited. Using revenue as the denominator provides a more accurate representation of resource efficiency per unit of economic output and improves comparability across reporting periods.

From 2025 onwards, the environmental targets apply to the Group's major production bases, including Guangzhou Xin Hao, Guangzhou Huitong, Dongguan Koda, Jiangsu Kemai, Changshu Keyu Greystone and Shanghai Yutai.

Category	Environmental target	2024 baseline	2029 target	Performance in Reporting Period ¹¹	Progress
Clean production	15% of total energy consumption to be supplied by self-generated solar power	–	15% of total energy consumption from self-generated solar power	12.36% of its total energy consumption came from self-generated solar power	/
Reduced power use	10% reduction in electricity consumption intensity ¹²	0.065 MWh/HKD'000 of revenue	0.058 MWh/HKD'000 of revenue	0.052 MWh/HKD'000 of revenue	A decrease of 18.98% compared with the 2024 baseline
Water reduction	10% reduction in water consumption intensity	0.391 m ³ /HKD'000 of revenue	0.352 m ³ /HKD'000 of revenue	0.281 m ³ /HKD'000 of revenue	A decrease of 28.18% compared with the 2024 baseline
Sludge reduction	10% reduction in sludge generation intensity	0.187 kg/HKD'000 of revenue	0.168 kg/HKD'000 of revenue	0.149 kg/HKD'000 of revenue	A decrease of 20.15% compared with the 2024 baseline
Reduced greenhouse gas emissions	Reduce Scope 1 and Scope 2 GHG emission intensity by 10%	0.040 tCO ₂ e per thousand HKD revenue	0.036 tCO ₂ e per thousand HKD revenue	0.028 tCO ₂ e per thousand HKD revenue	A decrease of 29.32% from the 2024 baseline

The above targets and progress have been reviewed by the Board and the management. Management will review environmental targets and performance annually to evaluate whether any adjustments are required.

¹¹ Target progress percentages are calculated based on unrounded raw data. The indicator values disclosed in the report are rounded figures; therefore, slight discrepancies may exist when recalculating target progress based on the disclosed values.

¹² The electricity consumption target set by the Group covers only the use of purchased electricity and excludes the electricity consumed during the power generation process of the photovoltaic systems.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

EMISSIONS CONTROL

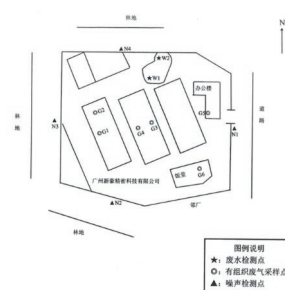
Air Emissions

The Group generates air pollutants such as nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM) from its machining operations (including the use of diesel and liquefied petroleum gas) and from vehicle fuel combustion. During the Reporting Period, the Group's air pollutant emissions were: nitrogen oxides (NO_x) 144.67 kg, sulphur oxides (SO_x) 1.01 kg, and particulate matter (PM) 13.70 kg. As Guangzhou Xin Hao's canteen operations have been outsourced to a third-party operator, the related fuel consumption is excluded from the Group's emission statistics.

The Group continues to implement measures to ensure air emissions comply with applicable regulations. Each production base manages and monitors its emissions in accordance with relevant local and national laws and standards applicable at the location. These include, for example, Guangdong's Emission Limits of Air Pollutants (DB44/27-2001) and Jiangsu's Integrated Emission Standard of Air Pollutants (DB32/4041-2021). These measures ensure that major air emission indicators meet regulatory requirements.

Guangzhou Xin Hao – Air Emissions Monitoring

Guangzhou Xin Hao commissions qualified third-party institutions to regularly sample and analyse emissions at designated discharge outlets. Monitoring parameters include non-methane hydrocarbons, particulate matter, SO_x and NO_x. Testing results show that all indicators met the stipulations in relevant reference standards during the Reporting Period, with no exceedances identified.



Monitoring Locations in the Second Quarter

Emissions Reduction Strategies

Treatment of Process Air Emissions

The Group attaches great importance to environmental protection, particularly reduction of air emissions from production activities. In recent years, Guangzhou Xin Hao has replaced activated carbon with a higher iodine value (≥ 600) to improve the adsorption efficiency of air emissions. Volatile substances such as cutting oils and mineral oils used in production are also monitored, and procurement is guided towards low-content and low-volatility materials to reduce emission risks.

EMISSIONS CONTROL (Continued)

Air Emissions (Continued)

Emissions Reduction Strategies (Continued)

Vehicle Management

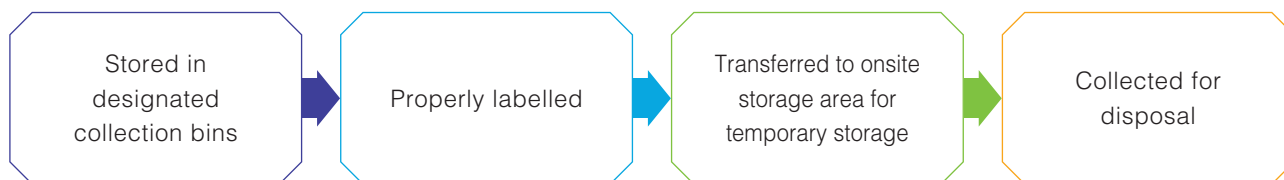
The Group continues to implement a vehicle management strategy aimed at reducing vehicle usage and fuel consumption. Through travel planning, car-pooling, and prioritising the procurement of energy-efficient and low-emission vehicles, the Group is steadily reducing emissions attributable to vehicles and business travel. In addition, employees are also encouraged to use public transportation where feasible.

Environmental Protection Equipment

The Group has invested in several pieces of environmental protection equipment for treating oil fume and exhaust gas, in order to minimise air pollutant emissions from its operations.

Waste Management

The Group strictly complies with national regulations and ISO 14001 requirements and has established a series of waste management procedures covering classification, storage, transfer and disposal. Recycling bins are placed at carefully selected locations with clear labels to separate recyclable and non-recyclable waste. Sorted waste is stored in clearly labelled containers and then transferred to on-site storage areas for temporary storage before collection. When transferring hazardous waste, the Group engages qualified contractors registered with local authorities and provides necessary documentation and Material Safety Data Sheets to ensure safe and compliant handling.



Waste Segregation and Handling Process

The Group actively promotes waste reduction in daily operations. For example, employees are encouraged to use reusable tableware in canteens to reduce single-use items. In addition, dedicated personnel are assigned to ensure waste storage facilities remain clean, orderly and hygienic.

Over the years, the Group has strengthened waste management by establishing a waste record system to monitor and manage types and quantities of waste generated by each site during daily operations. Where cutting oil is reused, waste oil is handed over to licensed contractors for subsequent treatment. At the same time, Shanghai Yutai has purchased low-temperature distillation equipment to reduce the volume of waste cutting fluid through distillation.

The Group remains committed to sustainable development and implements paper-saving measures at source to reduce paper waste. Waste paper generated is collected by licensed contractors for recycling. In the event of any abnormal increase in paper consumption, the Administration Department follows up with the relevant departments and implements control measures where necessary.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

EMISSIONS CONTROL (Continued)

Waste Management (Continued)

Hazardous Waste

During the Reporting Period, the Group generated a total of 1,331.20 tonnes of hazardous waste, with an intensity of 0.78 tonnes per employee. The Group manages its hazardous waste through classification, labelling, temporary storage, transfer, and outsourced disposal, in accordance with applicable regulations, including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and in line with the requirements of the ISO 14001 Environmental Management System. The main categories¹¹ of hazardous waste generated by the Group include oil-containing hazardous waste, chemical pollutants (including packaging waste), sludge, spent activated carbon, and chemical waste liquids.

Sludge is one of the main sources of hazardous waste for the Group. This year, taking 2024 as the baseline, the Group has set a new five-year sludge reduction target.

Guangzhou Xin Hao has established a Hazardous Waste Management Procedure, which clearly defines departmental responsibilities, operating requirements and supervision mechanisms. It requires full compliance with laws and regulations, waste classification, dedicated storage areas and compliant transfer procedures. The procedure also specifies requirements for training, emergency measures and periodic environmental testing to ensure hazardous waste is safely managed throughout its generation, storage and transfer processes.



Guangzhou Xin Hao – Hazardous Waste Management Process

¹¹ During the Reporting Period, the Group has updated its classification methodology for hazardous waste.

EMISSIONS CONTROL (Continued)

Waste Management (Continued)

Non-hazardous Waste

During the Reporting Period, the Group generated a total of 302.02 tonnes of non-hazardous waste, mainly including non-hazardous packaging waste, industrial waste and domestic waste, corresponding to an intensity of 0.18 tonnes per employee. Industrial waste primarily comprises metal scrap generated during production, which is recycled by designated contractors. Other non-hazardous waste includes non-office paper, food waste and various packaging materials. Food waste from canteens is collected by local authorities and converted into animal feed.



RESOURCE USE

Water Resources Use

All of the Group's operating sites source water from municipal water supplies, including Guangzhou Xin Hao, Dongguan Koda, Changshu Keyu Greystone, Jiangsu Kemai and the newly added Shanghai Yutai base. Water is used in both production processes and daily living. During the Reporting Period, the Group did not identify any material issues relating to water intake or supply.

In FY2025, the Group's total water consumption was 267,870.00 m³, with a water intensity of 156.65 m³/employee. The corresponding figures for FY2024 were 297,628.00 m³ and 167.39 m³/employee. During the Reporting Period, the Group's total water consumption decreased by 10.00% compared with the 2024 reporting year.

LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

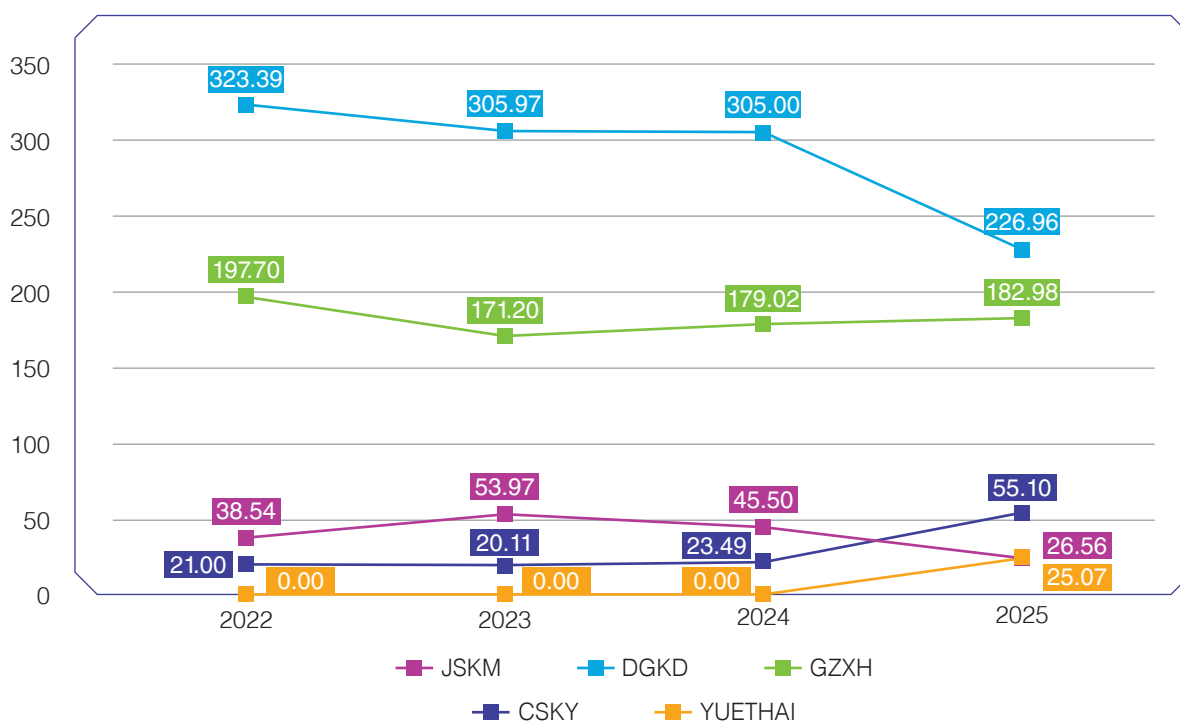
RESOURCE USE (Continued)

Water Resources Use (Continued)

The detailed water consumption of each operating site is shown in the table below.

