金力永磁
JLMAG
用稀土创造美好生活

Stock Code: 300748.SZ/06680.HK

2025

Environmental, Social and Governance Report

Contents

About this Report

Overview

This is the fifth environmental, social and governance (hereinafter referred to as "ESG") report released by JL MAG Rare-Earth Co., Ltd. (hereinafter referred to as "JL MAG", "the Company" or "We"). This report provides a comprehensive overview of our ESG concepts, practices and effectiveness in the process of corporate development and operation, aiming to strengthen communication and connection with related company stakeholders.

Reporting Period

This report covers the period from 1 January 2025 to 31 December 2025, and some contents may be beyond this period to keep the information continuous.

Reporting Scope

Unless otherwise stated, the report covers the same entities as reported in the consolidated financial statements of JL MAG RARE-EARTH CO., LTD. Details are determined based on Materiality Assessment, Stakeholder Engagement and other relevant disclosure guidelines. Details of the Company's business development and consolidated financial statements can be found in our *2025 Annual Report*.

Reporting Principles

In preparing this report, the principles of "Materiality", "Quantitative", "Balance" and "Consistency" are applied to define the content of the report and how the information is presented.

Materiality: During the preparation of this report, the Company has identified main stakeholders and key ESG issues of their concern, and made targeted disclosure according to their relative materiality. For more information on materiality assessment, please refer to the section "Materiality Assessment" below.

Quantitative: This report adopts quantitative information to disclose the key performance indicators ("KPI") in the environmental and social aspects. The measurement standards, methods, hypothesis and/or calculation tools, and the source of conversion coefficient used for the KPIs are explained in their respective paragraphs.

Balance: The purpose of this report is to present a balanced view of the Company's efforts in all aspects of ESG, including compliance operations, low- carbon development, environmental management, innovation driven, quality guarantee, talent management and social clarity.

Consistency: The data disclosed in this report adopts the statistical method consistent with previous years, with individual changes explained to ensure consistency.

Reporting Standards

The report is prepared in accordance with the *Environmental, Social and Governance Reporting Code* set out in Appendix C2 to the *Main Board Listing Rules on the Stock Exchange of Hong Kong Limited and the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation), and with reference to the Self-Regulatory Guidelines No.3 for Listed Companies in the ChiNext Stock Market on Shenzhen Stock Exchange - Preparation of Sustainability Report*, the United Nations Sustainable Development Goals (UN SDGs) and the Global Reporting Initiative Standards (GRI Standards).

Data Sources

The information, data and cases cited in this report are obtained from the Company's official documents, statistical and financial reports or public documents, as well as ESG practices collected and summarized by various functional departments of the Company. This report is published in both Chinese (simplified and traditional) and English. In case of any discrepancy, the Chinese version shall prevail.

Confirmation and Approval

This report has been reviewed and approved by the Board. The Company's Board guarantees that there is no false or misleading record or statement in this report and that this report is actual, accurate and complete.

Access to this Report and Feedback Channel

Please call or write to us if you have any suggestions or comments on the content of this report. Our contact information is as follows:

JL MAG RARE-EARTH CO., LTD.

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ESG column: https://www.jlmag.com.cn/esg.php

Chairman's Statement

Seasons rotate as time passes by. Looking back at 2025, the rare earth materials industry witnessed both challenges and opportunities amidst the recovery and uncertainty of the global economy. In response to the goal of achieving "carbon peaking and carbon neutrality", demand keeps going upwards in green and high-tech sectors such as new energy vehicles (NEVs), energy-saving variable-frequency air conditioners (VFACs), wind power generation, and embodied robots. This landscape has created abundant opportunities for the industry. However, fluctuations in raw material prices and competition also pose challenges to industry development. Against a complex environment, JL MAG stays true to the core value of "customer orientation and value co-creation". In pursuit of harmonious coexistence between humanity and nature, we break new ground under changes and seize opportunities amidst challenges. Last year, we not only recorded steady growth in revenue and profit, but also made remarkable achievements in ESG governance, green intelligent manufacturing upgrade, rare earth recycling, and common growth with employees. With such achievements, we continuously strengthened our competitiveness in sustainable development.

We deepen ESG governance to better fulfill corporate responsibilities. We continue to refine the ESG governance structure. Following the coordination of the ESG Committee of the Board of Directors (the Board), we incorporate sustainable development goals into business units in a systematic manner, forming an accountability system featured by "horizontal collaboration and vertical integration". As different departments and business levels collaborate with each other, we advance ESG practices with collective efforts, earning wide recognition from domestic and international authoritative institutions. In 2025, JL MAG was included in the Sustainability Yearbook China issued by S&P Global for two consecutive years, with the S&P ESG score up to 59. Additionally, the Company received multiple honors such as the "ESG Excellent Practice Cases of Listed Companies". On March 23, 2026, we received our first MSCI ESG rating with "A", ranking among the top in the industry.

We undertake the mission of green development with low-carbon practices. Our increasingly mature carbon reduction system through a three-pronged model in "green rare earth recycling + green electricity usage + green factory construction" has been awarded ISO 14021 and ISO 14064 certifications by SGS, gaining authoritative recognition worldwide in terms of rare earth recycling and carbon management. In 2025, the Company helped customers reduce carbon emissions by approximately 68.44 million tonnes. We recycled around 3,681 tonnes of rare earth raw materials over the year. Besides, the Company's consumption of green electricity totaled about 136.60 million kWh, accounting for approximately 30% of the annual electricity consumption. Looking ahead, we will increase investment in green electricity and recycling technologies, and join hands with upstream and downstream partners for a greener supply chain.

We focus on intelligent manufacturing to drive innovation. Focusing on technological innovation, we have upgraded the trinity production system of "automation, digitalization and intelligence". We highlight lean productivity to elevate production efficiency by means of "machine substitution, lean production, and flexible manufacturing". In 2025, our R&D investment reached RMB 506 million, increasing by 57.6% year on year and representing 6.55% of our revenue. Additionally, we have transformed from a material supplier to a manufacturer of core components in emerging fields such as motor rotors for embodied robots. This strategic transformation has not only created new drivers to growth, but also signifies the deep integration and upgrade along the rare earth value chain.

We build a robust system for talent development. As employees are our most valuable asset, we work to build a development ecosystem with "channels for promotion, rewards for contribution, and guarantees for rights and interests". In 2025, we introduced an A-share employee stock ownership plan and an H-share restricted share scheme for approximately 500 employees, further optimizing the incentive mechanism for value co-creation by employees and the Company. We keep devoting efforts to employee training and welfare benefits. To fulfill social responsibilities and give back to society, we have established scholarships at colleges and universities, and engaged in public welfare initiatives. In 2025, the Company continued to establish scholarships in colleges and universities, and donated to support local education, ecology, public welfare, and other related fields.

With eighteen years of unwavering dedication, we adhere to the mission of "creating a better life with rare earth". By supplying high-performance rare earth permanent magnet materials (REPMs) to global customers, we fuel the development of green industries and facilitate energy conservation, carbon reduction, and industrial upgrading. Looking forward at a new stage, we will continuously prioritize green development and technological innovation, invest in the R&D of new quality productive forces, and promote industrial chain synergy and ecological cooperation. We are committed to working hand in hand with all employees, customers, shareholders and partners to empower high-end manufacturing through innovation in rare earth materials. In this way, we can protect our natural environment, and jointly step into a new phase of sustainable development.

Co-founder, Chairman and CEO

Mr. Cai Baogui

March 2026

About JL MAG

Company Profile

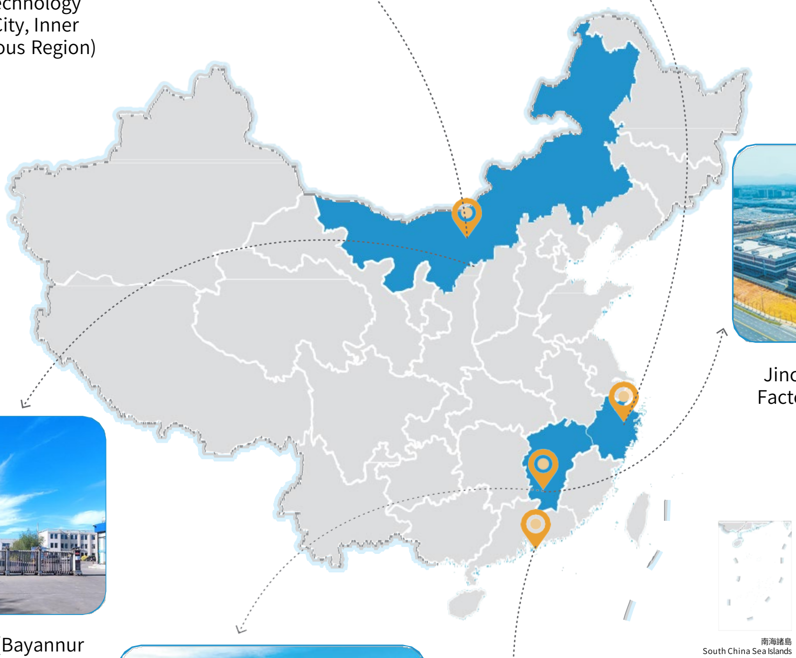
JL MAG RARE-EARTH CO., LTD., a high-tech enterprise integrating R&D, production and sales of high-performance NdFeB PMs, magnetic components, motor rotors for embodied robots, and the recycling and comprehensive utilization of rare earth, and a leading supplier of REPMs in the fields of new energy and energy-saving and environmental protection, was incorporated in August 2008. The Company was listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 300748.SZ) in September 2018 and the Main Board of the Hong Kong Stock Exchange (the “HKEx”) (stock code: 06680.HK) in January 2022.

The Company's products are widely used in NEVs and automotive parts, energy-saving VFACs, wind power generation, robots and industrial servo motors, 3C, low-altitude aircraft, energy-saving elevators, rail transit and other fields. We have established long-term and stable cooperative relationships with leading domestic and foreign enterprises in various sectors. In the robotics field, the Company is actively collaborating with globally renowned technology companies on the R&D and capacity expansion of embodied robot motor rotors, with small-batch products delivered. Similarly, small-batch deliveries have commenced in the low-altitude aircraft segment.

During the reporting period, the Company operates five factories across three locations in Ganzhou, Baotou, and Ningbo with an annual production capacity of 40,000 tonnes for high-performance rare earth permanent magnets and an approved recycling capacity of 5,000 tonnes per year for various single rare earth compounds. The Company has established a R&D center in Hong Kong, to meet future requirements for embodied robot motor rotor components from downstream clients.

JL MAG Ningbo Technology Factory (Ningbo City, Zhejiang Province)

JL MAG Baotou Technology Factory (Baotou City, Inner Mongolia Autonomous Region)



Jincheng Permanent Magnet Factory (Ganzhou City, Jiangxi Province)

Yinhai New Materials (Bayannur City, Inner Mongolia Autonomous Region)

Ganzhou Headquarter Factory (Ganzhou City, Jiangxi Province)

Hong Kong R&D Center (Hong Kong Special Administrative Region)

Note: This map is compiled based on the map with the review number GS(2020)4635 and is for illustration purposes only.

ESG Highlight Performance

Environmental

- The Company's magnetic material production can assemble about 6.5 million passenger NEVs, 96 million VFACs compressors, 12 GW installed capacity of wind turbine generators, facilitating to reduce carbon emissions by about 68.44 million tonnes.
- The Company's carbon emissions per unit of rough product decreased by approximately 8% year-on-year.
- The Company recycled approximately 3,681 tonnes of rare earth raw materials throughout the year.
- The Company's consumption of green power totaled approximately 136.60 million kWh[1], accounting for about 30% of the annual electricity consumption. For Baotou Factory, the consumption of green electricity reached 73%.
- Ganzhou Factory generated 2.59 million kWh of rooftop photovoltaic power, reducing carbon emissions by approximately 1,375 tonnes. Baotou Factory generated 4.52 million kWh of rooftop photovoltaic power, reducing carbon emissions by approximately 2,397 tonnes. Ningbo Factory generated 2.11 million kWh of rooftop photovoltaic power, reducing carbon emissions by approximately 1,118 tonnes.
- The Company's consumption of environmentally friendly packaging materials totaled 2,142 tonnes, accounting for 54% of the total usage.

[1] The consumption of the Company's green power in 2025 mainly includes green power used in factories in Ganzhou and Baotou.

Environmental

- The Company's total investment in environmental protection is approximately RMB **24.97** million.
- The Ganzhou and Baotou factories obtained **ISO 14064** Certification consecutively.
- The Ganzhou Factory and Yinhai New Materials obtained **ISO 14021** Certification.

Social

- Grain Boundary Diffusion (GBD) technology is utilized to produce approximately **90%** of the Company's products.
- The Company's total R&D investment reached RMB **506** million, increasing by **57.6%** year-on-year and accounting for **6.55%** of the operating revenue.
- The Company invested RMB **41.48** million in automated equipment and intelligent transformation. A specialized team of over **300** professionals was established in the fields of automation and intelligence, forming a closed-loop capability spanning solution design, equipment development, and on-site implementation.
- The Company deployed a total of **653** industrial robots, completed **11** automated production lines, significantly improving production efficiency through development and breakthroughs in key equipment and processes.
- The Company has invested RMB **12.10** million in informatization and digitalization, increasing by **14%** year-on-year.
- The Company invested approximately RMB **20.03** million in health and safety projects, increasing by **38%** year-on-year.
- In March 2025, the Company introduced an A-share employee stock ownership plan and an H-share restricted share scheme, covering about **500** employees.

Social

- The Company's total expenditure on employee compensation, benefits, and other related aspects amounted to approximately RMB **899** million, increasing by **20.43%** year-on-year.
- The Company's total annual donations amounted to RMB **3.6267** million.
- The Company has provided a total of RMB **5.14** million in university scholarships, benefiting **1,489** students.
- The Company had recruited **2,908** employees from former national key counties and urban areas for poverty alleviation and development under the jurisdiction of Ganzhou, accounting for **62%** of total employees at Ganzhou Factory.
- The Company promptly donated HKD **1** million to support emergency relief, temporary shelter and post-disaster recovery efforts for affected residents at Wang Fuk Court in Tai Po, Hong Kong.