Operating site (FY2025)	Water consumption (m ³)	Water intensity (m ³ /employee)
Guangzhou Xin Hao	191,582.00	182.98
Dongguan Koda	61,959.00	226.96
Changshu Keyu Greystone	7,990.00	55.10
Jiangsu Kemai	2,833.00	25.07
Shanghai Yutai ¹²	3,506.00	26.56
Total	267,870.00	156.65

Water Intensity (m³/employee) from 2022 to 2025



¹² Shanghai Yutai was included in the reporting boundary for the first time this Reporting Period. Therefore, there is no comparative water consumption data from previous years, and the relevant data is presented as zero in this Report.

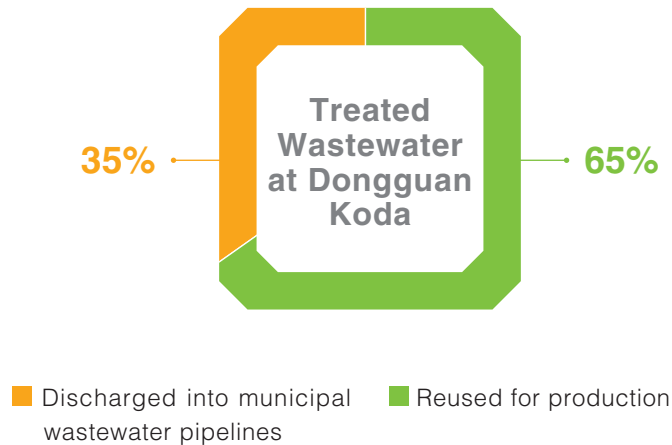
RESOURCE USE (Continued)

Water Resources Use (Continued)

Wastewater Treatment

The Group's wastewater is mainly generated from ultrasonic cleaning, grinding machine cleaning and general cleaning processes. Each plant operates treatment facilities and ensures discharge is in compliance with local regulations and effluent quality complies with applicable standards. The Guangzhou and Dongguan bases strictly follow Guangdong's Discharge Limits of Water Pollutants (DB44/26-2001) and relevant local standards.

Each production base regularly tests production wastewater discharge quality to ensure compliance with regulatory requirements. Guangzhou Xin Hao operates its own wastewater treatment facilities and engages a qualified third-party contractor to manage treatment. Treated wastewater is mainly reused for cooling and landscape irrigation, reducing fresh water demand. At Dongguan Koda, approximately 65% of treated wastewater is reused in processes and cooling, with the remaining 35% discharged into the municipal sewer network.



LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

RESOURCE USE (Continued)

Water Resources Use (Continued)

Wastewater Treatment (Continued)

Water-saving in Production Lines

- Optimise water recycling and reuse.
- Prohibit the use of drinking water for non-potable purposes (such as cleaning activities).
- Conduct regular inspections of all water supply systems and equipment, and promptly repair any pipeline leaks.

Water-saving in Daily Use

- Ensure all departments use water resources responsibly.
- Strengthen water-saving management in dormitories and office areas, including display water-saving signage and setting up reminder posters and signs.
- Organise employee training on water conservation to enhance awareness, provide practical skills, and reduce water wastage.
- Train cleaning staff to save water in daily cleaning work and reuse water where appropriate.
- Enhance maintenance of pipelines, valves, joints and fixed installations, and promptly repair any leaks or damaged parts.

Water Resource Management Measures

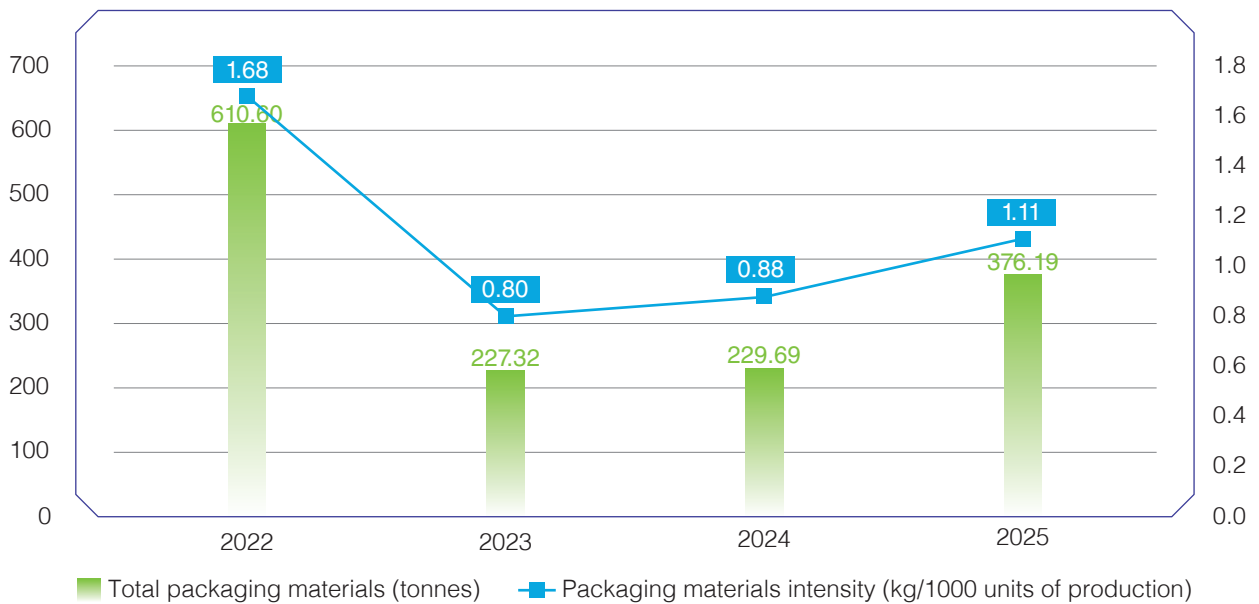
RESOURCE USE (Continued)

Packaging Materials

The Group's packaging materials are made of materials from renewable resources (such as wood, paper and pulp products) and non-renewable resources (such as plastic products). Although the Group has not yet established a formal policy on recycled content in packaging materials, it has been reusing cardboard and thermoformed materials for packaging and will continue to explore ways to optimise material use.

During the Reporting Period, the Group consumed approximately 376.19 tonnes of packaging materials (FY2024: 229.69 tonnes), corresponding to an intensity of 1.11 kg per 1,000 units produced (FY2024: 0.88 kg). The increase in total consumption this year is mainly due to the inclusion of packaging material data from Shanghai Yutai. The Group will continue to explore opportunities to optimise packaging use, including increasing the recyclable content, improving design efficiency to reduce waste, and evaluating sustainable packaging solutions that meet operational needs.

Packaging Materials Consumption and Intensity from 2022 to 2025



LOW-CARBON MANUFACTURING AND CLIMATE RESILIENCE

RESOURCE USE (Continued)

Impact on the Environment and Natural Resources

The Group's operations did not have any significant adverse impacts on the environment during the year. While production activities involve certain energy consumption and use of natural resources, the Group has implemented various management measures to enhance energy efficiency and regulate electricity use. In addition, the Group has established paper-saving policies to raise employees' environmental awareness.

Guangzhou Xin Hao's existing operating site covers a total area of approximately 166,500 m², with a greening rate of 39%, which helps improve the local micro-climate and overall site environment. Guangzhou Xin Hao monitors boundary noise regularly, in accordance with Category II of the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008). All monitoring results complied with stipulated standards during the year and no material adverse impact on surrounding communities was observed.

The Group continues to monitor air emissions, waste generation, wastewater discharge and noise levels, and implements relevant measures to minimise the environmental impacts of its operations.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT



EMPLOYMENT MANAGEMENT

The Group views its employees as its core strength and a key driver of sustainable development. Therefore, the Group is committed to establishing a fair, transparent, and responsible employment system. The Group strictly adheres to the relevant labour laws and regulations¹³ across all its operations, signing labour contracts with employees in accordance with the law, clearly defining both parties' rights and obligations to ensure that labour relations are legal and compliant.

To safeguard employees' rights, the Group has established a comprehensive human resource management system that covers employee recruitment, compensation and benefits, performance evaluation, career development, resignation management, and confidentiality agreements. Regular reviews are conducted to ensure alignment with the latest regulations and market conditions. Furthermore, the Group continuously improves its labour management system and provides compliance training to protect employees' legal rights in areas such as compensation and dismissal, recruitment and promotion, working hours, leave arrangements, equal opportunities, diversity and inclusion, anti-discrimination, and welfare benefits.

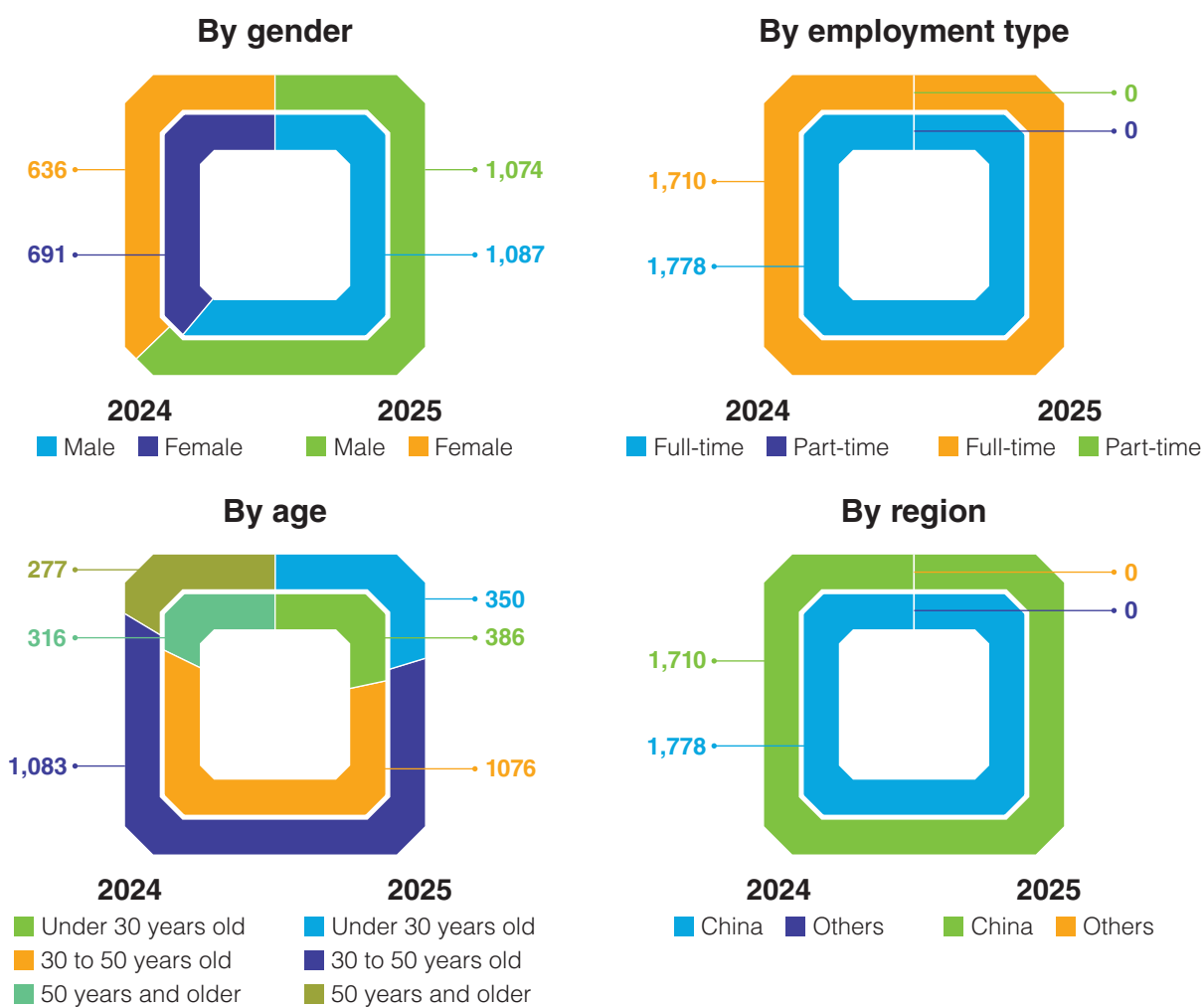
¹³ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

EMPLOYMENT MANAGEMENT (Continued)

Employee Composition

As of the end of the Reporting Period, the Group employed a total of 1,710 employees, all of whom are full-time staff. This includes 1,074 male employees and 636 female employees. The overall employee turnover rate is 25.38%.



Employee Recruitment and Retention

The Group recognises that talent is its core competitive strength. Therefore, we place great importance on recruiting and retaining high-quality employees and attracting valuable human resources for the Group. The Group has established a recruitment management system to match the talent needs of various positions, ensuring that the recruitment process complies with relevant laws and regulations, as well as objective conditions (such as professional qualifications or skills), and is conducted in a fair and just manner.

The Group standardises the recruitment process and hiring criteria, using diverse recruitment channels to attract talent from various levels and backgrounds.



To enhance employees' long-term stability and sense of belonging, the Group has established various retention measures, including career development planning, performance bonus systems, internal promotion mechanisms, and training and development opportunities. The Group also regularly conducts employee satisfaction surveys to optimise talent management strategies and achieve growth of the company as well as its employees.

EMPLOYEE RELATIONS

Diversity and Inclusion

The Group adheres to the principle of "equality, fairness, and inclusion" and is committed to creating a work environment that respects differences and fosters openness and inclusion. We treat every employee fairly in all aspects of human resources management, including recruitment, training, promotion, and compensation, without discrimination on gender, age, race, colour, nationality, religion, political affiliation, marital status, disability, or other personal characteristics.

In day-to-day management, the Group strictly enforces its anti-discrimination policy and prohibits any form of discrimination, harassment, bullying, or inappropriate behavior. The Human Resources Department is responsible for formulating and implementing the Group's anti-discrimination policies, investigating complaints related to discrimination, and taking corrective actions promptly to maintain a fair and inclusive work environment.

The Group also pays attention to the rights of persons with disabilities, providing reasonable considerations in the recruitment and job placement processes to assist them in fully utilising their expertise in a safe and friendly work environment, ensuring that every employee has a fair opportunity for development.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

EMPLOYEE RELATIONS (Continued)

Employee Communication

The Group places great importance on employee feedback and needs and strives to establish a “smooth, transparent, and trusting” communication culture. To protect employees’ rights to express themselves, the Group has established an “*Employee Complaint Management System*” to create a fair, just, and transparent complaint and communication mechanism. Through multiple channels such as phone, internal emails, and regular meetings, the Group helps employees raise issues and ensures that any misunderstandings or unfair treatment are addressed appropriately and fairly.

Employee Compensation and Benefits

The Group is committed to providing employees with a competitive and attractive compensation and benefits system, and has established a comprehensive compensation management framework based on market standards and principles of fairness. The “*Compensation and Benefits Management System*” clearly defines the methods for determining employee compensation and benefits, calculation procedures, and related management requirements, ensuring that the compensation system is open, transparent, and reasonable.

In addition to basic wages, the Group also offers diversified allowances and rewards, including position allowances, education allowances, special talent allowances, and allowances for working in special operational environments or for special duties, difficult working conditions or additional responsibilities. The Group also has a performance bonus system to recognise outstanding performance and motivate employees to continuously improve work efficiency and creativity. For frontline positions and other specific roles, the Group complies with the law to pay overtime wages, ensuring employees’ legal rights are protected.

To improve employees’ quality of life and job satisfaction, the Group contributes to social insurance and housing provident funds for employees and provides statutory and additional leave benefits, including paid annual leave, marriage leave, maternity leave, paternity leave, childcare leave, and work injury leave. Furthermore, the Group offers thoughtful welfare measures such as holiday gifts, birthday greetings, meal allowances, and transportation subsidies, creating an attractive and supportive work environment.

Employee Activities

We firmly believe that cohesion and team spirit are key drivers of the Company’s sustained growth. During the Reporting Period, as in previous years, the Group actively organised various cultural and sports activities to enhance employees’ sense of belonging and promote cross-departmental communication and collaboration.

EMPLOYEE RELATIONS (Continued)

Employee Activities (Continued)

IPE Group Spring Annual Meeting



Employee Activities at Changshu Keyu Greystone



During the Reporting Period, the Company organised an “International Women’s Day Floral Arrangement Workshop,” inviting female employees to participate in a floral arts workshop, allowing them to relax and unwind outside of work.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

EMPLOYEE RELATIONS (Continued)

Employee Activities (Continued)

Employee Activities at Guangzhou Xin Hao



Running Event



Badminton Competition



E-Sports Tournament



Yoga Activities

LABOUR STANDARDS

The Group consistently ensures that its basic approach remains “people-oriented” and strictly complies with relevant labour standards and laws¹⁴. It has established the “*Human Rights Protection Management System*” to comprehensively safeguard employees’ legal rights, eliminate child labour, forced labour, and any violation of human rights, ensuring that the employment system is legal, transparent, and responsible.

Prohibition of Child Labour and Protection of Minor Workers

The Group strictly prohibits employment of child labour and has set 16 years of age as the minimum recruitment age. During recruitment, the relevant departments must strictly verify the job seekers’ identity cards, and emphasise the child labour policy and relevant legal requirements during the onboarding training. For key positions (such as managerial roles), background checks are conducted to verify educational background, past work history, and necessary qualifications.

If child labour is mistakenly employed due to negligence, we immediately conduct an investigation, take appropriate corrective actions, and prevent recurrence. Furthermore, the Group requires suppliers and subcontractors to comply with the child labour prohibition, and these requirements are incorporated in the supply chain management agreements.

Opposition to Forced Labour

The Group firmly opposes any form of forced labour. All employees are hired on a voluntary basis, and the Group enters into labour contracts with all employees in accordance with the law. The Company is prohibited from asking employees for deposits or holding personal documents. Employees work entirely on a voluntary basis and cannot be forced to work under any threat, coercion, or undue pressure. If any violations are found, an investigation is conducted immediately, and disciplinary actions are taken.

Female Employee and Family-Friendly Policies

The Group places great importance on the rights and health of female employees and strictly adheres to relevant laws and regulations to protect their legal rights during pregnancy, childbirth, and breastfeeding periods. The Group provides statutory maternity leave for female employees and, during the breastfeeding period, offers one hour of breastfeeding leave per day for mothers with children under one year old, ensuring their physical and mental health and family care needs are met.

At the same time, the Group also provides family-friendly support for male employees, providing paternity leave in accordance with the law, and offering childcare leave for employees with children under three years old, allowing them to achieve a better balance between family care and career development.

Additionally, the Group provides extended maternity leave, prenatal leave, and other paid family-friendly leave based on local policies and continuously optimises relevant measures to help employees balance family responsibilities with work demands, fostering a supportive and caring work environment.

¹⁴ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

LABOUR STANDARDS (Continued)

Freedom of Association and Collective Bargaining

The Group respects employees' rights to freedom of association, collective bargaining, and peaceful assembly as protected by law and supports employee representatives in carrying out their duties in accordance with the law. The Group commits to not discriminating or adversely affecting employees who participate in union or employee representative activities and regularly provides communication platforms to promote employee participation in corporate management.

TRAINING AND DEVELOPMENT

The Group regards talent as a core asset for the long-term development of its business and is committed to establishing a comprehensive talent cultivation and development mechanism to support its business needs. During the Reporting Period, the Group continued to deepen training reforms, increasing training coverage and average training hours, and gradually improving the talent pipeline, laying a solid foundation for enhancing overall competitiveness.

Employee Training

To ensure effective implementation of training programmes, the Group has established a unified and systematic training management structure based on the "Training Management System" and "Employee Training Management Regulations". The human resources and administrative departments of each operational base are responsible for assessing their training needs, formulating annual and monthly training plans based on the Group's development strategy, organising training courses, and maintaining training records. The Group also uses evaluation mechanisms to continuously optimise training quality and effectiveness.

The Group provides multi-level and diverse training content for employees at different levels and in different functions, including onboarding training, professional skills enhancement, management capability improvement, and pre-promotion training, to help enhance their professional skills and work performance. During the Reporting Period, Guangzhou Xin Hao conducted various key courses, such as specialised training on overseas laws and regulations and customs operations, as well as training on topics like "From Technical to Management," "Production Site Management and Efficiency Improvement," and "Team Management — Managing People and Leading with Human Nature," to strengthen the professional capabilities of management and technical personnel.



**"From Technical to Management"
Specialised Training**

TRAINING AND DEVELOPMENT (Continued)

Employee Training (Continued)

In addition to internal training, the Group actively sources external learning resources, including outsourced professional courses, qualification certifications, industry seminars, and external visits, to help employees master the latest technologies and industry trends, enhancing overall competitiveness.

Upon completion of training, the Human Resources Department evaluates its effectiveness based on the nature and importance of the courses, using methods such as surveys, written exams, practical exercises, or on-site Q&A. Relevant documents are systematically maintained to support continuous improvement and institutionalised management.

During the Reporting Period, the Group recorded a total of 18,947 training hours, with an average of 11.08 hours of training per employee, and the training participation rate was 90%.

Employee Development

The Group is committed to building a sustainable and professional talent pipeline through a well-established talent development system, a systematic training platform, and transparent promotion and performance management processes, supporting employees to grow continuously at different stages of their careers, while enhancing the overall competitiveness of the Company.

Talent Development

The Group continuously invests resources in internal talent development, establishing a strong talent reserve through diversified development mechanisms.

IPE Engineering Academy

In 2020, the Group established the “IPE Engineering Academy” at Guangzhou Xin Hao as a core talent incubation platform, providing systematic training for management personnel, engineers, and senior technical staff.

The academy adopts a point-based management system, requiring students to complete at least 20 credit hours of courses annually, covering management, R&D, technology, and other fields. The programme includes practical training and mentoring by instructors, helping employees strengthen professional knowledge and technical capabilities, and continuously enhancing the core competencies of key talent.

Mentorship and Incentive Programme

To promote the spirit of craftsmanship and accelerate growth of technical talents, the Group has implemented the “Mentorship and Incentive Programme,” pairing junior technicians with senior mentors. The programme sets a standard training period of 3 to 6 months or 6 to 12 months.