Governance

- The Company has established an ESG Committee under the Board of Directors. The ESG Committee is chaired by Mr. Cai Baogui, Chairman of the Board, and comprises Mrs. Cao Ying, an independent non-executive director with extensive financial experience and ESG professional background, and general managers of all subsidiaries to supervise ESG matters of the Company.
- The Company has established and launched the *Environmental, Social, and Governance (ESG) Management Policy* to support the development and implementation of our long-term sustainable strategy.
- The business ethics audit covers more than **95%** of the Company's business operations.
- The Company conducted **476** business ethics training sessions, with a **100%** coverage percentage and an accumulated training duration of **27,208** hours.
- **100%** suppliers had signed the *Commitment Letter on Anti-Bribery of Suppliers* and the *Good Faith Procurement Agreement.*
- We conducted a themed training on *JL MAG Information Security* for all employees, with a **100%** passing rate achieved.

Annual Honors and Awards

February 2025

JL MAG Baotou Technology was awarded the "Science and Technology Leading Enterprise of Inner Mongolia Autonomous Region" by the Department of Science and Technology of Inner Mongolia Autonomous Region.

March

JL MAG Ningbo Technology was awarded "2024 Jiangbei District Economic Influence List - Comprehensive Contribution Award" and "2024 Top 50 Industrial Enterprises in Jiangbei District" by the People's Government of Jiangbei District, Ningbo.

April

JL MAG was awarded with the title of "2025 National Advanced Collective in the Industry and Information Technology System"

May

JL MAG was awarded "2025 Advanced Intelligent Factory" by the Department of Industry and Information Technology of Jiangxi Province.

JL MAG received multiple capital market awards, including "Best Practice in Investor Relations Management for Listed Companies"

June

JL MAG was awarded the "Shareholder Return Award for Investor Relations Management for Listed Companies".

JL MAG was awarded with the national-level title "National Advanced Collective in the Industrial and Information Technology System" by the Department of Industry and Information Technology.

JL MAG Baotou Technology was awarded the "National Outstanding Case Collection for Science and Technology Workers" by China Association for Science and Technology.

JL MAG Ningbo Technology was awarded the "2024 High-Quality Industrial Investment Project of Ningbo" by the People's Government of Ningbo.

July

JL MAG Baotou Technology was awarded the "Green Factory" by Inner Mongolia Autonomous Region.

JL MAG Ningbo Technology was awarded the "2025 Ningbo Industrial Chain Benchmark Project" by the Ningbo Municipal Economy and Information Technology Bureau.

August

JL MAG won five awards at the "6th Panorama Investor Relations Gold Awards".

September

JL MAG received investor relations awards including "Best IRs (Hong Kong)" from Fortune Magazine..

October

JL MAG was elected as a Vice President Unit of Association of China Rare Earth Industry.

JL MAG Baotou Technology was awarded "2025 National Key Private Projects List" by National Development and Reform Commission.

November

JL MAG was awarded the "Excellent Practice Cases of the Board of Directors of Listed Companies" by the China Association for Public Companies.

JL MAG achieved an A (Excellent) rating in the information disclosure assessment by the Shenzhen Stock Exchange for six consecutive years.

JL MAG was included in the MSCI China Index.

JL MAG was awarded the "2025 Investor Relations Golden Bull Award" by China Securities Journal.

JL MAG was shortlisted for the Top 100 Enterprises in Jiangxi Province and Top 60 Strategic Emerging Industry Enterprises in Jiangxi Province in 2025.

JL MAG Ningbo Technology established the "Ningbo JL MAG R&D Center for High-Performance Low-Heavy Rare Earth Permanent Magnet and Component Technology".

December

JL MAG was awarded the "2024 Jiangxi Social Responsibility (Leading) Enterprise".

JL MAG was awarded the "Second Prize in Rare Earth Science and Technology" by Association of China Rare Earth Industry.

JL MAG was included in CSI A500 Index and ChiNext 50 Index.

JL MAG was listed in the 2025 Top 100 Private Enterprises in Jiangxi Province and certified as 2025 Green Manufacturing Unit of Inner Mongolia Autonomous Region.

JL MAG was selected for "Excellent Practice Cases of the Board Office of Listed Companies" and "Excellent Practice Cases of Annual Report Performance Briefings of Listed Companies" by the China Association for Public Companies.

JL MAG was awarded the "Best Board of Directors of Listed Companies" by National Business Daily.

JL MAG was awarded the "Top 50 Most Valuable Companies Listed on ChiNext" by Securities Times.

JL MAG was awarded the "Gold Prize of Round Table" - Special Contribution to Corporate Governance from the Directors & Boards.

JL MAG Baotou Technology was awarded the Top 10 Brand Value Enterprises of Inner Mongolia in 2024.

JL MAG Ningbo Technology was awarded the "2025 Quiet Factory of Ningbo" by Ningbo Municipal Bureau of Ecology and Environment.

ESG Honors and Awards

MSCI ESG Rating	A
S&P Corporate Sustainability Assessment (CSA) score	59
CDP Questionnaire	Climate Change B Water Security B Forests B
CNI ESG Rating	AAA
China Securities Index ESG Rating	AAA
Wind ESG Rating	AA
April 2025	JL MAG was included in the *Sustainability Yearbook (China)* issued by S&P Global for two consecutive years.
June 2025	JL MAG was awarded ISO 14021 and ISO 14064 certifications by SGS, gaining authoritative recognition worldwide in terms of rare earth recycling and carbon management.
November 2025	JL MAG was awarded the "Excellent Practice Case of Sustainable Development of Listed Companies" by the China Association for Public Companies.
December 2025	JL MAG was awarded the "SSE Eagle Golden Quality" ESG Award and the "Best ESG Practice Award of Listed Companies" by Shanghai Securities News.

Our ESG Management

Statement of Board

The Company attaches great importance to the ESG work, continues to improve our ESG governance capacity, and is committed to environmental, social and corporate sustainable development. The Company has established an ESG governance structure consisting of the Board, ESG Committee and ESG Workforce to improve the Company's ESG management and promote sustainable high-quality development.

Regulation of ESG matters

The Environmental, Social and Governance (ESG) Committee of the Board ("ESG Committee") oversees the ESG matters of the Company and is chaired by Mr. Cai Baogui, the Chairman of the Board. The ESG Committee monitors and conducts in-depth research on regulatory and policy developments in ESG and climate-related domains. It reviews and monitors the Company's strategic plans, management frameworks, policies, and implementation rules in this regard. Additionally, the Committee identifies and oversees ESG and climate-related risks and opportunities that have a significant impact on the Company's business, guiding the management to take appropriate response measures. It also supervises and reviews the implementation of the Company's environmental and climate-related matters, social responsibilities, and corporate governance work, evaluates the Company's overall ESG and climate-related performance, and provides recommendations for improvement. Finally, the Committee reviews ESG-related reports issued by the Company and other significant matters related to ESG and climate.

ESG management policy and strategy

The Company regularly assesses the importance of environmental, social and governance issues and submits these issues to the Board for review. The process and results of the assessment are detailed in the "Materiality Assessment" of this report. The Company has fully identified the significant ESG risks related to our own operations, including innovation-driven development, safety and quality of products & services, circular economy and energy utilization, and has made relevant measures which shall be implemented by relevant departments in their operational management according to the requirements of the Company.

Review of ESG targets

During the year, the Company has set environmental goals related to its operations. The Board has reviewed and discussed the establishment of these goals.

This report also discloses the above matters related to the aspects of environmental, social and governance, which has been reviewed and approved by the Board on March 25, 2026.

ESG Strategy

The Company has been improving our ESG strategy by integrating ESG factors such as low-carbon development, environmental management, innovation driven, quality guarantee, talent management, social charity and compliance operation into our operations and day-to-day management. The Board of the Company regularly reviews the ESG strategy of the Company to review and ensure that it is in line with the Company's development strategy. Based on the characteristics of its own business, the Company has identified the priorities of the United Nations Sustainable Development Goals (UN SDGs) and integrated them with the ESG strategy of the Company to guide the ESG work.

ESG Governance Structure

To support the development and implementation of our long-term sustainable strategy, JL MAG has established the *Environmental, Social, and Governance (ESG) Management Policy* based on its development goals and actual conditions. The Company has established a top-down multi-level management structure, with the ESG Committee as the leading and supervising body and the ESG Workforce as the primary executor. For more detailed responsibilities, please refer to the *Working Rules for ESG Committee of JL MAG.*

ESG Governance Structure of JL MAG

ESG Committee of the Board	Be responsible for the supervision and instruction of effective implementation of the Company's environmental protection and climate-related issues, social responsibilities, standardized governance to improve the Company's ESG development.
Chief Sustainability Officer (CSO)	The position is held by the Vice President of the Company. Be responsible for overseeing the Company's overall ESG strategy, including the development and implementation of a comprehensive ESG management system; ensures compliance with regulatory requirements and aligns with the expectations of the capital markets regarding sustainable development; regularly monitors and evaluates the performance of various ESG departments and provides periodic progress reports to the ESG Committee; and leads and supervises key carbon reduction initiatives.
ESG Workforce	Act as the executive body for the Company's ESG matters and be in charge of the specific implementation of ESG work; its members consist of representatives from the Environmental Safety & Power Equipment Department, the Secretariat of the Board, the Human Resources Department, the Administration Department, the Sales and Delivery Center, the Supply Chain Management Center, the Production Management Office, the Quality and System Office, the Finance Department and other relevant departments. It provides monthly updates to the Chief Sustainability Officer on the progress of ESG initiatives.

The ESG Committee members possess substantial expertise in addressing ESG and climate-related issues. Mrs. Cao Ying, an ESG Committee member, has a PhD in Accounting from Texas A&M University and is a Certified Public Accountant (CPA) in China. She has extensive industry experience and ESG professional background. Since 2014, she has been an associate professor at the School of Accountancy of The Chinese University of Hong Kong. Her research covers CSR/ESG analysis in the context of the capital market, ESG disclosure in accordance with international standards, ESG rating, ESG investment as well as the role of accounting in CSR/ESG strategies and reporting.

To enhance the professional capabilities of governance bodies, the Company regularly organizes ESG-related training covering dual-carbon policies, environmental compliance, social responsibility standards, and governance best practices. The training ensures that the Board, the ESG Committee, and the Workforce possess the professional competence to identify and manage sustainability-related impacts, risks, and opportunities. During the reporting period, directors and senior management of the Company participated in specialized training organized by the Jiangxi Listed Companies Association, covering topics such as new regulations on information disclosure and interpretation of laws and policies regarding mergers and acquisitions. Mrs. Cao Ying, a member of the ESG Committee, attended thematic training focused on "Risks and Opportunities in Emerging Fields" and "Enhancing Corporate Governance Capabilities". Additionally, the Company's ESG managers also participated in the "Climate Impact GPS Pilot Program" series of courses organized by the Hong Kong Quality Assurance Agency (HKQAA).

In terms of supervision and assessment, the ESG Committee reviews ESG goal-setting and achievements each year, strengthens process oversight through internal audits and specialized inspections, and integrates ESG performance into the assessment system for relevant departments, thereby forming a closed-loop management system. The Company also incorporates sustainability risks into its internal control and risk management processes. ESG impact assessments are systematically conducted during strategic planning, major project decisions, and transaction evaluations, ensuring sustainability considerations are embedded in core corporate decision-making workflows.

In March 2025, the ESG Committee held a meeting to review the Company's 2024 ESG Report and heard a report on the progress of key ESG work for the year. The meeting also outlined plans for the key ESG initiatives and improvements for the following year.

Materiality Assessment

Double Materiality Analysis

Under the supervision of the ESG Committee, the Company has taken measures, such as internal and external interview and communication, peer benchmarking and specialist research, to identify material ESG issues closely related to its business by reviewing national policies, regulatory focuses, industry trends and the Company's development plans. We have built a matrix of materiality analysis, which has been confirmed by the Board.

Process for Double Materiality Analysis of JL MAG

Analyzing company activities and relationships background	We comprehensively assess the Company's sustainability performance, and systematically analyze the sustainable impact of our internal operations, business relationships, and upstream and downstream value chain. Concurrently, we thoroughly examine external factors in 2025, including macroeconomic policies, industry priorities, regulatory requirements, and market trends, to identify potential risks and opportunities. Besides, we sort out major internal and external stakeholders and identify the impact on them.
Listing material issues	With reference to the 21 issues outlined in the *Sustainability Reporting Guidelines* by the Shenzhen Stock Exchange and the disclosure requirements of the *ESG Reporting Code* by the Stock Exchange of Hong Kong Limited, we establish a list of ESG issues of JL MAG taking into account issues of concern in the industry and capital markets as well as internal and external expert recommendations.
Assessing materiality	By means of on-site interviews and online surveys, we assess the materiality and priority of ESG issues based on their financial materiality and impact materiality. Impact materiality reflects whether the Company's performance regarding relevant issues has significant impact on the economy, society, and environment. Financial materiality shows whether each issue is expected to have significant impact on the Company's business model, operations, development strategy, financial position, operating results, cash flows, financing methods and costs in the short, medium, and long term.
Reviewing and confirming issues	We derive the 2025 materiality matrix and prioritize the material issues based on the double materiality assessment principle, taking into account the materiality of each ESG issue, and in light of the results from stakeholder engagement. Next, we submit the materiality matrix to the Board for review and confirmation, and disclose it in the report.

Due Diligence and Stakeholder Engagement

JL MAG places a high priority on sustainable development. Our ESG Workforce, in collaboration with external consulting firms, conducts a thorough due diligence on potential negative impacts or risks related to sustainability such as environmental protection, social responsibility, and formulates proactive response. Through regular self-assessments, internal feedback, and engagement with external stakeholders such as non-governmental organizations, the Company systematically identifies potential risk points and develops detailed mitigation measures and response plans to address the identified risks.