Through specialised skills training, promotion assessments, and accompanying bonus incentives, the programme effectively enhances the efficiency of developing technical talents and supports continuous improvement of the Group’s technical capabilities.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

TRAINING AND DEVELOPMENT (Continued)

Employee Development (Continued)

Talent Development (Continued)

Each operational base also implements talent development measures tailored to its specific needs. For example:

- Changshu Keyu provides regular subsidies, educational allowances, and special allowances for R&D talents to attract and retain high-end talent. It also implements the “Enterprise Service Program” to help new graduates successfully integrate into the work environment and offers retention rewards for interns.
- Both Changshu Keyu and Guangzhou Xin Hao have formulated an “Employee Incentive Program”, combining both non-monetary and monetary incentives to enhance employee motivation and commitment.

To meet the diverse career needs of employees, the Group is gradually building a systematic career path that includes both vertical professional development and horizontal management growth, assisting employees in planning a long-term growth blueprint.

Performance Appraisal

To support long-term employee development, the Group has established a comprehensive performance management and promotion system, providing a fair and transparent career development path. According to the “Performance Management System”, department managers and above undergo semi-annual performance appraisals while other employees are appraised quarterly, and all employees undergo annual assessments.



Performance Management Cycle

The Group breaks down organisational performance into performance at departmental and individual levels based on overall strategy and business goals, setting performance criteria around four dimensions: “financial contribution, customer service, internal operations, and learning and growth,” which are ultimately implemented through performance contracts.

Performance evaluation results are classified into five levels, which serve as important criteria for performance bonuses, salary adjustments, and job promotions. If employees wish to contest the evaluation results, there is an appeal mechanism, where the Human Resources Department, department heads, and the performance committee jointly review the cases to ensure fairness and objectivity in the assessment.

During the Reporting Period, a total of 1,009 employees in the Group underwent performance evaluations, representing approximately 59% of the total workforce.

TRAINING AND DEVELOPMENT (Continued)

Employee Development (Continued)

Promotion Management System

The Group follows the “Promotion Management System” to regulate promotion criteria and processes. Employees who have achieved an excellent rating or above in the last two performance evaluations and meet the qualifications for the new position are eligible for promotion. The institutionalised promotion system helps strengthen the internal talent pipeline and motivates employees to continue improving.

OCCUPATIONAL HEALTH AND SAFETY

The Group places great importance on providing employees with a safe and healthy working environment, integrating occupational health and safety management into the entire operational process. The Group strictly adheres to relevant laws and regulations¹⁵, such as the “*Work Safety Law of the People’s Republic of China*” and the “*Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*”, and continuously improves safety management systems and protective measures to enhance the overall safety management.

Safety Goals

- Zero fire accidents
- Zero occupational disease incidents
- Zero major workplace safety incidents attributable to management failures

Occupational Health and Safety Management System

The Group has developed the “*Occupational Health and Safety Policy*”, applicable to all employees, suppliers, contractors, and all personnel involved in activities at operational sites. This policy clearly defines the occupational health and safety management approach, quantitative goals, and improvement directions. Regular internal reviews and performance monitoring ensure effective operation of the management system.

Several of the Group’s operational bases have obtained ISO 45001:2018 Occupational Health and Safety Management System certification. To implement the “Safety First, Prevention Priority, Comprehensive Management” safety policy, the Group has developed the “*Safety Production Management System*”, which clarifies safety responsibilities at all levels and strengthens safety management efforts.

The Group has also established a Safety Management Committee to oversee safety in production activities, including daily safety inspections, equipment checks, and production safety inspections, promptly identifying and rectifying safety hazards, and monitoring the enforcement of safety policies.

The following operating bases of the Group have obtained ISO 45001:2018 Occupational Health and Safety Management System certification.

¹⁵ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

OCCUPATIONAL HEALTH AND SAFETY (Continued)

Occupational Health and Safety Management System (Continued)



Guangzhou Xin Hao



Jiangsu Kemai



Shanghai Yutai

During the past four reporting periods, the Group's safety performance was as follows:

Occupational Health and Safety Data	2025	2024	2023	2022
Total working hours of full-time employees	3,762,298	3,695,272	5,689,411	4,775,196
Number of work-related fatalities	0	0	0	0
– Rate of work-related fatalities	0%	0%	0%	0%
Lost workdays due to work injury	695	714	636.5	284
– Lost day rate	36.95	38.64	22.37	11.89
Number of work-related injury incidents	30	24	25	40
– Injury rate	1.59	1.30	0.88	1.86
Number of occupational disease cases	1	0	1	1
– Occupational disease rate	0.06%	–	0.04%	0.04%
– Absenteeism rate	2.62%	1.04%	0.06%	0.05%

OCCUPATIONAL HEALTH AND SAFETY (Continued)

Hazard Identification and Risk Control

The Group has established a systematic process for hazard identification, risk assessment, and risk control, covering all types of operational activities and sites.

The Group has formulated the “*Hazard Identification and Risk Assessment Control Procedure*” and has set up a hazard identification and risk assessment team to regularly identify and control hazards and provide professional technical training for team members.



Emergency Management and Drills

To standardise emergency management and improve the Group’s response to sudden incidents such as fire, explosion, electric shock, mechanical injury or a vehicle accident during production, the Group has developed the “*Emergency Management System*” and “*Comprehensive Emergency Response Plan for Safety Production*”, to ensure safety of employees’ lives and Company property. In the event of an incident, we activate the corresponding emergency response plan to ensure quick and effective emergency handling.

To raise employees’ fire safety awareness, the Group organises an annual fire emergency evacuation drill, strengthening cross-departmental emergency collaboration and enhancing the overall ability of employees to respond to emergencies.

Jiangsu Kemai Fire Emergency Evacuation Drill



PEOPLE-CENTRED WORKPLACE AND TALENT DEVELOPMENT

OCCUPATIONAL HEALTH AND SAFETY (Continued)

Prevention of Occupational Diseases

The Group continuously strengthens its occupational disease prevention and employee health management efforts. To prevent, control, and eliminate occupational disease hazards, and enhance occupational disease prevention, the Group has developed the “Occupational Health Management System”, which is overseen by the Safety Management Committee:



ESTABLISH OCCUPATIONAL HEALTH RECORDS

Including basic company information, production process flowcharts, types and processes involving toxic and harmful substances, monitoring and evaluation of occupational disease hazard factors, etc.



ESTABLISH EMPLOYEE OCCUPATIONAL HEALTH RECORDS

Including basic employee information, work history, exposure levels to hazard factors, and results of occupational health checks.



ESTABLISH OCCUPATIONAL DISEASE HAZARD FACTOR MONITORING RECORDS

Including types of hazards, monitoring or testing times, locations, concentrations, etc.

The main occupational disease hazards include harmful gases, dust, noise, and high-temperature operations. To protect the health of frontline employees, the Group has adopted the following measures:

- Pre-employment, on-the-job, and exit health checks;
- Pre-employment and on-the-job occupational health and safety training must be attended by each employee;
- Sufficient personal protective equipment (such as masks, earplugs, gloves, first aid kits, etc.) are provided;
- Notice boards in workshops display occupational disease prevention policies, operating procedures, and emergency measures.

Through the above measures, the Group strives to prevent, control and ultimately eliminate occupational disease risks, comprehensively safeguarding the physical and mental health of employees.

OCCUPATIONAL HEALTH AND SAFETY (Continued)

Safety Education and Training

To enhance employees' safety awareness and emergency response capabilities, the Group regularly conducts training on supply chain safety, production safety, fire safety, and crisis management. It organises at least one full-plant-level drill each year to ensure employee safety and mitigate operational risks.

During the Reporting Period, each operational base conducted various specialised safety training programmes, including:

**Guangzhou Xin Hao
Dongguan Koda**

Conducted "Safety Month" themed training, covering safety incident case studies, national safety production directives, major safety risks, and safety hazards.

Changshu Keyu Greystone

Developed the annual safety and management training plan for this Reporting Period, including hazard identification, fire safety knowledge training, safety responsibility system training, and hazardous materials training.

Jiangsu Kemai

Conducted "Safety Month" themed training, covering various types of hazard identification and inspection.

Shanghai Yutai

Conducted safety production education training, equipment safety operation training, and safe operating procedures training.

During the Reporting Period, a total of 1,743 attendances were recorded for safety training within the Group, with total safety training hours reaching 5,718. This has further consolidated the foundation of the Group's safety management.

PRECISION QUALITY AND RESPONSIBLE SUPPLY CHAIN



SUSTAINABLE SUPPLY CHAIN

The Group is committed to following responsible business practices and to building a compliant, transparent and sustainable supply chain system. Through close collaboration with supply chain partners, we aim to advance shared sustainability goals.

Both the Group and its suppliers strictly comply with all applicable laws and regulatory requirements¹⁶ in their respective jurisdictions, including but not limited to the *Labour Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, as well as *Hong Kong's Occupational Safety and Health Ordinance and Prevention of Bribery Ordinance*. Compliance requirements are clearly set out in supplier contracts and cooperation agreements, and supplier performance is monitored through document reviews and on-site inspections to ensure adherence to legal and industry standards throughout business operations.

To ensure consistency and systematisation in procurement and supplier management, the Group has established a comprehensive set of internal management procedures, including:

Procurement Management Procedure

- Standardise procurement authorisation, quotation and price comparison procedures, as well as contract signing and execution requirements, to ensure procurement decisions are fair, impartial and transparent.

Supplier Evaluation Management System

- Set out the mechanisms for supplier evaluation, admission, periodic assessment and exit.

Supplier Risk Management Measures

- Identify risks relating to supplier delivery performance, quality, technical capability, compliance and environmental practices, and implement timely mitigation measures to effectively manage and avoid such risks.

Supplier Sustainability Policy

- Require suppliers to comply with relevant principles relating to environmental protection, labour rights, occupational safety and business ethics in their operations.

Supplier Code of Conduct

- Define the Group's fundamental expectations and behavioural requirements for suppliers in relation to human rights and labour practices, environmental and safety management, and ethical business conduct.

¹⁶ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

SUSTAINABLE SUPPLY CHAIN (Continued)

These documents form a key framework for the Group's supply chain management, facilitating risk identification and continuous enhancement of supply chain sustainability.

Supplier Management

Supplier Admission

The Group has developed a structured supplier management system under which suppliers are managed according to the criticality of their products for quality and operations:



A-Class	B-Class	C/D-Class
Critical suppliers providing products directly related to product quality	Suppliers of materials, equipment, measurement tools and logistics with significant quality impact	Suppliers with lower relevance to product quality

Suppliers are approved for inclusion in the Approved Suppliers List on the basis of identification and development, document review, self-assessment and risk evaluation, cross-functional assessment and signing of commitment letters and contracts. Suppliers must score at least 80 points and achieve a risk score below 15 to qualify.

During the Reporting Period, the Group engaged a total of 1,071 suppliers. Suppliers' geographical distribution is as follows:

Country/Region	Total Suppliers	Supply Type
Chinese Mainland	1,057	Tooling accessories, packaging materials, raw materials and equipment
Europe (Italy and Germany)	9	Raw materials
United States	4	Raw materials
India	1	Equipment and accessories
Total	1,071	

PRECISION QUALITY AND RESPONSIBLE SUPPLY CHAIN

SUSTAINABLE SUPPLY CHAIN (Continued)

Supplier Management (Continued)

Supplier Evaluation

The Group has set up a well-developed mechanism for supplier evaluation. Each quarter, the Procurement Department conducts a comprehensive performance assessment based on monthly data, covering key indicators such as product quality, on-time delivery and complaint-handling effectiveness. Assessment results are classified into four levels: “Excellent”, “Qualified”, “Poor” and “Unqualified”. These results are directly linked to procurement decisions, corrective actions and supplier replacement plans.