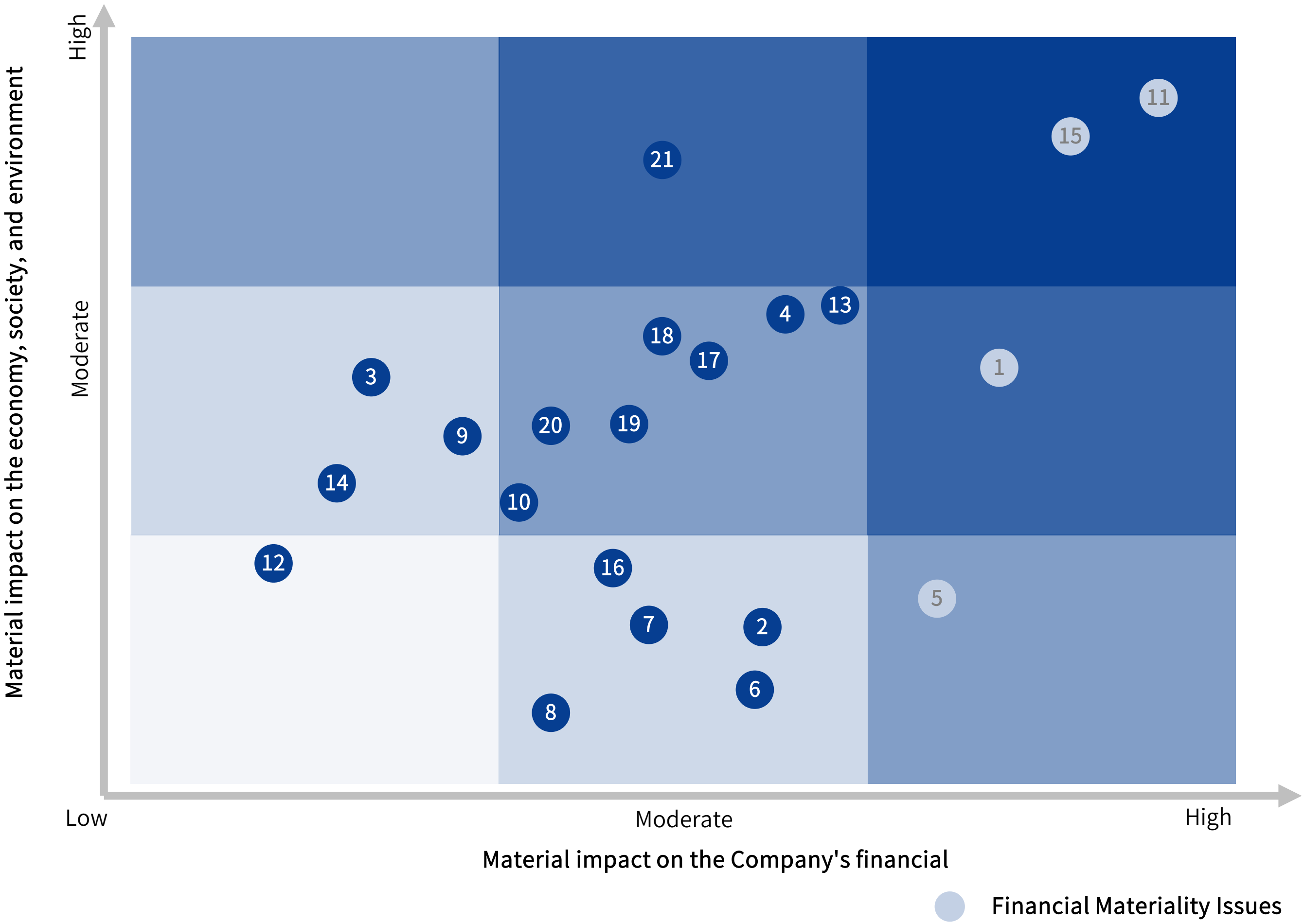
Based on the principle of “mutual benefit and common development”, the Company communicates with the stakeholders in different ways to timely learn about and respond to their needs and use their opinions and demands as the motivation to continuously improve the ESG management of the Company. During the year, the Company identified important stakeholders that may significantly influence our operations. Specific communication matters and channels are shown in the following table:

Major Stakeholder	Communication Matter	Communication Channel
Customers	• Product quality • Quality service • Protection of customers' rights	• On-site visit • Telephone/E-mail communication • Customer satisfaction survey
Employees	• Compliance employment • Compensation and benefits • Occupational health and safety • Training and development	• Employee contract • Employee representative meeting • Employee training • Employee satisfaction survey
Shareholders/ investors	• Results of operation • Compliance governance • Risk prevention • Business ethics	• Shareholders' meeting • Information disclosure • On-site survey • Online communication
Suppliers	• Fair procurement • Trading integrity • Supplier training and empowerment	• Supplier meeting • Supplier contract • Telephone/E-mail communication
Government	• Driving employment • Compliance operation • Green production	• Visit reception • Information disclosure • Document submission
Industry partners/ Industry associations	• Product responsibilities • Mutual benefits	• Participation in standard development • Industry exchange meeting • School-enterprise partnership
Community	• Social welfare • Volunteer service	• Volunteer activities • Charitable donations

Conclusion of Double Materiality Analysis

In 2025, JL MAG analyzed the double materiality assessment results and presented the overall priority of each issue in materiality matrix. Four issues were identified to have high financial materiality to the Company, while one held neither financial materiality nor impact materiality[2] .

2025 Double Materiality Matrix of JL MAG



Environment	Society	Sustainability-related governance
1. Climate change tackling	9. Rural revitalization	18. Stakeholder engagement
2. Pollutant discharge	10. Social contributions	19. Fair competition
3. Ecosystem and biodiversity protection	11. Innovation	20. Due diligence
4. Energy utilization	12. Ethics of science and technology	21. Anti-commercial bribery and anti-corruption
5. Circular economy	13. Supply chain security	
6. Waste disposal	14. Equal treatment of SMEs	
7. Environmental compliance management	15. Product and service safety and quality	
8. Water resources utilization	16. Data security and customer privacy	
	17. Employees	

[2] JL MAG is a high-tech enterprise integrating R&D, production and sales of high-performance NdFeB PMs, magnetic components and the recycling and comprehensive utilization of REPMs. Currently, the Company has not ventured into scientific research, technological development, or other activities in sensitive technology ethics fields such as life sciences and artificial intelligence.

Analysis of Impact, Risks, and Opportunities of Financially Material Issues

Issue	Analysis of Impact			Analysis of Risks and Opportunities			Financial Impact
	Type of Impact	Description of Impact	Scope of Impact	Description of Risks	Description of Opportunities	Time Frame[3]	
Innovation	Positive	Innovation gives momentum to JL MAG's sustainability. By increasing R&D investment and developing new products and technologies, we work to build up our core competitiveness and drive industrial upgrading and transformation.	Corporate operation Downstream value chain	A lack of innovation may make JL MAG disadvantaged in market competition, hinder its adaptation to new technologies or management philosophies, and slow down its response to emerging demands or trends, thus affecting the Company's performance. Investment in innovation may fail to yield expected returns, carrying technical and market risks.	By intensifying technological innovation, JL MAG can enhance product differentiation and competitiveness, and meet market demands and consumer expectations with new products, technologies, and services. By distinguishing ourselves in products, services, or business models from competitors, we can attract more customers, expand market share, and generate higher financial returns.	Short-term, medium-term, and long-term	Risk: Under-expected R&D investment returns may lead to a decline in operating profit. Opportunity: The Company has reduced reliance on heavy rare earth and the unit cost through core technologies such as Grain Boundary Diffusion (GBD). The Company has also delved into downstream high-end manufacturing, entering emerging sectors like embodied robots and low-altitude aircraft. This strategy has not only promoted production and sales, but also raised product added value and overall profitability, thereby driving continuous growth in gross profit margin and net profit.
Product and service safety and quality	Positive	Ensuring the safety and quality of products and services is one of our social responsibilities. By strengthening product quality control and safety management, JL MAG safeguards customer rights and safety and enhances corporate reputation and credibility.	Corporate operation Downstream value chain	Product quality or safety issues may cause a shrink in market share, damage to brand reputation, and a subsequent weaker competitiveness.	By strictly adhering to laws and regulations on this front and implementing strict control throughout the process, JL MAG ensures product stability and reliability, thereby standing at a more advantaged position in the market. Furthermore, following higher standards of product safety and quality enables the Company to obtain international certifications for quality management system, which offers access to a broader market.	Short-term, medium-term, and long-term	Risk: Order loss due to quality disputes will result in customer attrition and decline in revenue. Opportunity: Compliance with higher quality standards makes JL MAG a core supplier for leading clients across various industries. This helps us broaden market share and boost revenue. Besides, rigorous quality control lowers after-sales costs and sales expenses.

[3] When assessing the financial materiality of ESG issues, JL MAG defined the time frame with reference to the *Enterprise Sustainability Disclosure Standards - Basic Standards (for Trial Implementation)* released by the Ministry of Finance. Short term lasts for less than one year (inclusive) after the end of the reporting period for sustainability information. Medium term spans from one to five years (inclusive) after the end of the reporting period. Long term refers to more than five years after the end of the reporting period.

Analysis of Impact, Risks, and Opportunities of Financially Material Issues

Issue	Analysis of Impact		Analysis of Risks and Opportunities				Financial Impact
	Type of Impact	Description of Impact	Scope of Impact	Description of Risks	Description of Opportunities	Time Frame	
Circular economy	Negative	Failure to implement a circular economy will waste recyclable resources (such as recycled rare earth raw materials and scrapped magnetic steel) and energy. Improper recycling and disposal of waste may increase landfilling and incineration, thus generating more greenhouse gas (GHG) emissions and air pollution and destroying the natural ecosystem.	Upstream value chain Corporate operation Downstream value chain	Product quality or safety issues may cause a shrink in market share, damage to brand reputation, and a subsequent weaker competitiveness.	By strictly adhering to laws and regulations on this front and implementing strict control throughout the process, JL MAG ensures product stability and reliability, thereby standing at a more advantaged position in the market. Furthermore, following higher standards of product safety and quality enables the Company to obtain international certifications for quality management system, which offers access to a broader market.	Short-term, medium-term, and long-term	Risk: Order loss due to quality disputes will result in customer attrition and decline in revenue. Opportunity: Compliance with higher quality standards makes JL MAG a core supplier for leading clients across various industries. This helps us broaden market share and boost revenue. Besides, rigorous quality control lowers after-sales costs and sales expenses.
Climate change tackling	Positive	Response to climate change is crucial for the sustainable development of JL MAG, and is even essential for the environmental protection and ecological balance of society. By taking carbon-reduction measures, JL MAG demonstrates environmental responsibilities, improves brand image, and attracts more clients and investors who prioritize sustainability.	Upstream value chain Corporate operation Downstream value chain	Transition risk: Increasingly stringent climate regulations may elevate compliance and operational costs. Failure to meet growing customer demand for product carbon footprint certification may lead to a loss in market share. Physical risk: Extreme weather events may disturb supply chain stability, affect the operation of production facilities, disrupt business activities, and generate additional equipment repair and maintenance costs.	By recycling resources and increasing the proportion of renewable energy usage, the Company optimizes the energy structure, reduces production costs, and suppresses GHG emissions. In this way, we strive to achieve efficient operations. Moreover, we seize opportunities as various countries promote new energy resources. In response to downstream customers' demand for emission reduction, we continuously develop low-carbon and high-performance REPMs. We also support energy-saving and lightweight applications to expand market share, enhance product premiums, and drive sustained business growth.	Short-term, medium-term, and long-term	Risk: To comply with increasingly stringent environmental policies, the Company may incur expenses for system upgrades and certifications, which results in higher administrative costs. Extreme weather events may damage inventory or destroy fixed assets, leading the Company to recognize asset impairment losses. Opportunity: The Company aims to enhance energy efficiency and reduce energy consumption for products. This practice is integral to promoting low-carbon transformation across various industries. Drawing upon energy-saving permanent magnet materials with high performance, the Company continues to enlarge the market share in NEVs, robots, and other sectors to increase revenue.

Targets and Progress on Financially Material Issues

The Company focuses on key areas such as innovation-driven development, safety and quality of products and services, circular economy, and energy utilization. We develop explicit sustainability plans and targets, regularly assess their progress, and make dynamic optimizations based on internal and external environments as well as our business development.

Issue	Target	Progress Toward Target in 2025
Innovation	With technological innovation as a core competitiveness, the Company mitigates reliance on heavy rare earth by means of R&D investment and patent development. We expand into new application areas such as embodied robot and low-altitude aircraft, maintaining global leadership in technology.	• R&D investment: In 2025, R&D expenses reached RMB 506 million, representing 6.55% of our revenue. • Technology breakthrough: GBD products accounted for approximately 90%, with 144 patents granted.
Product and service safety and quality	We ensure high product reliability and consistency and have obtained international quality system certifications. By satisfying stringent requirements of high-end customers, we work to enhance brand trustworthiness and customer satisfaction.	• Quality certification: We have obtained IATF 16949, ISO 9001, and other quality management system certifications. • Quality culture: In 2025, the Company systematically conducted 46 specialized training activities for improvement, including 30 sessions on enhancing quality control throughout production and 16 sessions on communicating corporate standards. • Customer satisfaction: In 2025, the Company recorded a customer satisfaction score of 98.
Circular economy	The Company has developed a green recycling industrial system featuring the "recycling - regeneration - remanufacturing" mode to improve the utilization of rare earth resources and reduce reliance on external raw material sources. We have obtained relevant recycling system certifications for this system.	• Rare earth recycling: In 2025, the Company recycled a cumulative total of 3,681 tonnes of rare earth raw materials throughout the year. • Integration of industry chain: We have acquired Yinhai New Materials to strengthen vertical integration of the green industry chain. • System certification: Ganzhou Factory and Yinhai New Materials have passed ISO 14021 review and certification, and obtained the 100% pre-consumer recycled content certification for related products
Climate change tackling	The Company leads its strategy with a green transformation approach. By establishing a carbon reduction system through a three-pronged model in "green rare earth recycling + green electricity usage + green factory construction", the Company has paved the way for low-carbon development through systematic innovation. JL MAG is committed to supporting the national "Dual Carbon" strategy, making continuous progress toward the 2030 target of achieving full lifecycle carbon neutrality for selected products.	• Green electricity: Rooftop photovoltaic facilities at the Ganzhou, Baotou, and Ningbo factories generated approximately 9.2167 million kWh, reducing carbon emissions by 4,890.34 tonnes. • Green rare earth: By implementing the rare earth metal recovery project from wastewater at Ganzhou Factory, Jincheng Factory, and other factories, a total of approximately 62.7 tonnes of rare earth oxalate was recovered. • Green factories: JL MAG Baotou Technology Factory was awarded the title of Green Factory in Inner Mongolia Autonomous Region. JL MAG Ningbo Technology Factory was included in the list of 3-star Green Factories in Jiangbei District, Ningbo. In 2025, JL MAG Baotou Technology commenced the third phase of the green intelligent manufacturing project with an annual capacity of 20,000 tonnes of high-performance REPMs in Baotou.

Topic

Integration of Green and Intelligent Manufacturing Driven by Innovation: Shaping a New Pattern for Sustainable Development in the REPM Industry through Technology

In pursuit of sustainable development, JL MAG fully practices the core principle of "lean management" throughout technological innovation and manufacturing system upgrading. We have built a three-pronged strategic system driven by digitalization, intelligence, and automation in a structured manner. In terms of digitalization, we integrate industrial internet platforms and full-process information systems to build a management hub that enables real-time collection and intelligent analysis of data. As for intelligence, we adopt data-driven approaches and develop technologies independently to achieve better production scheduling, proactive prevention of quality risks, and continuous growth in resource efficiency. In automation, we leverage in-house industrial robots and automated production lines to realize efficient, stable, and precise operations as well as large-scale delivery.