Suppliers with major quality issues, continuous low scores or ineffective rectification are removed from the Approved Supplier List. Reinstatement requires a full reassessment under the new supplier admission process to ensure supply chain quality and risk control.

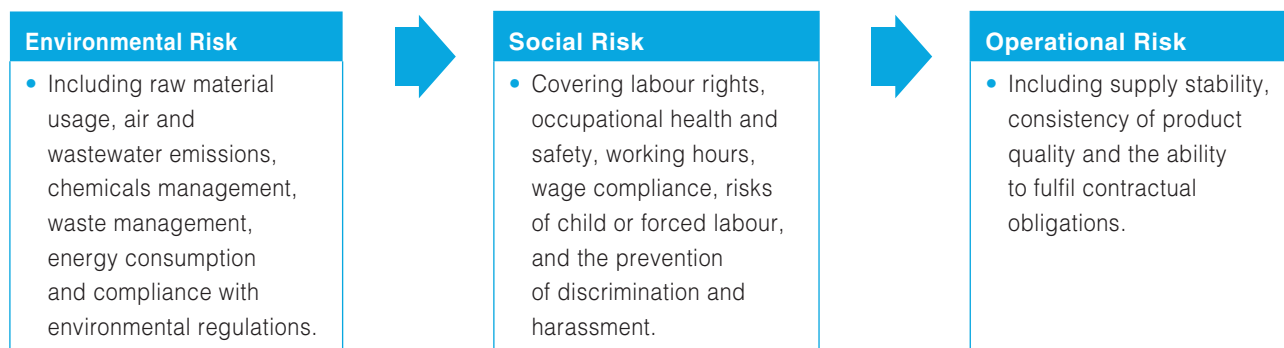
For critical suppliers, the Procurement Department and Quality Department jointly establish an annual supplier on-site audit plan. After each audit, identified issues are communicated to suppliers for timely rectification and their progress is monitored to ensure adequate improvement in performance. Final audit outcomes and improvement reports are submitted to the heads of Quality and Procurement as a basis for ongoing cooperation decisions.

Automotive-related suppliers are being guided to help them meet the IATF 16949 automotive quality management system requirements. At present ISO 9001 certification is regarded as the minimum acceptable management standard. This approach supports suppliers in enhancing their systematic quality management capabilities, fostering a more professional and resilient supply chain.

Supply Chain ESG Risk Management

The Group continues to improve its ESG risk management framework that covers the entire supply chain, integrating systematic identification, assessment and monitoring mechanisms to comprehensively manage environmental and social risks across all supply chain stages. This ensures transparency, compliance and responsibility in procurement decisions and partner selection.

To effectively manage supply chain risks, the Group categorises risk areas into three major dimensions:



SUSTAINABLE SUPPLY CHAIN (Continued)

Supply Chain ESG Risk Management (Continued)

To support systematic risk identification and monitoring, Changshu Keyu Greystone has developed and implemented multiple management documents, including the *Supply Chain Labour Standards Management System*, *Supplier Environmental Questionnaire* and *Letter of Commitment on Restricted Use of Hazardous Substances*. These measures establish a comprehensive ESG management framework covering labour practices, environmental protection and material compliance.

The Group evaluates suppliers' ESG performance through document review, on-site audits and questionnaires, ensuring compliance with labour standards, environmental regulations and health and safety requirements. High-risk suppliers are required to undertake immediate corrective actions within a specified timeline; failure to improve can result in termination of cooperation. Conversely, suppliers demonstrating strong performance and proactive sustainability practices may receive priority in new orders or extended cooperation terms, encouraging continuous improvement and long-term partnership.

Through these mechanisms, the Group strives to build a compliant, resilient and responsible supply chain that supports green transformation and enhanced social responsibility across the value chain.

Green Procurement

The Group has integrated environmental protection principles into procurement decisions, in order to promote the use of environmentally friendly products and services throughout the supply chain. In addition to quality, cost and delivery considerations, environmental performance is incorporated into supplier assessments, with preference given to suppliers holding ISO 14001 certification, offering energy-efficient products, using recyclable materials, or possessing low-carbon production capabilities. To ensure effective implementation of the green procurement policy, the Group has established a *Supplier Sustainability Policy*, requiring suppliers to comply with relevant environmental regulations and minimise adverse environmental impacts of their operations, thereby promoting efficient use of energy, raw materials and natural resources.

PRODUCT RESPONSIBILITY

The Group engages in the research, development and production of precision metal components, which are widely used in automotive systems, hydraulic equipment, industrial automation, consumer electronics and other applications. These fields require exceptionally high levels of product safety, reliability and consistency. The Group recognises that the quality and reliability of precision-manufactured components have a direct impact on safety, stability and performance of customers' equipment. Therefore, quality management is regarded as a core competitive strength of the Group.

PRECISION QUALITY AND RESPONSIBLE SUPPLY CHAIN

PRODUCT RESPONSIBILITY (Continued)

Quality Management System

To safeguard customer interests and maintain strong market competitiveness, the Group has established a comprehensive quality management framework based on the IATF 16949 Automotive Quality Management System and the ISO 9001:2015 Quality Management System. Strict quality control is enforced at every stage — from production and inspection, to shipment and after-sales service.

The following manufacturing sites of the Group have progressively obtained ISO 9001:2015 certification since 2008.



Guangzhou Xin Hao



Guangzhou Huitong



Dongguan Koda



Changshu Keyu Greystone



Jiangsu Kemai



Shanghai Yutai

End-to-End Quality Control Mechanisms

The Group implements rigorous quality control measures throughout the production lifecycle — from incoming materials inspection, in-process quality checks, and final inspection, to customer feedback management.

During product development, the Group converts customer design drawings and application requirements into detailed quality control plans, inspection standards and monitoring processes. For automotive-related components, the Group strictly follows the Production Part Approval Process (“PPAP”). Only after raw material validation, process capability assessment and finished product inspection are satisfactorily completed, will mass production commence, ensuring that design and manufacturing requirements are consistently met.

Each production site adopts tailored quality control measures based on its equipment configuration and product characteristics.

- At Guangzhou Xin Hao, quality is managed through a multi-tier inspection system including IQC (incoming inspection), IPQC (in-process inspection) and FQC/OQC (final inspection). A dedicated metrology centre operates under a “dedicated personnel, dedicated equipment, dedicated area” philosophy to improve measurement accuracy and consistency for key dimensions and characteristics.
- At Changshu Keyu Greystone, customer samples and usage feedback are required prior to supplying automotive components. Based on customer expectations, the Company establishes operational procedures and inspection specifications to enable early risk prevention and stable process control.

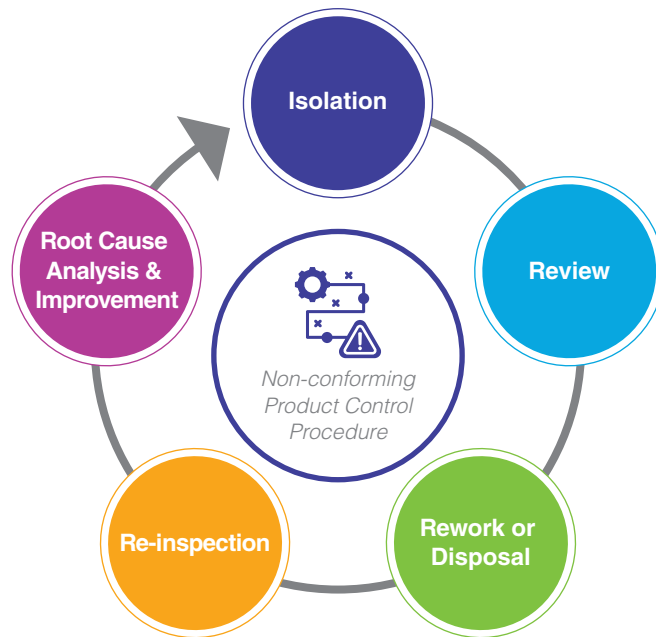
PRODUCT RESPONSIBILITY (Continued)

End-to-End Quality Control Mechanisms (Continued)

Upon completion of production processes, the Group conducts comprehensive safety and quality assessments to ensure compliance with customer requirements and applicable industry regulations.

Non-conforming Product Control and Product Recall

The Group has established a Non-conforming Product Control Procedure to ensure that any defective, suspect, isolated or returned products are properly managed. For disposal of non-conforming products, the Group adheres to a processing flow of “Isolation → Review → Rework or Disposal → Re-inspection → Root Cause Analysis & Improvement” to prevent non-conforming items from entering subsequent processes or the market. The Quality Department regularly compiles and analyses records of non-conforming products to determine key issues and improvement priorities and to continuously enhance the quality management system.



Product Recall

The Group has a comprehensive product recall mechanism to respond to potential defects or safety risks in products already delivered to customers. Once an issue is identified, production and sales of the affected products are suspended immediately, and inventory items are quarantined to prevent distribution. The Quality Department leads investigations to determine root causes, evaluate risk levels and formulate corrective actions, including recall, repair, replacement or refund.

During recalls, the Group proactively notifies affected customers through telephone, email, website announcements or media communication and provides appropriate solutions. Following each event, the Group reviews and enhances its quality management system to prevent recurrence of similar issues.

During the Reporting Period, the Group recorded no product recalls related to product safety or health risks.

PRECISION QUALITY AND RESPONSIBLE SUPPLY CHAIN

CUSTOMER SERVICE

Customer Satisfaction

The Group continuously monitors customer satisfaction through systematic surveys and data analysis to better understand customer needs and expectations. Multiple communication channels — such as telephone, email, online meetings and social media — ensure effective two-way interaction.

At Shanghai Yutai, customer satisfaction surveys are conducted twice annually (March and September), using standardised questionnaires covering product quality, delivery timeliness, service responsiveness and communication efficiency. Results are analysed internally and reviewed by management, forming the basis for improvement plans and performance evaluation of business units.

For key feedback or recurring issues, the Group activates the Corrective and Preventive Action (“CAPA”) process to track improvement outcomes and validate effectiveness in subsequent surveys or reviews. All inspection results and improvement records are archived for continuous monitoring.

During the Reporting Period, the Group’s overall customer satisfaction exceeded 96.5%.

Customer Complaint Handling

The Group places strong emphasis on customer feedback and complaint management. A formal mechanism ensures timely and effective resolution of quality-related complaints. Upon receiving a complaint, the Sales Department forwards it immediately to the Quality Department for verification. If the issue is confirmed to be product-related, measures such as enhanced inspections, process controls and risk assessments across production stages, inventory and logistics are implemented.

At Guangzhou Xin Hao, the Company adopts the 8D Problem Solving methodology — widely used within the automotive industry — to systematically address customer complaints and quality anomalies. The Quality Department submits a 3D report to the customer within two days (containing problem description, temporary control measures, and responsibility allocation). This is followed by a 6D report detailing root cause analysis and long-term corrective actions. Finally, the 8D report summarises all investigation findings, preventive measures, and final resolution outcomes. All complaint assessment results and improvement actions are documented for ongoing tracking and as a basis for quality enhancement.

The entire process follows the closed-loop approach of “Immediate Response — Root Cause Analysis — Corrective & Preventive Action — Continuous Monitoring”, ensuring effective issue resolution and long-term quality improvement.