Guided by the principle of lean management, we integrate and empower digitalization, intelligence, and automation within the strategic system. Specifically, lean objectives direct technology investment, lean methodologies standardize technology implementation, and lean outcomes validate the value of technology application. On the one hand, this integrated strategy drives the Company's progress in key operational dimensions such as quality, efficiency, energy consumption, and safety. On the other hand, it reinforces our core competitiveness through in-depth integration of green technology and intelligent manufacturing. The strategy helps navigate the industry through efficient, low-carbon, sustainable, and high-quality development, and creates long-term and robust values for stakeholders.

Response to UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Governance

JL MAG has established a tiered governance structure with well-defined responsibilities for innovation-driven development. Comprising the decision-making level, the management level, and the execution level, this structure ensures the effective formulation and efficient implementation of the Company's technological innovation strategies.

The decision-making level comprises the Board and the technology R&D leadership group, and its core responsibilities include deliberating the Company's medium- to long-term technology development plans, and approving major R&D projects and resource allocation proposals. The decision-making level receives reports from the management level at regular meetings (such as quarterly business meetings) and performs decision-making functions in accordance with corporate regulations, so as to align innovation activities with the Company's overall strategy.

The management level gathers heads from the Technology R&D Center and the Intelligent Manufacturing R&D Center. Their primary task is to break down the strategic objectives set by the decision-making level into feasible annual R&D plans and specific projects. These centers tailor R&D management for different product domains and types. They coordinate cross-departmental resources, monitor project progress, and report monthly or quarterly to the decision-making level on project progress, resource utilization, and phased outcomes. In this way, they can conform R&D activities to quality and cost control requirements.

The execution level consists of technology R&D departments at production bases, responsible for routine breakthroughs in core technologies, process optimization, and other technology R&D activities. The execution level gives feedback on technical details and bottlenecks to the management level by means of weekly reports and project meetings, ensuring that R&D achievements can be rapidly transformed into productivity and used to support capacity escalation.

This year, the Company upgraded its relevant R&D department to the Embodied Robot Motor Rotor Division and established a R&D center in Hong Kong to focus on the research and development of embodied robot motor rotors. It has become a key enterprise partner introduced by the Hong Kong Special Administrative Region Government.

Strategy

Building on the strategic vision of "becoming a global leader in the REPM industry," JL MAG has established technological innovation as a core driver for sustainable growth, committing to the development of an open and collaborative R&D innovation ecosystem. The Company continuously strengthens its industry-academia-research collaboration mechanism, focusing on breakthroughs in key and core technologies to drive the iterative advancement of high-performance REPM materials through cutting-edge R&D. Supported by a sound intellectual property management system that safeguards innovation outcomes, JL MAG has deeply integrated technological innovation across the entire value chain - from material development to downstream high-end manufacturing. Notably, in emerging fields such as precision motor rotors for embodied robotics, the Company has established specialized production lines, extending its capabilities from core materials to critical components. This expansion not only strengthens product competitiveness and supports customers in their low-carbon transition efforts but also further consolidates JL MAG's leading position in the global REPM industry, serving as a key engine for high-quality industry-wide advancement.

Impact, Risk, and Opportunity Management

Focusing on R&D Innovation

As a non-renewable and key strategic resource, rare earth plays a core role in a variety of functional materials used in the high-tech field. For this purpose, the Company has taken social responsibilities and focused on technological innovation to handle the industry-leading GBD technology. We have continuously used the technology to develop high-grade products, aiming to significantly reduce the consumption of medium and heavy rare earth while ensuring the high performance of magnetic materials. Regarding green recycling technologies for scrapped magnetic steel, the Company possesses a complete recycling industry chain. From the recovery to reuse of magnetic steel, we have achieved scale development and application of recycled material technologies.

As an industrial leader for GBD technology, the Company widely applies this technology in areas such as NEV drive motors, energy-saving VFAC compressors, and motor rotors for embodied robots. In wind power industry, by optimizing formulations, the Company reduces or even eliminates the use of medium and heavy rare earth in the production of high-performance NdFeB PMs, helping wind power industry customers cut production costs. In sectors like NEVs and energy-saving VFACs, the Company leverages GBD technology to develop high-grade products, meeting customer demands with large-scale production and delivery. This approach significantly reduces the use of medium and heavy rare earth while maintaining the high performance of the magnetic materials. In 2025, GBD technology was utilized to produce approximately 90% of the Company's products.

Key R&D Achievements for the Year

Research on key technology and green preparation of high-reliability magnetic steel and precision components	The project aims to cater for clients' needs for high-reliability products. Key technologies for high-reliability magnetic steel and precision components are developed to manufacture green products with stronger coating adhesion and higher salt spray durability. The project has entered the mass production phase, aiming to establish advanced automated production lines for precision components that can meet diverse clients' requirements.
Development of key technology for high-efficiency penetration substrate of sintered NdFeB	This project aims to enhance substrate penetration efficiency, optimizing diffusion source utilization and reducing the reliance on heavy rare earth. With stable mass production achieved, the Company obtains a competitive edge in the market in terms of formulation costs.
Development and industrialization of permanent magnet materials with a high temperature-resistant system	This project focuses on optimizing the high temperature-resistant formulation system to enhance product's performance, meeting customer needs under high-temperature conditions. The project has now entered the mass production stage, and is expected to bring significant economic benefits to the Company.
Development of key materials and application technology for high-performance, low-eddy-current-loss magnetic steel	This project aims to address the issue of excessive eddy current heating in magnets by reducing the eddy current effect during motor operation, preventing temperature rise, and optimizing performance. The new technology is designed to retain the benefits of segmented adhesive magnetic steel in minimizing eddy currents, while overcoming the process and cost limitations associated with adhesive bonding. The project has achieved industrial application, demonstrating significant potential in terms of cost efficiency.
Development and industrialization of automated equipment	This project focuses on the in-house development of automated equipment to reduce repetitive handling and lower employee workload, thus enhancing product quality and boosting production efficiency. This innovation aims to elevate the Company's automation level and strengthen the competitiveness. The automated equipment has now entered mass production, injecting fresh momentum into the Company's growth.

JL MAG is dedicated to optimizing the R&D innovation mechanism and the R&D management system. To this end, we have formulated internal management documents such as the *JL MAG Technological Innovation Management System and the Patent Application and Incentive Policy.* These documents specify innovation directions and incentive standards, fully stimulating R&D personnel's enthusiasm for innovation. In 2025, the Company highlighted key technology research for high-performance REPMs, developing an innovation model featuring “leadership by enterprises, support from universities, and shared achievements”.

The Company continues to deepen the strategic industry-university-research cooperation with Northeastern University, University of Science and Technology Beijing, Guilin University of Electronic Technology, Inner Mongolia University of Science & Technology, and Inner Mongolia University of Technology. We dedicate efforts to core projects such as “Development of High-Efficiency Multi-Mode GBD Technology”, “Preparation Technology for NdFeB with Low-Heavy Rare Earth Based on Peritectic Reaction Regulation”, and “Development of Key Preparation Technology for High-Abundance REPMs”. Leveraging advanced analytical testing platforms and simulation technologies of universities, we have made technological breakthroughs in preparing high-performance low-heavy rare earth, high-performance heavy rare earth-free, and high-abundance REPMs. As such, we have improved product quality and efficiency through technological integration. Moreover, in response to the huge rise in rare earth raw material prices, we plan to collaborate with Beijing University of Technology and China Iron & Steel Research Institute on the “Technology for Recycling and Reusing Scrapped Magnetic Steel During Production” project. By doing so, we aim to eliminate technological bottlenecks in recycling and reusing rare earth raw materials. We take these measures to build a green recycling industrial chain, working to enhance the Company's core competitiveness and risk resilience from all aspects.

Strengthening Intelligent Manufacturing

JL MAG consistently centers its development on technological innovation by upholding the business philosophy of “leading technology, reliable quality, on-time delivery, management upgrade, capital support, and leapfrog development”. In 2025, the Company proposed a forward-looking digitalization concept of “platform-based digital and intelligent manufacturing through integration along the value chain”. By integrating innovation in digitalization, intelligence, and automation, the Company has embedded lean production into technological upgrades. We have built an intelligent manufacturing architecture to profoundly enhance core competitiveness and continuously empower the high-quality development of the REPM industry.

Capacity Building in Digitalization

The Company continues to increase investment in digitalization, inputting RMB 12.10 million for informatization and digitalization with a year-on-year growth of 14.15%. We incorporate industrial internet into business scenarios and advance talent cultivation for lean digitalization. Relying on our superior product quality, efficient delivery, and digital management systems, we strive to build up core competitiveness in a comprehensive manner.

The Company endeavors to build a digital platform that integrates production, supply, and sales, and facilitates resource sharing, thus furthering the platform-based management with practicable standards throughout the process. We make all-round efforts to empower our information systems with the industrial internet platform across all divisions of R&D, sales, planning, procurement, production, quality, inventory, human resources, and smart parks. This year, we developed an industrial internet platform that enables real-time collection and intelligent analysis of production, R&D, and supply chain data. Based on the platform, we have optimized production scheduling, enhanced response efficiency along the supply chain, and strengthened quality control throughout the process, thereby continuously reinforcing data-driven management as a core driving force.

Highlights of Digitalization in 2025

In upgrading the ERP system

The Company focused on refined control of costs and materials, visualizing the traceability of full-chain costs and boosting the accuracy of cost accounting. By eliminating data barriers across organizations, we made it more efficient to coordinate and circulate internal materials and to manage materials for production. With less waste and delay, these initiatives underpinned intelligent manufacturing.

In iterating the OA system

The Company strengthened control for core businesses, including digitalizing the close-loop management throughout equipment lifecycle and improving visualized control over R&D projects. We also introduced and refined business systems covering expense reimbursement management, employee health, and fire safety management. While driving the overall digitalization of office processes for higher efficiency, we improved employee well-being and corporate safety.

In optimizing the underlying data structure

The Company expanded IoT coverage for production equipment, achieving real-time data collection and operational monitoring for hundreds of core devices. This helped elevate equipment utilization and enhance the ability for early warning and equipment maintenance. More importantly, by deeply integrating ERP and OA systems with the industrial internet platform, the Company can collect data for costs, materials, production, and management. Given the robust data set for collaboration, we advanced the application of an integrated digital platform for production, supply, and sales, and strengthened our core management competence driven by data.

The Company's digital transformation has consistently been guided by lean management principles, demonstrating how lean methodologies effectively drive digitalization. During the reporting period, the Company was honored with the "L8 Certificate of Digital Development Level Evaluation for Manufacturing Industry Enterprises in Jiangxi Province", demonstrating that the Company has met the advanced provincial standard for digitalization.

Intelligent Manufacturing Upgrade

In terms of intelligent manufacturing upgrade, in 2025, the Company launched an "independent accounting" management mechanism to enhance resource utilization and investment returns. By doing so, our management model became more supportive and creative.

With a focus on improving production efficiency, we are committed to enhancing operational flexibility and resource utilization through technological upgrades. In addition, the Company practices energy conservation and environmental protection throughout projects. Giving priority to energy-saving technologies and equipment, we strive to reduce energy consumption and fuel green manufacturing.

Highlights of Intelligent Manufacturing Upgrade in 2025

- Team building and investment

The Company established a specialized team of over **300** professionals in the fields of automation and intelligence, and invested approximately RMB **41.48** million on this front in 2025. These efforts provided solid support for intelligent manufacturing upgrade. The Company deployed a total of **653** industrial robots and completed **11** automated production lines, significantly improving production efficiency through development and breakthroughs in key equipment and processes.

- Improvement in production efficiency

Significant improvement was achieved in multiple production lines thanks to technological upgrades and equipment renovations. The efficiency of modularized production lines increased by **50%**, the efficiency of weighing production lines increased by **100%**, and the efficiency of a certain unloading and stacking equipment increased by **50%**, marking a significant enhancement in the production efficiency.

- Quality and safety

The monitoring devices developed in house effectively reduced rough product scrapping by **80%**. Renovations to certain surface treatment equipment improved the workplace, reducing employees' exposure to hazardous substances.

- Energy conservation and consumption reduction

The self-developed drying equipment reduced power consumption per unit by **75%**.

Automation Transformation

In automation transformation, the Company continues to sharpen lean productivity by means of “machine substitution, lean production, and flexible manufacturing”. In alignment with the strategy of “accurate delivery and fast turnover” for lean production, we ensure stable workflow and enhance efficiency through automation.

Highlights of Automation in 2025

Transition from manufacturing by single equipment to integration of automated production lines	The Company accomplished the integration of automated machining processes, marking a leapfrog from manufacturing by single equipment to integration of automated production lines. The mature experience and technical solutions laid a solid foundation for subsequent automation promotion.
Critical breakthroughs in key processes and technologies	A general process technology was developed, raising production efficiency of key procedures by 135% and reducing equipment costs by 240%. It resolved skill dependency and cost challenges when manufacturing products with multiple specifications in small quantities. The adoption of high-precision equipment improved inspection accuracy by 700% and efficiency by 100%, boosting the accuracy and speed of quality control.
Capability enhancement in modular and flexible manufacturing	The development and application of modular equipment notably compressed the time for constructing production lines, thus enhancing delivery flexibility for products with multiple specifications. The independently developed robot arms served as more flexible execution components for automated equipment, supporting rapid delivery and iteration of the equipment. Moreover, the Company realized rapid integration for advanced vision systems, enhancing the adaptability and programmability of the production process and providing reliable techniques for flexible manufacturing.
Progress in advanced technology development	The Company developed and established a production line for embodied robot rotors. This illustrated our technical strength in high-precision customized automation solutions, opening the door for expansion into high-end manufacturing markets.

Lean Management

The Company has comprehensively deepened the lean management system. By taking multi-dimensional initiatives such as system replication, refined cost control, and talent cultivation, we guarantee delivery to customers while elevating operational efficiency and cost competitiveness.

JL MAG actively furthers the replication and promotion of lean practices among subsidiaries. Committed to the concept of "accurate delivery and fast turnover", we have reduced overall operating inventory while satisfying customer demands. Upholding the strategy of "complementarity among bases", the Company strengthens coordination to optimize order allocation and equipment utilization. During the year, the average order delivery time decreased by 7.6% compared to the same period last year, with more swift operational response. Meanwhile, the Company encourages the mutual learning and replication of lean improvement projects among production bases. The number of key lean improvement projects increased by 15% year on year, achieving shared outcomes and maximal benefits.

To reduce costs and enhance efficiency, the Company has systematically identified 1,932 projects of refined cost control in key areas such as energy consumption and raw materials. In managing energy consumption, we optimize production processes, renovate equipment, refine energy consumption control, and promote energy-saving ideas to mitigate energy losses during production. In managing raw materials and auxiliary materials, the Company has established a three-level management system involving procurement, use, and service life control to standardize material use. Besides, the Company works to reduce costs by trialing new processes and materials.

The Company takes the initiative to implement talent strategies. We build a pipeline for key positions and develop targeted training programs to supply backbone workforce for new capacity. In 2025, we organized 16 training courses on lean production tools for production, quality, technology, and other departments, with a total of 532 participants. From 2020 to 2025, the Company carried out a total of 460 improvement week training activities to foster over a hundred core talents, thereby establishing a talent pool for continuous lean improvement.

The Company profoundly practices lean production when integrating digitalization, intelligence, and automation efforts. We continue to reinforce the foundation for technological innovation and solidify our leading position in the industry.

The average order delivery time decreased by

7.6%

The number of key lean improvement projects increased by

15%

The Company has systematically identified

1,932 projects

In 2025, we organized

16 training courses on lean production tools

A total of 532 participants

We carried out a total of 460 improvement week training activities

Protecting Intellectual Property Rights

JL MAG continuously refines its IP management system, safeguarding IP rights from patent development and application to transformation and utilization. The Company strictly abides by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and other laws and regulations. We have developed the *JL MAG Intellectual Property Management System* and the *China NdFeB Invention Patent Summary*, built the Intellectual Property Center, and optimized the patent database of "rare earth permanent magnet technologies". By these means, we have enhanced IP protection in all aspects to prevent compliance risks at the source. This year, the Company updated the *Patent Acceptance Priority and Authorization Reward Measures* and increased incentives on this front. Special rewards were granted to R&D personnel and management teams who made outstanding contributions, fully motivating all employees to engage in innovation and IP protection.

The Company pays attention to IP protection management. We have established sound confidentiality management rules and regulations for core technologies and important information. Besides, pursuant to policy requirements, we enter into written contracts with employees and business partners, requiring them to maintain strict confidentiality on our core technologies and important information. Furthermore, the Company earnestly conducts patent application and keeps dynamic tracking of the legal status, duration, and application scenarios of IPs. Once an infringement is identified, we will take resolute measures to protect our legitimate rights and interests.

The Company has built a risk prevention mechanism to address patent infringement. We assess risks of technological patent infringement in the industry in different countries and regions, to prevent our products and technologies from infringing on others' patents. As of the end of the reporting period, we had conducted risk assessment for relevant patents in China, North America, Europe, Japan, South Korea, Southeast Asia, India and other countries and regions, so as to effectively strengthen our capability to protect intellectual properties worldwide.

The Company attaches great importance to IP awareness. We have established a tired routine training system with courses covering the *Basic Knowledge of Intellectual Properties*, the *Training on the Basics of Enterprise Patent Exploration and Application Process*, the *Training on Patent Technical Explanation Letter*, the *Patent Basics and Drafting Requirements*, the *Patent Retrieval*, and the *Intellectual Property Management System*.

In 2025, the Company launched **3** rounds of IP training and evaluation

1 of which was delivered by professional third parties

The training covered **100%** of the Company's technical staff, R&D personnel and IP-related business personnel, and all trainees passed the evaluation

Metrics and Targets

R&D system and investment

During the year, our R&D team was composed of 992 members, 13.59% of whom were R&D employees. The team comprised 6 persons with doctoral degree, 65 persons with master's degree, and 613 persons with bachelor's degree. They constituted a talent pool for innovation practices. Additionally, the Company initiated six new R&D projects with a total funding of RMB 240 million in 2025. Investment in informatization and digitalization amounted to RMB 12.10 million, a year-on-year increase of 14.15%. R&D expenditures reached RMB 506 million, accounting for 6.55% of revenue.

Incentives for innovation

The Company's technological innovation rewards are categorized into innovation projects and process improvement projects. According to the evaluation results of technological innovation achievements by a judge panel, we reward the projects with high technology, significant economic benefits, and the potential for widespread application. During the year, upon evaluation, we offered 69 technological innovation awards covering materials, process, equipment, and automation innovation, rewarded 496 persons, and distributed RMB 4.30 million as bonus in total.

IP achievements

The Company continues to increase R&D investment in core technologies and high-end applications of REPMs. With these efforts, we have steadily strengthened IP development and expanded patent portfolio. As at the end of the reporting period, in overseas regions such as Europe, the United States and Japan, the Company owned 145 authorized and pending invention and utility model patents, including 92 that had been authorized and 53 that were under review.

Investment in intelligence

In 2025, the Company had 309 engineers and technicians dedicated to automation R&D, digital development and implementation. Investment in automation equipment and intelligent transformation amounted to approximately RMB 41.48 million. A total of 653 industrial robots were put into operation, 11 automated production lines were established, RMB 12.10 million was invested in information and digitalization initiatives.

In 2025, the Company's investment in informatization and digitalization reached

RMB **12.10** million

In 2025, the Company's investment in automation equipment and intelligent transformation reached

RMB **41.48** million

The number of industrial robots put into operation was

653

The automated production lines established was

11

Environmental

Focusing on the "Dual Carbon" Goals to Drive Green Development

Amid the urgent challenges posed by global climate change, JL MAG, a frontrunner in the industry, is acutely aware of the critical role and responsibility the Company holds in addressing climate change and driving the low-carbon transition. We actively embrace the national "Dual Carbon" strategy by advancing climate governance, refining our climate strategy, proactively mitigating climate-related risks, and setting goals and pathways for carbon peaking and neutrality. Through innovation-driven green industrial upgrades, we are dedicated to advancing the low-carbon transition. Collaborating with partners across industries, we are determined to contribute JL MAG's unwavering efforts to the global pursuit of carbon neutrality.

Response to UN SDGs

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

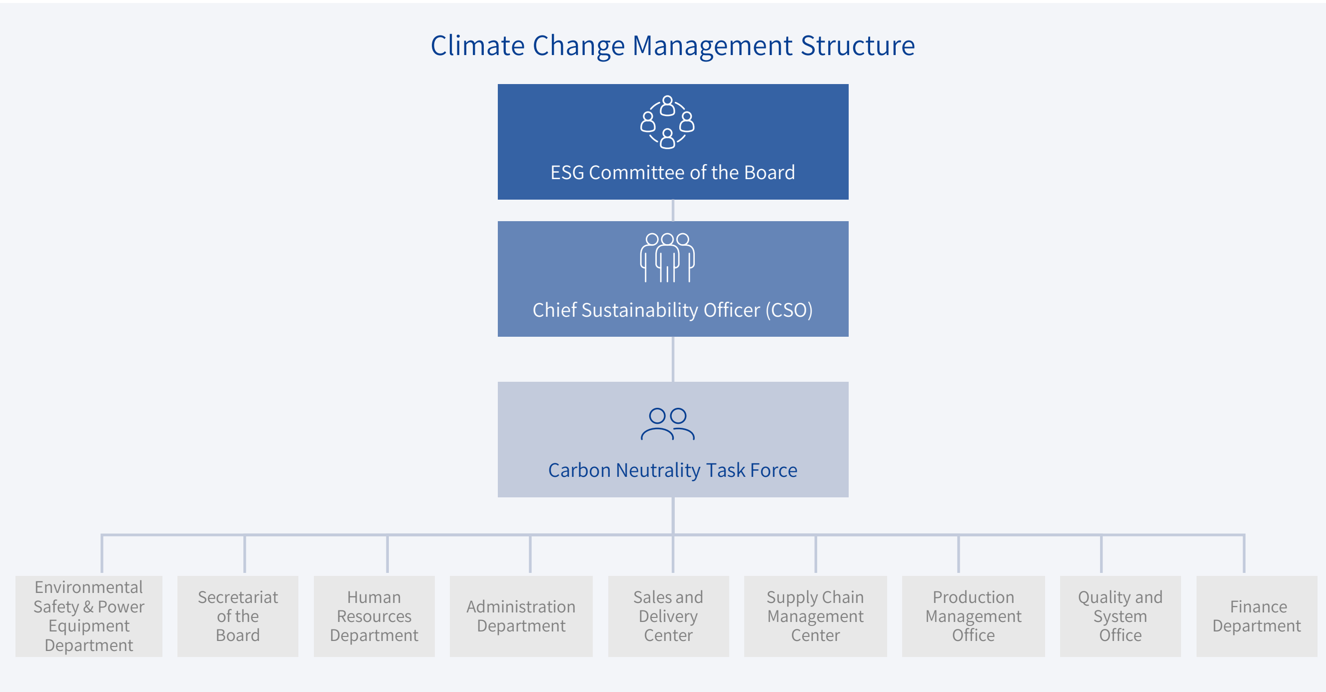
Addressing Climate Change

Climate change is a significant challenge for all mankind. As a responsible company, we have incorporated proactive climate action into our core strategy, aligning it with the advancement of ecological civilization and the pursuit of high-quality development. We continuously and systematically identify and assess related risks and opportunities, actively respond to climate challenges, and continuously improve our climate governance system. By doing so, we are committed to diligently minimizing the negative environmental impact of our operations.

Governance

Governance Structure

JL MAG has established the ESG Committee of the Board to effectively oversee climate change-related matters on behalf of the Board. Chief Sustainability Officer and the Carbon Neutrality Task Force are established under the ESG Committee to effectively facilitate the implementation of climate change initiatives and specific metrics.



Responsibilities of the Board of Director

The ESG Committee serves as the ultimate governing body at JL MAG for climate change-related issues. The ESG Committee holds meeting on an annual basis to discuss and make decisions on matters related to ESG and climate-related impacts, risks and opportunities. During the reporting period, each of the Company's governance bodies carried out management decisions and operational supervision in strict accordance with the normative operating rules and internal systems, and performed their corresponding duties.

JL MAG has developed the *Climate Change and Energy Utilization Policy*, subject to periodic review and ongoing refinement by the ESG Committee, ensuring robust management of climate risks and relevant emergency response mechanism. The Company convenes at least one ESG Committee meeting annually to review and deliberate on climate change-related issues, such as target and risk management performance.

JL MAG offers Board members periodic training and workshops focused on ESG and climate change issues. These initiatives are designed to keep Board members updated on new developments and regulatory changes in ESG and climate change issues, as well as to enhance their expertise and competence in supervising climate-related matters.

Management Responsibilities

The Company has assigned a Chief Sustainability Officer (CSO) dedicated to comprehensively implementing a green business practice model in all aspects from product development to operation management. The Vice President of the Company acts as the Chief Sustainability Officer, who is responsible for planning the overall work related to carbon neutrality, promoting and monitoring the important carbon reduction projects of the Company, selecting carbon neutrality projects for investment.

The Chief Sustainability Officer evaluates progress and reports findings to the ESG Committee members on a regular basis. Based on the issues reported, the Board and management then identify and assess risks, applying objective and scientific evaluation methods to prioritize these issues. Climate-related factors are incorporated into the Company's overall risk management, aligned with key operational activities. This process results in a climate-related risk checklist and key control directions, providing input and a basis for the development and adjustment of climate-related strategies, as well as for setting goals and indicators for action plans.

The Company has established a Carbon Neutrality Task Force, with the Secretariat of the Board, the Environmental Safety & Power Equipment Department, the Sales and Delivery Center, the Supply Chain Management Center and the Quality and System Office as the main promotion and support business units. The task force fully manages the Company's strategic planning, policies, resource, target-setting and monitoring project's implementation and execution on climate change issues, and reports to the Chief Sustainability Officer monthly.

Management of the Company has incorporated ESG management capability building into its core development agenda. Through regular participation in authoritative ESG forums, specialized training, and industry seminars, we continuously enhance the strategic vision for sustainable development and professional governance capabilities. By actively integrating cutting-edge concepts and practical experience into the corporate governance system, management consistently optimizes ESG management effectiveness, leading the sustainable development of the industry through professional actions.

Climate-Related Performance Incentives

The Company has developed the *Management Procedure for Objectives and Achievement Planning*. The ESG Committee formulates climate change management requirements on an annual basis, and the Chief Sustainability Officer leads the Carbon Neutrality Task Force in developing climate change-related indicators and targets and aligned with these requirements. These targets are then broken down to relevant business units. The Carbon Neutrality Task Force collects, evaluates, analyzes, and reports the progress of these targets to the Chief Sustainability Officer.

To drive the full implementation of climate change governance and ensure the achievement of climate-related goals, the Company ties the performance-based variable pay of employees in key business units to the annual performance on climate-related metrics. This financial incentive approach aims to boost employee participation and commitment to the Company's climate change efforts.

Strategy

Assessing Climate-Related Risks and Opportunities

JL MAG remains committed to monitoring the potential impacts and opportunities of climate-related risks on the business and financial performance of the Company. We have conducted a comprehensive identification, analysis, and assessment of climate-related risks and opportunities. The evaluation covered the Company's core operations as well as key aspects of the upstream and downstream value chain, mainly including raw materials and transportation on the upstream side and evolving customer demands on the downstream side.

Physical Risks

Physical risks are categorized into acute and chronic risks. The former includes an increase in the frequency and intensity of extreme weather events such as tropical cyclones, storms, floods, and droughts, while the latter involves gradual changes such as rising temperatures and sea levels. These physical risks may pose a risk to operating costs and asset values. JL MAG identifies, analyzes, and assesses acute and chronic risks based on the locations where the business operates. The key findings are summarized in the table below.