DATA PROTECTION AND INFORMATION SECURITY

The IPE Group regards data privacy and information security as critical to business operations and is committed to safeguarding the information of customers, employees and business partners. The Information Technology Department (“IT Department”) oversees the security of the Group’s information systems, conducting regular system checks, maintenance and risk assessments to identify, prevent and mitigate cyber threats.

The Group complies with all applicable laws¹⁷ and maintains a comprehensive information security management system covering customer data protection, document control, asset management, secure storage, incident response and compliance monitoring. Policies such as the *Information Security Management Policy* and the *Information Security Accountability Policy* provide clear guidance for employees handling confidential information.

To prevent data leakage, the Group has also established an information handling procedure for departing employees, ensuring that all accounts, access rights and internal data are promptly revoked or retrieved upon their departure, thereby eliminating the risk of unauthorised access.

From a technical protection standpoint, the Group performs daily data backup operations and securely stores backup files on offsite servers to prevent data loss arising from human error, natural disasters or unexpected incidents. The IT Department has implemented network firewalls, antivirus systems and controlled access mechanisms, and conducts regular updates of software and security systems to maintain the integrity and security of the Group’s information infrastructure.

The *Employee Handbook* contains clear confidentiality provisions that strictly prohibit any unauthorised use, disclosure or transmission of data. Any incident involving data tampering, unauthorised access or data leakage will result in disciplinary action and may be reported to the relevant regulatory authorities.

During the Reporting Period, the Group’s information security management functioned effectively, with no breaches of confidentiality or data protection incidents recorded that had a material impact on the Group. The Group will continue to enhance data security safeguards and employee training to ensure information security standards remain aligned with international benchmarks, thereby providing clients and partners with reliable data protection assurances.

INTELLECTUAL PROPERTY PROTECTION

The Group recognises that strengthening intellectual property (“IP”) management and mitigating potential risks are essential to safeguarding innovation outcomes and enhancing core competitiveness. We strictly comply with all relevant IP protection laws and regulations¹⁸, and have established a comprehensive IP management system to protect the legitimate rights and interests of both the Group and its business partners.

To further reinforce internal controls, the Group and its operating sites have implemented a series of IP management measures covering patent applications, trademark registration, technology confidentiality, innovation record management and third-party IP compliance reviews. These measures ensure that the creation, use and protection of intellectual property follow clear and standardised procedures.

¹⁷ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

¹⁸ For details of the relevant laws and regulations, please refer to the Laws and Regulations section of this Report.

PRECISION QUALITY AND RESPONSIBLE SUPPLY CHAIN

INTELLECTUAL PROPERTY PROTECTION (Continued)

The Group also places great emphasis on building employees' awareness of IP protection. Regular training and communication activities are organised to strengthen employees' understanding of patent protection, trademark use and trade secret management in daily R&D, production and document handling, thereby preventing infringement or misuse of intellectual property.

Regarding customers' intellectual property — such as patented technologies, product specifications and design drawings — the Group strictly enforces confidentiality controls. Where necessary, Non-disclosure Agreements (“NDAs”) are signed to clearly define responsibilities and obligations relating to handling, use, disclosure and protection of confidential information, ensuring that technological achievements and data privacy are safeguarded throughout the cooperation process.

Since its establishment, the Group has continually advanced the application and registration of innovation outcomes, progressively strengthening its IP portfolio. During the Reporting Period, the Group secured 15 trademark registrations and 100 patents. These comprised 30 invention patents, 63 utility model patents, and 7 design patents.

As of the end of the Reporting Period, the Group cumulatively held 37 trademark registrations and 346 patents. These comprised 53 invention patents, 285 utility model patents, and 8 design patents, which fully reflect the Group's sustained investment and achievements in technological research and development innovation and brand building.

RESEARCH AND DEVELOPMENT (COLLABORATION WITH ACADEMIC INSTITUTIONS)

Innovation and R&D serve as a crucial foundation for the Group to drive business upgrading and maintain its competitive edge. The Group continues to increase its R&D investment in areas such as automotive components, hydraulic control, and smart manufacturing. It also actively promotes industry-academia-research integration and enhances the efficiency of technological R&D and the commercialisation of outcomes by establishing collaborative relationships with universities and research institutions.

During the Reporting Period, several of the Group's subsidiaries engaged in R&D collaborations with renowned universities in Mainland China. The research scope encompassed the optimisation of machining processes for key automotive components, performance analysis of hydraulic valves and electromagnetic components, product reliability design, as well as technologies related to high-frequency response and intelligent control. These collaborations have facilitated the Group's adoption of cutting-edge theories and simulation technologies, enhancing product performance in noise control, stability, and durability, and supporting the R&D and application expansion of new products.

By continuously deepening collaboration with academic institutions, the Group persistently strengthens its technological capabilities in the fields of industrial machinery, automation, and robotics. It is gradually applying R&D outcomes to actual production and market expansion, providing strong support for the Group to explore new markets and elevate its overall technological level. Looking ahead, the Group will continue to enhance cooperation with the academic community to drive the closer integration of innovative technologies with industrial demands and foster the sustainable development of the enterprise.

COMMUNITY ENGAGEMENT

The Group believes in “giving back to society” and is committed to creating long-term value for the community through volunteer services and charitable contributions. We actively encourage employees to participate in a wide range of community initiatives, responding to social needs and promoting community inclusion through concrete actions. By continuously investing resources, the Group aims to build long-lasting, trusting relationships with local communities and contribute to a more inclusive and sustainable social environment.

During the Reporting Period, the Group’s community engagement efforts focused on three key areas: caring for the elderly, promoting school–enterprise collaboration and organising public welfare seminars. Operating units across different regions proactively planned or participated in various community programmes based on local needs, demonstrating the Group’s commitment to corporate citizenship.

In addition, Jiangsu Kemai, a subsidiary of the Group, actively participated in local charity activities and supported vulnerable groups and grassroots community development. During the Reporting Period, Jiangsu Kemai donated RMB 2,000 to the Jiangsu Women and Children Welfare Foundation in support of the “Compassionate Support for Impoverished Families in Guangling” charity project, and RMB 5,000 to the Guangling District Charity Federation of Yangzhou to assist in community support initiatives and other public welfare activities. These contributions have helped promote the redistribution of social resources, reflecting the Group’s continued commitment to local charity efforts.

Looking ahead, the Group will continue to expand the scope of its community involvement, deepen collaboration models with public welfare organisations, and encourage more employees to engage in volunteer services. We aim to work together with various community stakeholders to build more resilient and caring communities.

APPENDIX

LAWS AND REGULATIONS

For each ESG aspect, the Group and its subsidiaries implement the relevant internal policies and ensure that their business operations comply with all applicable laws and regulations. The applicable laws and regulations are as follows (including but not limited to):

Aspect	Applicable Laws and Regulations	Compliance Statement
Environmental	<ul style="list-style-type: none"> • Environmental Protection Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste • Law of the People's Republic of China on the Prevention and Control of Air Pollution • Law of the People's Republic of China on the Prevention and Control of Water Pollution • Law of the People's Republic of China on the Prevention and Control of Soil Pollution • Law of the People's Republic of China on the Prevention and Control of Noise Pollution • Law of the People's Republic of China on Energy Conservation • Metrology Law of the People's Republic of China • Water Law of the People's Republic of China • Law of the People's Republic of China on Promoting Cleaner Production • Law of the People's Republic of China on Emergency Response to Major Incidents • Environmental Impact Assessment Law of the People's Republic of China • Regulations of the People's Republic of China on Flood Control 	<p>During the reporting period, all operational sites of the Group strictly complied with applicable environmental regulations, including requirements related to air emissions, wastewater discharge, waste management, and soil pollution prevention. No cases of non-compliance with laws or regulations concerning air and greenhouse gas emissions, discharges into water or land, or the generation of hazardous and non-hazardous waste that would have a significant impact on the Group were identified.</p>

Aspect	Applicable Laws and Regulations	Compliance Statement
Employment Management	<ul style="list-style-type: none"> • Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Disabled Persons • Law of the People's Republic of China on the Protection of Women's Rights and Interests • Trade Union Law of the People's Republic of China • Employment Ordinance (Hong Kong) • Employees' Compensation Ordinance (Hong Kong) • Sex Discrimination Ordinance (Hong Kong) • Race Discrimination Ordinance (Hong Kong) • Disability Discrimination Ordinance (Hong Kong) 	<p>During the year, the Group was not aware of any non-compliance related to compensation and dismissal, recruitment and promotion, working hours, leave arrangements, equal opportunities, anti-discrimination, or other employment terms and benefits that had a material impact on the Group.</p>
Occupational Health and Safety	<ul style="list-style-type: none"> • Work Safety Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases • Provisions on the Supervision and Administration of Occupational Health in Workplaces • National occupational disease control programme (2021-2025) 	<p>During the year, the Group was not aware of any legal or regulatory issues related to providing a safe working environment or protecting employees from occupational hazards that had a material impact on the Group.</p>

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Aspect	Applicable Laws and Regulations	Compliance Statement
Labour Standards	<ul style="list-style-type: none"> • Law of the People’s Republic of China on the Protection of Minors • Special Provisions on the Protection of Juvenile Workers • Provisions on the Prohibition of Using Child Labour • Employment of Children Regulations (Hong Kong) • Employment Ordinance (Hong Kong) • Employees’ Compensation Ordinance (Hong Kong) • Occupational Safety and Health Ordinance (Hong Kong) • Personal Data (Privacy) Ordinance (Hong Kong) • Minimum Wage Ordinance (Hong Kong) • Sex Discrimination Ordinance (Hong Kong) • Race Discrimination Ordinance (Hong Kong) • Disability Discrimination Ordinance (Hong Kong) 	<p>During the year, the Group was not aware of any legal or regulatory issues related to the prevention of child labour or forced labour that had a material impact on the Group.</p>

Aspect	Applicable Laws and Regulations	Compliance Statement
Product Responsibility	<ul style="list-style-type: none"> • Port Law of the People's Republic of China • Product Quality Law of the People's Republic of China • Work Safety Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Consumer Rights and Interests • Copyright Law of the People's Republic of China • Trademark Law of the People's Republic of China • Patent Law of the People's Republic of China • Cybersecurity Law of the People's Republic of China • Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems • Personal Data (Privacy) Ordinance (Hong Kong) 	<p>During the year, the Group did not identify any incidents of non-compliance related to health and safety, advertising, labelling, privacy matters, or remedial practices associated with its services that had a material impact on the Group.</p> <p>In addition, the Group's business operations did not involve any products requiring recall due to safety or health concerns.</p>
Anti-corruption	<ul style="list-style-type: none"> • Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Supervision Law of the People's Republic of China • Prevention of Bribery Ordinance (Hong Kong) • Competition Ordinance (Hong Kong) 	<p>During the year, the Group did not identify any incidents of bribery, extortion, fraud, or money laundering that constituted a violation of laws or regulations with a material impact on the Group.</p>

APPENDIX

Performance Data Summary

Environmental

Environmental Performance Indicators		Unit	2025	2024
Air Emissions				
Nitrogen oxides (NOx)		kg	144.67¹⁹	13.54
Sulphur oxides (SOx)		kg	1.01	0.96
Particulate matter (PM)		kg	13.70	0.80
Energy Consumption				
Total direct energy consumption		MWh	7,914.94²⁰	771.79
Natural gas		m ³	1,020.00	1,612.00
Liquefied petroleum gas		Kg	11,660.00	13,630.00
Gasoline		Litres	19,018.47	14,878.81
Diesel		Litres	45,009.88	45,250.00
On-site renewable electricity generation		MWh	7,139.59	–
Total indirect energy consumption		MWh	49,835.01	49,093.49
Purchased electricity		MWh	49,835.01	49,093.49
Total energy consumption		MWh	57,749.95	49,865.28
Energy intensity		MWh/ employee	33.77	28.05
Greenhouse Gas Emissions				
Scope 1 Greenhouse Gas Emissions				
Stationary combustion	Diesel	tonnes tCO ₂ e	94.82	118.28
	LPG	tonnes tCO ₂ e	35.18	15.76
	Natural gas	tonnes tCO ₂ e	2.21	3.08
Mobile combustion	Diesel	tonnes tCO ₂ e	23.88	–
	Petrol	tonnes tCO ₂ e	50.63	35.11
Refrigerant	R-22	tonnes tCO ₂ e	26.00	–
Total Scope 1 emissions		tonnes tCO ₂ e	232.72	172.23 ²¹

¹⁹ Due to the addition of a diesel-fuelled truck during the Reporting Year, nitrogen oxides (NOx) emissions increased as compared with previous years.