Risk Type	Risk Factor	Impacts of the Risk on Business Models and Value Chains	Our Response
Acute Risk	Typhoon/ Rainstorm	Impacts on Business Operations • Our Ganzhou Factory and Ningbo Factory face potential risks from typhoons and rainstorms, which may cause damage to production facilities, raw materials, and finished products, as well as disruptions to the supply chain and logistics.	• We have enhanced our wind and rain resistance measures, established emergency response plans, obtained property insurance, optimized our supply chain and logistics routes, and secured backup power and essential supplies. • The Ningbo Factory has adopted a sponge design, featuring a rainwater collection and reuse system within the factory. This system integrates with the traditional rainwater network and connects to rivers and lakes, creating a resilient rainwater management infrastructure. Besides, a green roof design is applied to alleviate rainwater overflow.
	Heatwave/Extreme Heat	Impacts on Business Operations • Heat may lead to overheating of production equipment, reduced employee productivity, and increased energy costs.	• We have enhanced cooling capabilities in facilities and optimized energy efficiency. • Reasonable work schedules have been implemented with heat prevention measures provided for employees.
	Flood	Impacts on Business Operations • Our Ganzhou Factory and Ningbo Factory may suffer from flooding which can lead to submergence of production facilities and damage to raw materials and finished products.	• We have built flood prevention infrastructure, enhanced the drainage system, and ensured proper storage of raw materials and finished products.
Chronic Risk	Rise in Average Temperature	Impacts on Business Operations • The Company needs to consume more energy to maintain appropriate temperatures in workplaces and production facilities. Impacts across the Value Chain, Upstream and Downstream • Rising temperatures may exacerbate the challenges of rare earth mining and processing, leading to supply instability, a decline in raw material quality and performance, and heightened carbon reduction requirements from downstream customers. This, in turn, increases production costs and market pressure.	• We have established high-temperature management policies and upgraded air conditioning and cooling facilities in factories. Besides, we provide employees with heat allowances and protective measures. • We have signed long-term procurement agreements with upstream rare earth suppliers and intensified collaboration to ensure a stable raw material supply. Furthermore, we have developed low- carbon products and technologies to meet carbon reduction requirements from downstream customers.
	Changes in Rainfall Patterns	Impacts on Business Operations • Changes in rainfall patterns may cause fluctuations in warehouses humidity. Rare earth raw materials, such as neodymium, iron, and boron, are extremely sensitive to humidity. Excessive humidity may lead to dampness or oxidation of these raw materials, affecting their performance. Magnetic steel products similarly require strict humidity control to ensure their high performance and stability.	• We have enhanced humidity control in warehouses and invested in advanced humidity monitoring and regulation equipment to ensure strict storage standards for rare earth raw materials and magnetic steel products. Besides, regular maintenance and inspections of warehouses are conducted to improve their airtightness and waterproofing capabilities, and prevent rainwater infiltration.

Transition Risks

Transition risks refer to those associated with the global shift toward a low-carbon economy, involving aspects such as policy, law, technology, and market dynamics. Key transition risks identified by JL MAG are summarized in the table below.

Risk Type	Risk Factor	Impacts of the Risk on Business Models and Value Chains	Our Response
Transition Risks	Policy and Legal Risk	Impacts on Business Operations • Governments may introduce stricter environmental regulations and disclosure policies, posing challenges for the Company in terms of increased compliance and disclosure requirements and heightened carbon reduction pressure.	• The Company has established a Carbon Neutrality Task Force, assigned the Chief Sustainability Officer, actively paid attention to the changes in climate change-related policies and set practical carbon neutrality targets and implementation route, including promoting comprehensive energy solutions and using more clean energy such as photovoltaic and wind power. • The Company has engaged external ESG consulting and carbon management agencies to assist the Company in establishing a sound ESG disclosure management system and optimizing tools for ESG and carbon emission data collection, so as to ensure continuous improvement in disclosure quality.
	Technical Risk	Impacts on Business Operations • Uncertainty exists as to whether the Company is able to upgrade and apply low-carbon technologies. Failure to embrace changes in the industry and upgrade energy-saving technologies and equipment in a timely manner may lead to low energy efficiency and high emissions, thereby negatively impacting the Company's production and operations.	• The Company remains committed to advancing green production and promoting energy efficiency by improving energy-saving processes. Besides, the Company actively builds green factories to advance resource reuse and the use of renewable energy, thus improving energy efficiency. The Company has clarified the organizational structure and responsibilities for energy management and standardized the management and statistics for the consumption of energy resources. We also conduct energy-saving performance assessments, and have established consumption records to regularly review and improve the implementation of green production.
	Market Risk	Impacts across the Value Chain, Upstream and Downstream • Upstream suppliers of rare earth raw materials are subject to multiple factors, including global climate policies and changes in market demand, which may lead to supply instability, rising costs, or declining quality. • Downstream customers' high expectations for value chain emission reductions and sustainable development may result in stricter environmental performance and carbon emission requirements for the Company's products.	• We have established long-term and stable partnerships with upstream suppliers to ensure a consistent supply of raw materials. • We have been actively engaged in the R&D and application of low-carbon and environmentally friendly production technologies and have developed high-grade magnetic steel products to improve environmental performance and energy efficiency. • We have enhanced communication and cooperation with downstream customers to understand and meet their specific requirements for environmental protection and sustainability.

Climate-Related Opportunity

JL MAG is aware that mitigating and adapting to climate change also presents opportunities for the Company. The key climate-related opportunities are summarized in the table below.

Opportunity Type	Opportunity Factor	Impacts of the Opportunity on Business Models and Value Chains	Our Actions
Climate-Related Opportunity	Resource Efficiency	**Impacts on Business Operations** • The Company enhances resource efficiency and reduces production costs by exploring the recycling and reuse of resources.	• The Company has incorporated the philosophy of green circularity throughout the entire lifecycle of product production and packaging, actively promoting the reduction and recycling of packaging materials. • The Company has developed a recycling industrial system featuring the "recycling - dismantling - regeneration - remanufacturing" mode to recycle the rare earth waste.
	Energy Source	**Impacts on Business Operations** • By investing in renewable energy, the Company gradually increases the use of renewable energy while reducing reliance on fossil fuels. This contributes to the optimization of the Company's energy mix and the reduction of greenhouse gas emissions.	• We have been actively expanding our renewable energy efforts by promoting the use of green electricity, enhancing partnerships in green power, and increasing investments in photovoltaic systems. With these efforts, we aim to drive our transition towards a greener, low-carbon future.
	Products and Services	**Impacts on Downstream Value Chain** • Governments worldwide are actively promoting new energy initiatives, creating opportunities for REPM. Compared to traditional motors, REPM motors can save 15% to 20% in energy, and contribute to the lightweighting of home appliances, new energy vehicles, and other products, aligning with consumer trends. Besides, the global consumption of high-performance REPMs is experiencing rapid growth, presenting business development opportunities for the Company. • In response to downstream customers' growing demand for emissions reductions along the value chain, JL MAG can continuously research and develop low-carbon, high- performance REPM products. These efforts will help meet the market's demand for environment-friendly and energy-efficient products, thereby expanding market share of the Company and potentially achieving higher product premiums.	• The Company has been driving technological innovation by applying GBD technology in the R&D of high-grade products. This has significantly reduced the consumption of medium and heavy rare earth and lowered carbon emissions in the production, while still maintaining the high performance of magnetic materials. • In 2025, GBD technology was utilized to produce approximately 90% of the Company's products.

Climate-Related Current and Anticipated Financial Impacts

For the key climate-related risks analyzed by the Company, we have conducted a comprehensive assessment and analysis using scenario-based tools to evaluate their frequency, impact, and likelihood. Overall, the risks are within a manageable range.

Current Financial Impacts

Analysis on Critical Physical Risks				
Risk	Impact Period	Financial Impact on	Potential Financial Risks	Current Financial Impacts
Changes in Rainfall Patterns	Medium term Long term	Assets and operating costs	The instability of rainfall patterns may lead to fluctuations in warehouse humidity, increasing the risk of damage to raw materials and products. This could result in the provision for inventory impairment or the recognition of inventory losses, thereby affecting the Company's total assets. In addition, the Company may need to invest in humidity control and monitoring equipment, which could increase operating costs.	To address the medium- to long-term changes in rainfall patterns, the Company has invested in advanced new humidity control and monitoring equipment at the factories in Ganzhou, Baotou, and Ningbo during the year, while also maintaining existing plant equipment, with a total procurement cost of approximately RMB 8.99 million. During the Reporting Period, no asset loss incurred due to changes in rainfall patterns.

Analysis on Critical Transition Risks				
Risk	Impact Period	Financial Impact on	Potential Financial Risks	Current Financial Impacts
Policy and Legal Risk	Medium term	Operating costs	As global climate change policies tighten, the Company will face increased compliance costs. At the same time, to achieve the carbon reduction targets, the Company will need to invest in energy-saving and emission-reduction technologies and optimize production processes, and this will directly increase production costs. Furthermore, failure to comply with environmental regulations may expose the Company to legal risks, such as fines and compensation costs.	This year, the Company has engaged professional ESG consulting and carbon data management and certification agencies to ensure the smooth achievement of the Company's carbon reduction routes and improve the quality of disclosures related to sustainability and carbon-related data. Related costs were approximately RMB 365,300.

Based on current analysis and assessment, during the reporting period, the climate-related risks did not have any material impact on the Company's financial position, financial performance and cash flows, and are not expected to have a material impact on the carrying amounts of assets and liabilities in the next reporting period. Regarding climate-related opportunities, high-performance REPMs offer advantages such as excellent energy efficiency, compact size, light weight, and precise controllability. They are key parts for NEVs and automotive parts, energy-saving VFACs, wind power generation, robots and industrial servo motors, low-altitude aircraft, 3C, energy-saving elevators, rail transit and other fields. The Company has established a leading position in the above-mentioned key downstream segments by leveraging its advanced production capacity, outstanding R&D capabilities, innovative proprietary technologies, and robust delivery performance. For more details, please refer to the “Highlights of the Company” section of the 2025 Annual Report.

Anticipated Financial Impacts

In response to climate-related physical risks, we will, on the basis of the steady investment in energy-saving and low-carbon equipment, regularly assess and review the actual impacts and adjust our response measures as necessary. Under the premise of meeting the Company's defined threshold for acceptable risk, we plan to invest around tens of millions of RMB over the next three years in equipment maintenance and temperature and humidity control to ensure optimal storage conditions for raw materials and products. Moving forward, we will regularly assess the need for additional resources to mitigate the potential impacts of long-term changes in rainfall patterns.

For climate-related transition risks, particularly those related to policy and legal requirements on carbon reduction, we will steadily improve our energy-saving and carbon reduction performance, actively adapting to external policy changes. We have incorporated the renewable energy project investment, carbon sequestration schemes, purchase of green power trading certificates and other measures in the Company's carbon reduction roadmap into the overall low-carbon development strategy.

Besides, in the context of the national "Dual Carbon" policy and the 15th Five-Year Plan for accelerating development of a new energy system, the Company is fully aware of the market opportunities for low-carbon products and services. REPMs highlights the inherent advantages in reducing carbon emissions and contributes to the lightweighting of end products such as NEVs, home appliances, 3C products, embodied robots, and wind power. Besides, the global consumption of high-performance REPMs is experiencing rapid growth, presenting business development opportunities for the Company[4].

Analysis on Climate Resilience

Taking into account the long-term nature of the Company's business strategy, the specific implementation steps of the carbon reduction roadmap, and the overall timeline of social low-carbon development goals, we have conducted an in-depth analysis of the potential impacts of climate-related risks and opportunities on the Company across different time horizons. Besides, we closely monitor and assess the effectiveness of the response measures and resources allocated to address such risks and opportunities. As a result, the Company has defined the impact periods and time frames of climate change as outlined in the table below.

Impact Period	Year	Time Range
Short term	2025	Within 1 year after the end of the reporting period, including 1 year
Medium term	2026-2030	1 to 5 years after the end of the reporting period, including 5 years
Long term	2030 and beyond	More than 5 years after the end of the reporting period

Climate Scenario Analysis

JL MAG refers to the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) and climate change scenarios publicly released by the International Energy Agency (IEA). In combination with the Company's carbon reduction roadmap, we have selected two applicable scenarios: a low-emission scenario and a high-emission scenario, to analyze the impacts of critical climate-related physical and transition risks on our operations. We have applied the IPCC SSP1-2.6 and SSP5-8.5 scenario models to assess potential physical risks, and the Net Zero Emissions by 2050 Scenario (NZE Scenario) and the Stated Policies Scenario (STEPS) models to assess potential transition risks.

[4] For the specific financial impacts of climate-related opportunities, considering the sensitive business plans and strategic initiatives involved, we adhere to the provisions of exemption from providing commercially sensitive information about sustainability-related opportunities.

Scenario Type	Type of Climate Risks	Scenario Selected	Scenario Description
High-emission scenario	Physical Risks	SSP5-8.5	The SSP5-8.5 scenario is a high-emission scenario under the Shared Socioeconomic Pathways (SSPs). It represents a fossil-fueled development pathway characterized by rapid global economic growth driven by the extraction of fossil fuels and an energy-intensive lifestyle. Greenhouse gas emissions under this scenario are projected to double by 2050 compared to current levels, with global average temperature to rise by 4.4°C by 2100.
	Transition Risks	Stated Policies Scenario (STEPS)	STEPS projects future developments based on the current policy landscape and those policies that are under development. It forecasts that global energy demand will continue to grow but at a slower pace, fossil fuels will remain dominant, and renewable energy and nuclear power will gradually reshape the energy structure.
Low-emission scenario	Physical Risks	SSP1-2.6	The SSP1-2.6 scenario is a low-emission scenario under the Shared Socioeconomic Pathways (SSPs). It represents a global societal transition toward a more sustainable pathway, characterized by low-carbon development, rapid technological advancement, and low population growth. Under this scenario, global CO2 emissions will be reduced according to stringent standards, achieving net-zero emissions after 2050. By 2100, the global average temperature is projected to stabilize at approximately 1.8°C above pre-industrial levels.
	Transition Risks	2050 Net-Zero Emissions (NZE) Scenario	The 2050 NZE Scenario aims to achieve global net-zero CO2 emissions by 2050. This requires deep decarbonization of the global energy system, stringent policy implementation by nations, and the dominance of clean energy, with the projected temperature rise limited to within 1.5°C.

Under the selected high-emission and low-emission scenarios, the Company analyzed and identified the most critical physical risk (changes in rainfall patterns) and transition risk (policy and legal risk). The potential impacts of these risks on business and operational processes are detailed in the aforementioned section "Climate-Related Risk and Opportunity Assessment". With our existing and planned measures to address climate-related risks, overall risks are deemed controllable.

Impact, Risk, and Opportunity Management

The Company has fully identified significant ESG risks, including climate change risks, related to our operations. We have incorporated climate risk management into our comprehensive risk management system, formulated relevant countermeasures, and required relevant departments to implement such countermeasures in their operational management. JL MAG effectively managed climate-related risk using a "five-step method": risk identification, risk assessment, risk response, risk monitoring and risk evaluation. This approach enabled closed-loop management characterized by "initial risk identification, independent business management, and ongoing audit supervision".

Risk identification

The Carbon Neutrality Task Force collects climate-related information from government, society, clients and internal departments. Based on such information and the Company's reality, it identifies significant physical and transformation risks and opportunities through in-depth analysis of climate-related policies, laws and regulations, as well as industry research reports, media releases and international and domestic excellent practices in climate information disclosure.