²⁰ The energy consumption data disclosed for the Reporting Year do not include electricity generated by the Group's own power generation facilities, but do include the solar energy utilised during the operation of the photovoltaic system. As a result, direct energy consumption increased compared with the previous reporting year.

²¹ The Scope 1 greenhouse gas emissions data for 2024 were revised following an internal review and are presented based on the updated figures. The corresponding total greenhouse gas emissions and emissions intensity have also been updated accordingly.

Environmental Performance Indicators		Unit	2025	2024
Scope 2 greenhouse gas emissions (Location-based)	Purchased electricity	tonnes tCO ₂ e	26,442.46	29,951.94
Scope 3 greenhouse gas emissions	Disposal of waste paper at landfills ²²	tonnes tCO ₂ e	57.12	49.70
	Electricity for freshwater treatment	tonnes tCO ₂ e	109.02	208.34
	Electricity for wastewater treatment	tonnes tCO ₂ e	16.88	17.53
	Employee air travel for business	tonnes tCO ₂ e	59.98	44.46
Total Scope 3 emissions		tonnes tCO ₂ e	243.00	320.03
Total greenhouse gas emissions		tonnes tCO ₂ e	26,918.18	30,444.20 ²³
GHG emissions intensity		tCO ₂ e/employee	15.74	17.12 ²⁴
Waste Management				
Hazardous waste	Oil-containing hazardous waste ²⁵	kg	1,124,616.00	85,471.00
	Chemical pollutants ²⁶ (including packaging waste)	kg	20,101.00	1,446,020.00
	Sludge	kg	142,230.00	142,170.00
	Chemical waste liquids ²⁷	kg	41,434.00	17,020.00
	Spent activated carbon	kg	2,822.00	1,550.00
	Scrap metal ²⁸	kg	–	1,485,190.00
Total hazardous waste		kg	1,331,203.00	3,177,421.00
Hazardous waste intensity		Tonne/employee	0.78	1.79

²² It is assumed that all paper waste (whether stored or procured within the Group's operational boundary) is ultimately disposed of at landfill sites. Paper that has been separately collected or recycled is excluded.

²³ Restated data.

²⁴ Restated data.

²⁵ During the Reporting Year, the Group updated its classification of hazardous waste. Waste oil has been uniformly classified as "oil-containing hazardous waste", which also includes waste lubricating oil, waste oil containers and oil-containing waste with metal residues.

²⁶ The category of "chemical pollutants" mainly includes hazardous waste such as waste packaging containers and residues generated from surface treatment processes.

²⁷ The category of "chemical waste liquids" mainly includes liquid hazardous waste such as waste organic solvents, waste cleaning solutions and waste coolants.

²⁸ The category of "scrap metal" mainly includes iron slag and iron filings. During the Reporting Year, such iron slag and iron filings were reclassified as non-hazardous waste under the category of "metal, glass and plastic waste".

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Environmental Performance Indicators		Unit	2025	2024
Non-hazardous waste	Cardboard waste ²⁹	kg	23,257.20	15,990.00
	Metal, glass and plastic waste	kg	251,177.50	103,002.00
	Packaging waste (e.g. wooden pallets)	kg	19,990.00	19,439.36
	Food waste	kg	7,597.60	8,824.00
Total non-hazardous waste		kg	302,022.30	147,255.36
Non-hazardous waste intensity		Tonne/ Employee	0.18	0.08
Wastewater				
Wastewater		m ³	93,284.80	–
Water Consumption				
Total water consumption		m ³	267,870.00	297,628.00
Water intensity		m ³ / Employee	156.65	167.39
Packaging Materials				
Packaging materials used		tonnes	376.19	229.69
Packaging intensity		kg/per 1,000 units of output	1.11	0.88

Social

Social Performance Indicators		Unit	2025	2024
Workforce Profile				
Total Number of Employees		People	1,710	1,778
By Gender				
Male		People	1,074	1,087
Female		People	636	691

²⁹ During the Reporting Year, the Group updated the classification methodology for non-hazardous waste by reclassifying the former category of "office waste paper" as "cardboard waste". The data disclosed for 2024 have been restated accordingly based on the "cardboard waste" classification.

Social Performance Indicators	Unit	2025	2024
By Age Group			
Under 30	People	350	386
30-50	People	1,083	1,076
Over 50	People	277	316
By Geographical Region			
China	People	1,710	1,778
By Position			
Senior management	People	15	12
Middle management	People	61	48
General staff	People	1,634	1,718
New Hires			
Total Number of New Hires	People	198	–
By Gender			
Male	People	168	–
Female	People	30	–
By Age Group			
Under 30	People	126	–
30-50	People	63	–
Over 50	People	9	–
By Geographical Region			
China	People	198	–
Turnover Rate of Employees			
Total Turnover Rate	%	25.38%	32.40%
By Gender			
Male	%	29.70%	36.89%
Female	%	18.08%	25.33%

APPENDIX

Social Performance Indicators	Unit	2025	2024
By Age Group			
Under 30	%	51.71%	90.16%
30-50	%	16.25%	14.41%
Over 50	%	27.80%	23.10%
By Geographical Region			
China	%	25.38%	32.40%
Training and Development			
Total Number of Employees Trained	People	1,541	1,574
Percentage of Employees Training	%	90%	89%
By Gender			
Male	%	92%	89%
Female	%	87%	87%
By Position			
Senior management	%	100%	100%
Middle management	%	97%	83%
General staff	%	90%	89%
Total Training Hours	Hours	18,947.00	13,560
Average Training Hours per Employee	Hours	11.08	7.63
By Gender			
Male	Hours	12.23	7.97
Female	Hours	9.14	7.09
By Position			
Senior management	Hours	9.77	5.75
Middle management	Hours	16.75	6.21
General staff	Hours	10.88	7.68
Percentage of Employees Undergoing Performance Evaluations			
By Gender			
Male	%	59.01%	–
Female	%	42.61%	–

Social Performance Indicators	Unit	2025	2024
By Position			
Senior management	%	100.00%	–
Middle management	%	98.36%	–
General staff	%	55.94%	–
Occupational Health and Safety			
Total work hours of full-time employees	Hours	3,762,298	3,695,272
Number of work-related fatalities	Accidents	0	0
Rate of work-related fatalities	%	0%	0%
Lost workdays due to work injury	Days	695	714
Lost day rate	%	36.95	38.64
Number of work-related injury incidents	Cases	30	24
Injury rate	%	1.59	1.30
Number of occupational disease cases	Cases	1	0
Occupational disease rate	%	0.06%	–
Absenteeism rate	%	2.62%	1.04%
Supply Chain			
Total Number of Suppliers	No.	1,071	1,368
By Geographical Region			
Chinese Mainland	No.	1,057	1,362
Europe (Italy and Germany)	No.	9	4
United States	No.	4	1
India	No.	1	1
Product Responsibility			
Total monetary value of significant fines	RMB	0	0
Total number of product recalls	No.	0	0
Product recall rate	%	0%	0%
Total monetary value lost due to product recalls	RMB	0	0
Number of complaints received	No.	6	–

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Social Performance Indicators	Unit	2025	2024
Anti-corruption			
Anti-corruption training hours	Hour	72	–
Community Engagement			
Donation	RMB	26,000	–

HKEX ESG REPORTING CODE CONTENT INDEX

Mandatory Disclosure	HKEX ESG Reporting Code Requirements	Sections/Remarks
Governance Structure	<p>A statement from the Board containing the following:</p> <ul style="list-style-type: none"> (i) Disclosure of the Board's oversight of ESG issues; (ii) The Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) How the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Integrity Governance and Corporate Resilience – Sustainability Governance

Mandatory Disclosure	HKEX ESG Reporting Code Requirements	Sections/Remarks
Reporting Principles	<p>A description of, an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <ul style="list-style-type: none"> (i) Materiality: Topics considered material to sustainability by different stakeholder groups are identified by the necessary interactions. (ii) Quantitative: Data are presented in a manner conducive to comparison of year-on-year changes in performance. Performance Data Summary explicates the standards used for calculation of environmental performance indicators. (iii) Balance: Transparency is a major consideration and the report provides information on both positive and negative impacts. (iv) Consistency: Consistency and comparability of information is ensured by using the appropriate statistical methods. 	<p>About This Report – Reporting Standards</p> <p>Materiality: Conduct double materiality assessment to identify ESG issues that have a significant impact on the Group and their risks.</p> <p>Quantitative: For the standards, methods, assumptions and calculation methods used in the data presented in this report, please refer to the “Performance Data Summary” in this report.</p> <p>Balance: The Group describes its performance in all aspects of sustainable development in a fair and transparent manner.</p> <p>Consistency: This report uses the same statistical methods and categories as in previous years. Quantitative data are presented in a consistent manner for comparison and analysis by stakeholders.</p>
Reporting Boundary	<p>Explain the reporting boundaries of the ESG report and describe the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About This Report – Reporting Scope</p>

APPENDIX

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Low-Carbon Manufacturing and Climate Resilience – Emission Control
KPI A1.1	The types of emissions and the respective emissions data.	Low-Carbon Manufacturing and Climate Resilience – Emission Control Appendix – Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Low-Carbon Manufacturing and Climate Resilience – Emission Control Appendix – Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Low-Carbon Manufacturing and Climate Resilience – Emission Control Appendix – Performance Data Summary

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Low-Carbon Manufacturing and Climate Resilience – Emission Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Low-Carbon Manufacturing and Climate Resilience – Emission Control
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Low-Carbon Manufacturing and Climate Resilience – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Appendix – Performance Data Summary
KPI A2.2	Water consumption in total and intensity.	Low-Carbon Manufacturing and Climate Resilience – Water Resources Use Appendix – Performance Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water usage efficiency target(s) set and steps taken to achieve them.	Low-Carbon Manufacturing and Climate Resilience – Environment Management System Low-Carbon Manufacturing and Climate Resilience – Use of Resources

APPENDIX

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Low-Carbon Manufacturing and Climate Resilience – Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies for minimising the issuers' significant impact on the environment and natural resources.	Low-Carbon Manufacturing and Climate Resilience – Use of Resources
KPI A3.1	Description of significant impacts of the Group's activities on the environment and natural resources and actions taken to manage them.	Low-Carbon Manufacturing and Climate Resilience – Use of Resources
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other employee benefits and welfare.	People-Centred Workplace and Talent Development – Employment Management People-Centred Workplace and Talent Development – Employee Relations
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	People-Centred Workplace and Talent Development- Employment Management Appendix – Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix – Performance Data Summary

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-Centred Workplace and Talent Development – Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-Centred Workplace and Talent Development – Occupational Health and Safety Appendix – Performance Data Summary
KPI B2.2	Lost days due to work injury.	People-Centred Workplace and Talent Development – Occupational Health and Safety Appendix – Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People-Centred Workplace and Talent Development – Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-Centred Workplace and Talent Development – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix – Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix – Performance Data Summary