Risk assessment

The Company conducts on-site interviews with key business units and functional departments, and considers expert judgement to assess the probability and impact of identified climate-related risks and opportunities, and then prioritizes them in order of severity. In addition, the Company assesses their current and expected impact on the Company's business model and value chain, including the scope, timeframe and financial implication.

Risk response

Based on the assessment results, the Company develops climate change strategies and related indicators, and sets targets and action plans for key indicators, to effectively address identified climate-related risks and opportunities through specific response measures.

Risk monitoring

The Company establishes a risk monitoring mechanism that systematically breaks down targets and indicators into practical actions for responsible departments. By formulating detailed implementation plans, and continuously tracking and monitoring the progress of these indicators and targets, the Company ensures effective implementation and timely adjustment of the countermeasures.

Risk evaluation

The Company regularly evaluates the effectiveness of risk responses to assess if risks are adequately reduced and opportunities captured. Based on these evaluation results, the Company adjusts and optimizes its risk management strategy to ensure continuous improvement and effectiveness.

Indicators and Targets

Targets

JL MAG is committed to supporting the national "Dual Carbon" strategy, making continuous progress toward the 2030 target of achieving full lifecycle carbon neutrality for selected products. Besides, the Company continues to refine the "three-step" roadmap that focuses on both "speed" and "intensity" to achieve the carbon reduction objectives. The specific action plan is as follows:

JL MAG Carbon Reduction Roadmap

2022 — 2026 — 2030 — 2031 — 2032

Phase One (2022-2025)

The Company's Ganzhou and Baotou factories maintained the ISO 14064 certification in 2025.

Phase Two (2026-2030)

The Company plans to achieve the target of achieving full lifecycle carbon neutrality for selected products by 2030 through investment in renewable energy projects such as photovoltaic and wind power, forestry carbon sequestration schemes such as afforestation, and the purchase of a certain amount of green electricity.

Phase Three (2031-2032)

The Company's target of achieving full lifecycle carbon neutrality for selected products will be fully achieved and certified.

Responding to changes in market demand and considering production and operational models, the Company revised and updated the climate change-related targets and other environment-related targets.

Category	Environment-Related Targets	Progress Toward Target in 2025
Emission reduction	• The Company will continue to promote its long-term target of reducing carbon emissions per unit of product[5] by 5%-10% annually.	• In 2025, the carbon emissions per unit of product decreased by 7.97% year-on-year.
Energy saving	• By the end of 2028, the Company plans to reduce electricity consumption per unit of product[6] by 4% compared with 2023.	• In 2025, the electricity consumption per unit of product decreased by 2.44% compared with 2023.
Waste reduction[7]	• The Company is committed to upholding its target of achieving 100% compliance in solid waste disposal.	• In 2025, the waste generated by the Company is handled in full compliance.
Water saving	• By the end of 2028, the Company plans to reduce water consumption per unit of product by 3% compared with 2022.	• In 2025, the water consumption per unit of product decreased by 7.4% compared with 2022.

[5] A unit of product refers to the Company's rough product output. The Jincheng Factory does not produce rough products, and is therefore not included in this emission reduction and water saving target for the time being.

[6] The relevant environmental objectives related to energy-saving, waste reduction and water saving are the targets for energy and resource consumption, as well as emissions generated in the billet production process.

[7] This year, with the adjustment of the Company's product structure, the emissions of major pollutants such as particulate matter, sulfur dioxide, nitrogen oxides, and wastewater generated from relevant production processes have all increased to a certain extent compared with the same period last year.

Indicators

Climate-Related Transition Risks

The most critical climate-related transition risks identified by the Company are policy and legal risks. Currently, the national carbon market only covers industries such as power and steel. While the Company is not included in the list of key emission units, the expansion of carbon pricing mechanisms to its industry in the future could increase operating costs.

By the end of 2025, the Company's assets vulnerable to transition risks mainly include production equipment related to traditional energy, with a net book value of approximately RMB 5 million, accounting for about 0.16% of total fixed assets. To address such risks, the Company has taken proactive measures in advance: The Ganzhou and Baotou production bases have completed carbon emission accounting and obtained ISO 14064 certification; The proportion of green electricity used by the Company reaches 29.93%, among which the proportion of green electricity used in Baotou Factory reaches 73.45%; A total of 3,681 tonnes of rare earth raw materials have been recycled. The Company has met the low-carbon procurement thresholds of major customers, making transition risks generally controllable and gradually transforming them into competitive advantages.

Climate-Related Physical Risks

The most critical climate-related physical risk identified by the Company is acute risk of changes in rainfall patterns. The Company's production bases are mainly located in Ganzhou (Jiangxi), Baotou (Inner Mongolia) and Ningbo (Zhejiang). Geographic dispersion has effectively mitigated the impact of climate events in a single region on overall operations. The Baotou Factory is located in a water-scarce area, but the production of rare earth permanent magnet is not a high water-consuming industry. In addition, the Company has implemented water efficiency projects such as RO concentrated water reuse.

By the end of 2025, climate-related physical risks had not caused direct economic losses to the Company. Such risks are expected to account for less than 1% of total revenue in terms of impact on current and future business activities. The Company has established a business continuity management system. The core production lines are covered by property insurance and business interruption insurance, resulting in limited exposure to physical climate-related risks.

Climate-Related Opportunities

High-performance REPMs offer benefits such as energy efficiency, compactness, light weight, and precise control, significantly boosting motor power density and operational efficiency. Compared with traditional motors, rare-earth permanent magnet motors can reduce energy consumption by 15%-20% and are key parts for NEVs and automotive parts, energy-saving VFACs, wind power generation, robots and industrial servo motors, low-altitude aircraft, 3C, energy-saving elevators, rail transit and other fields The Company's products are widely used in low-carbon sectors such as NEVs, wind power generation, and energy-saving VFACs. Driven by climate policies, market demand for such products continues to grow.

In 2025, the sales volume of the Company's magnetic steel products for NEV drive motors can assemble approximately 6.5 million passenger NEVs, facilitating to reduce carbon emissions by approximately 13.6 million tonnes. The sales volume of the Company's magnetic steel products for energy-saving VFACs can assemble approximately 96million VFAC compressors, facilitating to reduce carbon emissions by approximately 34.96 million tonnes. The sales volume of the Company's magnetic steel products for wind power sector can equip wind turbine generators with an approximate aggregate installed capacity of 12 GW, facilitating to reduce carbon emissions by approximately 19.88 million tonnes. This year, the Company's products contributed to carbon emissions reduction by a total of approximately 68.44 million tonnes. The relevant low-carbon product lines contributed approximately RMB 6.346 billion in revenue, accounting for about 82.22% of the total revenue.

Capital Deployment

In 2025, to actively respond to the national policy on fully building the "two rare earth bases" and in line with its own business development needs, the Company plans to invest in the construction of the "Green Intelligent Manufacturing Project for 20,000 Tonnes/Year of High-Performance REPMs" through its wholly-owned subsidiary. The total planned investment for the project is RMB 1.05 billion, with a construction period of 2 years.

GHG Emissions

This year, the Company's GHG emissions are as follows:

Indicator	Unit	2025
Total GHG emissions (Scope 1 and Scope 2)[8]	tCO_2e	206,512.75
GHG emissions (Scope 1)	tCO_2e	11,572.30
GHG emissions (Scope 2)	tCO_2e	194,940.46
GHG emission intensity per RMB 1,000 of revenue[9]	tCO_2e/RMB'000 of revenue	0.027
GHG emissions (Scope 3) -Category 3: Fuel and energy-related activities	tCO_2e	12,631.30

Ganzhou Factory and Baotou Factory consecutively obtained ISO14064 Certification

[8] During the reporting period, total GHG emissions included Scope 1 and 2 emissions. The Company applies the operation control method to calculate GHG emissions. Direct GHG emissions (Scope 1) come mainly from fossil fuel combustion, while indirect GHG emissions (Scope 2) come mainly from purchased electricity. GHG emissions data are presented in terms of CO2 equivalent, with direct GHG emissions (Scope 1) calculated by multiplying fossil fuel consumption by emission factors, and indirect GHG emissions (Scope 2) calculated by multiplying electricity purchases by emission factors. According to the GHG Protocol Scope 2 Guidance issued by the World Resources Institute Scope 2 GHG emissions are calculated using a "market-based" approach. Emission factors are based on the *2022 Provincial Average Carbon Dioxide Emission Factors for Electricity* published by the Ministry of Ecology and Environment of the People's Republic of China.

[9] The GHG emission intensity per RMB 1,000 of revenue is calculated by dividing emissions by annual product sales revenue.

Environmental

Strengthening Environmental Governance and Co-Building a Beautiful Homeland

The Company consistently embraces the philosophy of green development and unwaveringly pursues sustainability, thereby contributing to the vision of a beautiful China. We continue to refine our pollution control measures, protect biodiversity, enhance the efficient use of energy and resources, and foster a circular economy. By embedding environmental protection into our corporate strategy and governance, and integrating it throughout our operations, we are actively supporting the comprehensive green transition of economic and social development.

The Company leads its strategy with a green transformation approach, establishing a carbon reduction system through a three-pronged model in "green rare earth recycling + green electricity usage + green factory construction". For rare earth recycling, it processed a total of 3,681 tonnes of recycled rare earth materials throughout the year, with green electricity usage accounting for 29.93%. Additionally, leveraging distributed photovoltaic power stations in Ganzhou, Baotou, and Ningbo, the Company has formed a clean energy matrix that reduces emissions by over 4,800 tonnes annually. At the same time, it has driven the use of environmentally friendly packaging to over 52%. Through systematic innovation, the Company has paved the way for low-carbon development, setting an example for green transformation in the industry.

Response to UN SDGs

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Pollution Prevention and Ecosystem Protection

The Company strictly adheres to laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Regulations on Environmental Protection Management for Construction Projects*, and the *Interim Measures for the Acceptance of Environmental Protection upon Completion of Construction Projects*. Under the requirements of the ISO 14001:2015 Environmental Management System, the Company has refined internal management systems for wastewater, waste gas, and solid waste during business operations and along the supply chain. We actively adopt biodiversity protection measures to conserve, maintain and restore ecosystems.

We strive to minimize the adverse impacts of emissions, wastewater, solid waste generated from our production process on local community residents. Besides, we take sound insulation and noise reduction measures for noisy equipment, and regularly monitor daytime and nighttime noise levels in the factory area to prevent noise pollution. During the reporting period, the Company experienced no major environmental incidents, and was subject to no major administrative penalties or criminal liabilities from relevant ecology and environment authorities. No critical defects were found in the Company's environment monitoring plan and risk management measures.

Waste Gas Management

The Company complies with relevant laws and regulations, including the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and strictly implements the *Action Plan for Prevention and Control of Atmospheric Pollution* and the *Action Plan for Continuous Improvement of Air Quality*. Besides, the Company has formulated *the Ozone-Depleting Substances Management Policy*. Based on such measures, the Company monitors and manages air pollutants generated during the production process such as sulfur dioxide, nitrogen oxides, volatile organic compounds (VOCs), and particulate matters. We ensure that all waste gases are discharged after meeting treatment standards, so as to combat against air pollution.

In waste gas monitoring

The Company has formulated an air pollutant monitoring plan and entrusted qualified institutions to regularly monitor the pollutants in the air. According to the national requirements of self-monitoring on pollutant discharge, to monitor fugitive emissions (particulate matter, sulfur dioxide, nitrogen oxides, hydrogen chloride, methylbenzene, acetone, dimethylbenzene, non-methane hydrocarbons), the Company has set up 1 monitoring point in the upwind direction of the factory boundary and 3 monitoring points in the downwind direction, with the monitoring frequency of once a year. In the monitoring of controlled emissions (particulate matter, sulfur dioxide, nitrogen oxides, smoke opacity, hydrogen chloride, non-methane hydrocarbons), the Company has set up monitoring points at the outlets of the exhaust pipes for regular monitoring.

In waste gas treatment

This year, the Company actively explored measures such as process optimization, equipment replacement, and efficiency enhancement for waste gas treatment at factories, which effectively improved the air quality around factories.

Ganzhou Factory

Process optimization:

- For the spraying process, we optimized the waste gas collection system for the flat-panel spraying line, and upgraded waste gas treatment facilities. After these modifications, the removal rates for particulate matters, non-methane hydrocarbons and odor concentration soared.
- For the molding process, we introduced waste powder recycling and treatment facilities to improve the workshop environment.

Odor treatment:

- We raised the frequency of replacing activated carbon in the spraying line to once per quarter, and the frequency of replacing the spraying liquid to once per day.
- We covered all tanks in the wastewater treatment station, and established a waste gas collection system. Collected waste gases would be treated in electrophoretic treatment facilities and discharged after spraying and activated carbon adsorption.
- We developed waste gas collection systems of certain pre-treatment production lines to enhance collection efficiency. We also upgraded the adhesive for coating to more green materials with less odor.

Baotou Factory

- Advanced waste gas treatment:
  Two-stage dry purifiers were employed to thoroughly purify waste gases from smelting and sintering. Comprehensive measures were taken at fugitive dust emission sites in chamfer drying workshops, significantly mitigating particulate matter emissions.

Ningbo Factory

- Efficiency enhancement for waste gas treatment:
  We used more dry filters during waste gas pre-treatment, and increased the contact surface and time between gas and liquid, thereby improving treatment efficiency.
- Safety enhancement for waste gas treatment:
  We installed fire dampers in machining and pre-treatment pipelines to ensure the safety of waste gas treatment facilities.

In 2025, the emission indicators of particulate matter, nitrogen oxides, sulfur dioxide, non-methane hydrocarbons, sulfuric acid mist, and other pollutants generated during the production process, as well as the concentration of fugitive emission within the factory boundary all met the relevant standards and requirements.

Wastewater Management

The Company strictly abides by *the Water Pollution Prevention and Control Law of the People's Republic of China*, in an effort to improve the efficiency of wastewater treatment and ensure that the wastewater is discharged in compliance with the standards. The wastewater discharged from the production process of the Company is 100% collected and treated by our own wastewater treatment facility. Wastewater undergoes appropriate treatment based on the water quality, and is discharged to the sewage network through the main outlet after meeting treatment standards. To strengthen water resources management, the Company applies differentiated collection and pre-treatment method tailored to the varying quality of wastewater to reduce the wastewater, and actively promoted wastewater recycling and reuse, to achieve the recycling of wastewater.