APPENDIX

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child or forced labour.	People-Centred Workplace and Talent Development – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Centred Workplace and Talent Development – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-Centred Workplace and Talent Development – Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Precision Quality and Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Precision Quality and Responsible Supply Chain – Sustainable Supply Chain Appendix – Performance Data Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Precision Quality and Responsible Supply Chain – Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Precision Quality and Responsible Supply Chain – Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Precision Quality and Responsible Supply Chain – Green Procurement

General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Precision Quality and Responsible Supply Chain – Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix – Performance Data Summary
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Precision Quality and Responsible Supply Chain – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Precision Quality and Responsible Supply Chain – Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Precision Quality and Responsible Supply Chain – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Precision Quality and Responsible Supply Chain – Data Protection and Information Security

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General Disclosure & KPIs	HKEX ESG Reporting Code Requirements	Mandatory Disclosure
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity Governance and Corporate Resilience – Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix – Laws and Regulations During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Integrity Governance and Corporate Resilience – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity Governance and Corporate Resilience – Business Ethics
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement

Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
(I) Governance		
	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Governance
	management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Governance
(II) Strategy		
Climate-related risks and opportunities	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
	explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
Business model and value chain	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
	a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy

APPENDIX

Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
Strategy and decision-making	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy As the Group is still in the process of gradually establishing a management framework for climate-related risks and opportunities during the reporting period, the systematic assessment of relevant strategies and decision-making, as well as the resource allocation mechanisms, are still under development. Therefore, a comprehensive disclosure on this matter is not yet available in the current reporting period. The Group will progressively enhance related disclosures in future reporting periods as the management systems and data foundation continue to mature.
	information about how the issuer is resourcing, and plans to resource, the actions taken and to be taken in response to climate-related risks and opportunities in its strategy and decision-making	
Financial position, financial performance and cash flows – Current financial effect	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period	Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy
	the climate-related risks and opportunities, identified based on how they have affected the issuer’s financial position, financial performance and cash flows for the reporting period, for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements	The Group currently provides qualitative financial information regarding climate-related risks and opportunities; however, it has not yet developed models to quantify their potential impact on financial position, financial performance, and cash flows. The Group is progressively enhancing its skills, capabilities, and systems to support more comprehensive climate-related financial analysis in the future. Based on the availability of current data, no climate-related factors have been identified that would require material adjustments to the financial statements for the next fiscal year. Quantitative disclosures will be progressively introduced as the Group’s analytical capabilities mature.

Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
Financial position, financial performance and cash flows - Anticipated financial effect	consider its strategies for managing climate-related risks and opportunities, as well as its investment and disposal plans and the planned funding sources required to implement such strategies, the issuer expects how its financial performance will change in the short, medium and long term.	
	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities	
Climate resilience	the issuer's assessment of its climate resilience as at the reporting date	<p>Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy</p> <p>In conducting climate scenario and resilience assessments, the Group faces key uncertainties primarily related to the stringency of future climate and environmental policies, changes in energy prices and structures, the frequency and intensity of extreme weather events, shifts in customer demand for low-carbon products, and the pace of relevant technological developments. These factors are currently considered qualitatively, and quantitative sensitivity analyses for these uncertainties have not yet been conducted.</p>
	how and when the climate-related scenario analysis was carried out	<p>Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Strategy</p> <p>The Group's scenario analysis adopts the IEA NZE 2050 scenario, which outlines a pathway to limiting global warming to 1.5°C, broadly aligned with the goals of the Paris Agreement.</p>

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Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
(III) Risk Management		
the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks		Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Risk Management
the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities)		Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Risk Management
the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process		Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Risk Management
(IV) Metrics and Targets		
Greenhouse gas emissions		<p>Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Metrics and Targets</p> <p>Currently, the Group has disclosed its Scope 1 and Scope 2 greenhouse gas (GHG) emissions data. Given that Scope 3 emissions involve data from multiple upstream and downstream entities across the value chain, challenges remain in terms of data availability and consistency. At this stage, the Group has not yet fully identified and disclosed all relevant Scope 3 emission categories. The Group plans to gradually advance the identification and inventory of Scope 3 emissions.</p>
Climate-related transition risks		<p>Currently, due to limitations in internal resources and data systems, the Group has not yet provided quantitative disclosures on the amount and percentage of assets/ business activities exposed to climate-related transition and physical risks or associated with climate-related opportunities, nor on capital expenditures, financing, or investments made in response to such risks and opportunities. Relevant information is currently disclosed in a qualitative manner only.</p>
Climate-related physical risks		
Climate-related opportunities		

Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
Capital deployment		As of the end of the reporting period, the Group has not yet separately categorised and disclosed climate-related capital expenditures, financing, or investments. A formal internal carbon pricing mechanism has not been established, nor has climate-related performance been integrated into the remuneration and incentive system. The Group will progressively enhance relevant tracking and disclosure practices in the future, subject to resource availability and system development.
Internal carbon prices		
Remuneration		The Group has not yet formally incorporated specific climate-related performance indicators into the remuneration policies for senior management. However, some subsidiaries (such as Guangzhou Xin Hao) have already included environmental and safety performance in annual performance evaluations for management, with the results affecting the distribution of annual bonuses. The Group will assess the feasibility of further integrating climate-related performance into remuneration considerations and provide quantitative disclosures when reviewing performance indicators and compensation policies in the future.

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Part D. Climate-related Disclosure		
Climate-related Disclosure	HKEX ESG Reporting Code Requirements	Sections / Remarks
Industry-based metrics		<p>Low-Carbon Manufacturing and Climate Resilience – Addressing Climate Change – Metrics and Targets</p> <p>The Group has currently established only short-to medium-term operational environmental targets through 2029 and has not yet set a longer-term net-zero emissions goal. As such, no additional interim milestones have been defined at this stage.</p>
Climate-related targets		<p>The current environmental targets are primarily based on the Group's historical performance and operational needs, and have not yet been explicitly aligned with the latest international climate agreements (such as the 1.5°C pathway under the Paris Agreement). The feasibility of such alignment will be assessed in the future, depending on available resources and capabilities.</p>
Applicability of cross-industry and industry-specific indicators		<p>At present, these environmental targets have not been externally verified by third parties. However, we are working closely with professional consultants who have extensive experience in emissions calculation and target-setting to ensure the accuracy of our targets.</p> <p>During the reporting period, the Group did not use carbon credits to offset its emissions. We are committed to taking concrete actions to achieve these environmental targets and reduce our carbon footprint.</p>

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content
General Disclosure	IPE Group Limited has prepared the report in accordance with the GRI Standards, with the reporting period from January 1, 2025, to December 31, 2025.
GRI Standards Used	GRI 1: Foundation 2021

GRI Standards	Disclosure Content	Sections
GRI 2: General Disclosure 2021		
2-1	Organisational details	About This Report
2-2	Entities included in the organisation's sustainability reporting	About This Report – Reporting Scope
2-3	Reporting period, frequency and contact point	About This Report – Reporting Scope
2-4	Restatements of information	About This Report – Reporting Standards
2-5	External assurance	Not applicable
2-6	Activities, value chain and other business relationships	Precision Quality and Responsible Supply Chain – Sustainable Supply Chain
2-7	Employees	People – Centred Workplace and Talent Development – Employment Management
2-8	Workers who are not employees	Not applicable
2-9	Governance structure and composition	2025 Annual Report – Corporate Governance Functions
2-10	Nomination and selection of the highest governance body	2025 Annual Report – Nomination Committee
2-11	Chair of the highest governance body	2025 Annual Report – Chairman and Chief Executive Officer
2-12	Role of the highest governance body in overseeing the management of impacts	2025 Annual Report – Chairman and Chief Executive Officer
2-13	Delegation of responsibility for managing impacts	2025 Annual Report – Responsibilities and Delegation
2-14	Role of the highest governance body in sustainability reporting	Integrity Governance and Corporate Resilience – Sustainability Governance
2-15	Conflicts of interest	2025 Annual Report – Interests of Directors and Controlling Shareholders in Competing Businesses
2-16	Communication of critical concerns	Integrity Governance and Corporate Resilience – Double Materiality Assessment
2-17	Collective knowledge of the highest governance body	Integrity Governance and Corporate Resilience – Sustainability Governance

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GRI Standards	Disclosure Content	Sections
2-18	Evaluation of the performance of the highest governance body	2025 Annual Report – Board Composition, Succession and Evaluation
2-19	Remuneration policies	2025 Annual Report – Employees and Remuneration Policies
2-20	Process to determine remuneration	2025 Annual Report – Board Committees – Remuneration Committee
2-21	Annual total compensation ratio	Not applicable
2-22	Statement on sustainable development strategy	Integrity Governance and Corporate Resilience – Sustainability Governance
2-23	Policy commitments	Low-carbon Manufacturing and Climate Resilience – Environmental Management System
2-24	Embedding policy commitments	Integrity Governance and Corporate Resilience – Sustainability Governance
2-25	Processes to remediate negative impacts	Precision Quality and Responsible Supply Chain – Customer Service
2-26	Mechanisms for seeking advice and raising concerns	Integrity Governance and Corporate Resilience – Stakeholder Engagement
2-27	Compliance with laws and regulations	Appendix – Laws and Regulations
2-28	Membership associations	Not applicable
2-29	Approach to stakeholder engagement	Integrity Governance and Corporate Resilience – Stakeholder Engagement
2-30	Collective Bargaining Agreements	Not applicable
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Integrity Governance and Corporate Resilience – Sustainability Strategy
3-2	List of material topics	Integrity Governance and Corporate Resilience – Sustainability Strategy
3-3	Management of material topics	Integrity Governance and Corporate Resilience – Sustainability Strategy
Topic-Specific Disclosure		
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	Integrity Governance and Corporate Resilience – Business Ethics
205-1	Operations assessed for risks related to corruption	Not applicable
205-2	Communication and training about anti-corruption policies and procedures	Integrity Governance and Corporate Resilience – Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Not applicable

GRI Standards	Disclosure Content	Sections
GRI 302: Energy 2016		
3-3	Management of material topics	Low-Carbon Manufacturing and Climate Resilience – Energy Conservation and Emissions Reduction
302-1	Energy consumption within the organisation	Appendix – Performance Data Summary
302-2	Energy consumption outside of the organisation	Not applicable
302-3	Energy intensity	Appendix – Performance Data Summary
302-4	Reduction of energy consumption	Low-Carbon Manufacturing and Climate Resilience – Energy Conservation and Emissions Reduction
302-5	Reductions in energy requirements of products and services	Low – Carbon Manufacturing and Climate Resilience – Energy Conservation and Emissions Reduction
GRI 401: Employment 2016		
3-3	Management of material topics	People-Centred Workplace and Talent Development – Employment Management
401-1	New employee hires and employee turnover	Appendix – Performance Data Summary
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People-Centred Workplace and Talent Development – Employee Relations
401-3	Parental leave	People-Centred Workplace and Talent Development – Employee Relations
GRI 416: Customer Health and Safety 2016		
3-3	Management of material topics	Precision Quality and Responsible Supply Chain – Product Responsibility
416-1	Assessment of the health and safety impacts of product and service categories	Precision Quality and Responsible Supply Chain – Product Responsibility
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Precision Quality and Responsible Supply Chain – Product Responsibility
GRI 418: Customer Privacy 2016		
3-3	Management of material topics	Precision Quality and Responsible Supply Chain – Customer Service
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Precision Quality and Responsible Supply Chain – Customer Service

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