For wastewater monitoring

The Company attaches great importance to the wastewater discharge and actively monitors the quality of wastewater in each wastewater generation process. For industrial wastewater generated during the production process, the Company conducts rigorous tests to the pollutants such as COD (Chemical Oxygen Demand), suspended solids, and ammonia nitrogen to ensure that the wastewater meets the discharge standards.

For wastewater treatment and recycle

The Company has upgraded and optimized the wastewater treatment system. Besides, the Company entrusts third-party organizations to test the wastewater every six months. The test results consistently achieve 100% compliance.

Ganzhou Factory

- Process optimization: During a specific processing phase, the factory has optimized the drainage process in tanks, achieving reduction of 0.842 cubic meters per tonne in drainage volume per unit of product.

Ningbo Factory

- Reuse of discharged wastewater: The factory implements a wastewater reuse project, with estimated annual running water saving of 4,500 cubic meters.

Baotou Factory

- Reuse of reclaimed water: The factory actively explores reclaimed water reuse at the wastewater treatment station, saving 2 tonnes of water per day. Besides, the factory has increased water use points along the recycling pipeline of drinking water and reclaimed water, with a 40.7% year-on-year growth of wastewater reuse volume and water saving of 4,170 tonnes.
- Improving the stability of wastewater treatment system: To reduce the organic load shock brought by chamfering wastewater to the system, the factory has added pretreatment to production steps to lower the concentration of suspended solids in wastewater from a specific process, maintain the stable functioning of wastewater treatment system, and ensure that the wastewater meets the discharge standards.

Jincheng Factory

- Reuse of wastewater: The factory has launched a chamfering wastewater reuse project. With a reuse rate of 80%, the project can save water by around 750 tonnes monthly, and will be scaled up subsequently.
- Reuse of pickling wastewater: The factory promotes the reuse of pickling wastewater generated in surface treatment, with an annual water saving of 6,308 tonnes.

Wastewater treated

Indicator	Unit	2025
Wastewater treated	10,000 tonnes	66.67
Volume of wastewater treated per unit of product	1,000 tonnes/tonne output	0.02

Waste Management

The waste generated in the production process can be mainly divided into hazardous waste and non-hazardous waste. Hazardous waste mainly includes activated carbon, organic solvents, waste oil, packaging materials, and wastewater treatment sludge. Non-hazardous waste mainly includes general industrial solid waste[10], domestic waste and kitchen waste. We have built categorized storage of waste warehouse as requested, and entrusted third-party institutions with treatment qualification to handle waste in compliance with regulations.

In 2026, the Company is committed to upholding its target of achieving 100% compliance in solid waste disposal.

The Company is committed to upholding its target of achieving

100%

compliance in solid waste disposal

Hazardous Waste Management

The Company has established a sound hazardous waste management system. With reference to the laws and regulations including the Law of the *People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Measures for Management of Joint Transfer Bills for Hazardous Waste*, the *Standard for Pollution Control on Hazardous Waste Storage*, and the *Measures for the Administration of Permit for the Operation of Dangerous Wastes*, we have formulated the *Pollutant Emission Management Policy* and the *Declaration of Non-Intentional Use of Substances*, committing to reducing the use of harmful substances such as arsenic compounds and beryllium compounds during the production process and constructing hazardous waste storage facilities that comply with national requirements.

To strengthen the management of hazardous waste, the Company has arranged special personnel to properly record the information about the storage and transfer of hazardous waste, and signed transfer contracts with organizations with professional recycling qualifications. We establish standardized record of the generation, storage, utilization and treatment of hazardous waste, continuously improving management efficiency. This year, the Company arranged 3 emergency drills for hazardous waste leakage incidents, which enhanced employees' emergency response and handling capabilities.

This year, factories increased investment in system establishment and recycle to enhance hazardous waste disposal capacity and efficiency:

Ganzhou Factory

- Reuse of waste packaging drum: Require chemical suppliers to recycle packaging containers, with a reduction of 53.7 tonnes of waste packaging drum generated throughout the year.
- Reuse of waste vacuum pump oil: Reuse vacuum pump oil generated from a specific process, reducing 1.68 tonnes of waste oil annually.

Baotou Factory

- Reuse of waste packaging drum: Promote the clean and reuse of empty waste packaging drum of hazardous waste, reducing 3.5 tonnes of packaging drums of hazardous waste annually.
- Reuse of waste oil from oil removal bag: Reuse the waste oil squeezed out, generating 3.2 tonnes of waste oil less annually.

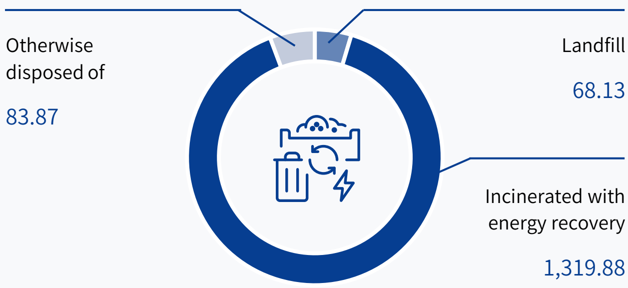
Jincheng Factory

- Device upgrade: Put into use intelligent terminal devices for hazardous waste management, which electronically track and store hazardous waste, thereby enhancing the efficiency of the hazardous waste handling process. Introduce the sludge drying devices to reduce the moisture content of wastewater treatment sludge from 75% to 35%, thereby decreasing the overall generation of wastewater treatment sludge.

Hazardous waste classification and treatment

Indicator	Unit	2025
Total volume of hazardous waste treated	Tonne	1,472
Volume of hazardous waste treated per unit of product	Tonne/tonne output	0.043

Volume of hazardous waste treated by treatment method in 2025 (tonne)



[10] General industrial solid waste mainly includes magnetic mud, waste iron, waste plastics, waste powder, wood and recycled materials produced in the production process.

Non-Hazardous Waste Management

The Company has classified and managed non-hazardous waste and set up corresponding disposal measures based on different categories. This year, the Company has actively promoted classification and collection of solid waste, established a comprehensive management system for the utilization of general solid waste to advance the resource recycling process during production and operation. By doing so, we have realized the legal, compliant, green recycling of solid waste with maximum return.

Recognition and Appraisal	According to the Company's *Application Form for Sale of Waste Materials*, each department specifies the reusable or renewable wastes generated from production and operation. Such wastes are then categorized and stored in the warehouse for further identification and appraisal by relevant departments.
Recycling and Processing	The Company prioritizes suppliers of raw materials or packaging materials with recycling qualification to collect and treat the reusable and renewable resources such as raw materials, products, and packaging materials. Waste packaging materials in the production area, such as cardboard, scaleboard, pallets, and wooden boards, are processed and then classified and stored by relevant departments for recycling.
Statistics and Analysis	The Company conducts an annual tally of the total amount of recyclable waste and sets recycling targets for the second half of the year or the following year.

This year

The total amount of non-hazardous waste disposed of by the Company was

21,150 tonnes

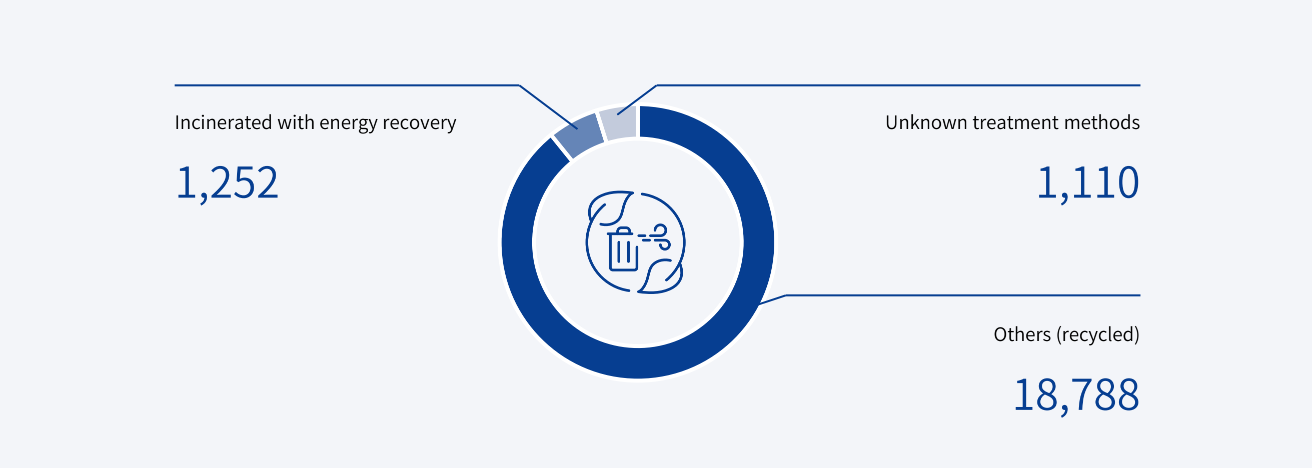
with the recycling percentage of general industrial solid waste reaching

99.8%

Total volume of non-hazardous waste classification and treatment

Indicator	Unit	Disposal Volume of 2025
General industrial solid waste	Tonne	18,788
Kitchen waste	Tonne	823
Domestic waste	Tonne	1,539
Total	Tonne	21,150
Volume of non-hazardous waste treated per unit of product	Tonne/tonne output	0.62

Volume of non-hazardous waste treated[11] by treatment method in 2025 (tonne)



Biodiversity Protection

Being fully aware of the importance of biodiversity to the ecological balance of the earth, the Company strictly complies with national and regional laws and regulations, prohibits all production and operational activities within ecological protection red line zones, and implements targeted protective measures for ecologically functional areas, and environmentally sensitive, and fragile areas. Furthermore, we actively undergo on-site inspections and ongoing regulatory oversight by environmental authorities to ensure compliance with environmental standards.

We further studied the United Nations Convention on Biological Diversity, fully understood and gradually applied the Mitigation Hierarchy[12] measures to reduce the impact of our value chain on biodiversity. We also improved our *Biodiversity Conservation Commitment*, refined the *Management Procedures of Identifying and Assessing Internal and External Environmental Issues*, the *Management Procedures of Stakeholders Environmental and Occupational Health and Safety*, along with other risk assessment procedures. We clarified that the ESG Committee of the Board of Directors is the highest decision-making and leading body on matters relating to the conservation of biodiversity, and is responsible for continuously promoting and supervising the work and progress in this area. In addition, the Company further clarified the responsibilities, processes and requirements related to biodiversity conservation during project development and construction to ensure that no ecosystem pollution incidents occur.

To continuously monitor, assess and mitigate the ecological impact of our production and operation on surrounding areas, the Company has specified management measures for biodiversity risk identification, impact assessment, monitoring and offset, aiming to reduce biodiversity risks at the source. At the production stage, the Company comprehensively considers the impact of its decisions and activities on the ecosystem. This includes strengthening the prevention and control of hidden hazards and environmental protection throughout production processes. The Company also increases investment in energy conservation, emission reduction and technological transformation, phases out outdated production equipment and processes, and carries out cleaner production. These measures ensure minimal disruption to the ecosystem and biodiversity.

The Company adheres to a strict sustainable procurement policy and implements a green procurement strategy through measures such as cooperation with resource recycling suppliers, procurement of low-energy-consuming devices and application of recyclable packaging materials. In addition, the Company strictly complies with all laws and regulations on forest protection to ensure that our operations do not lead to deforestation whether directly or indirectly. To minimize the impact of timber, a raw material, on the ecosystem at the procurement stage, the Company pursues a strict sustainable procurement policy to ensure that the timbers are not sourced from illegal logging or forest destruction. Moreover, the Company continues to enhance supply chain management by screening suppliers for operations within biodiversity conservation areas, and assessing their impact on biodiversity. This ensures all partners in the supply chain comply with the *Biodiversity Protection Commitment* and encourages them to adopt similar conservation measures.

[11] In this year, the non-hazardous waste generated by the Company is handled in full compliance with laws and regulations. A portion of the waste is incinerated for heat recovery, primarily used for waste-to-energy power generation. The disposal method for the remaining waste, whose treatment is unknown, is entrusted to a qualified third party for further handling, with specific treatment methods yet to be obtained.

[12] The Mitigation Hierarchy is a strategy and tool for identifying and managing biodiversity impacts caused by projects. It is widely used in development and construction projects and sequentially includes four tiers: Avoid, Minimize, Restore, and Offset.

Resource Utilization and Circular Economy

The Company continues to optimize the allocation of water, electricity, gas and raw materials, strengthen conservation management, and promote the reduction, reuse and recycling in the production process, in an effort to lay a solid foundation for the construction of a resource-saving and environmentally friendly society.

Green Production and Green Office

Advancing Green Production

The Company encourages energy consumption improvement and resource conservation through measures such as equipment upgrade and process improvement. The Company has formulated and optimized the *Regulations on Energy Consumption Management*, and *Greenhouse Gas Management Policy* which clarify the organizational structure and responsibilities for energy management, standardize the management and statistics for the consumption of water, electricity, gas, and other energy resources. We also conduct energy-saving performance assessments, establish consumption records, monitor real-time energy consumption to reduce energy costs, and regularly review and improve the implementation of green production.

This year, we integrated green production into our production processes, and carried out water resource management, electricity management and natural gas consumption reduction in line with our energy and water conservation goals[13].

Water Resource Management

The Company's main water-consuming production processes include cooling, machining, chamfering, boiler, wastewater treatment chemical preparation and surface treatment. The main water source is municipal water, and there are no issues in accessing suitable water sources. We have improved the *Water Resources Policy*. Specifically, we not only implement innovative measures in water management to improve water efficiency, but also continuously increase the use of circulating water to ensure sustainable use of water resources.

Water-Saving Measures	Efficiency
Implementing process optimization	• By abolishing partial rinsing tanks in a specific process stage, Ganzhou Factory achieves daily water saving of 20 cubic meters. Condensate water from air conditioner of a specific process was recycled for cooling tower refill, achieving annual water saving of 1,240 cubic meters. • By implementing the reclaimed water reuse project for exhaust gas tower, Jincheng Factory achieves an annual water saving of 4,320 tonnes.
Advancing the RO Concentrated Water Reuse Project for pure water machines	All plants have further advanced the RO Concentrated Water Reuse Project for pure water machines. Ganzhou Factory primarily utilizes the reclaimed water for site greening, cleaning, and formulating wastewater treatment chemicals, achieving an annual concentrated water reuse volume of 48,000 cubic meters. Ningbo Factory mainly applies the reclaimed water for toilet flushing, achieving an annual water saving of 750 cubic meters. Jincheng Factory primarily uses the reclaimed water for formulating wastewater treatment chemicals, achieving an annual water saving of 10,120 cubic meters.

Power and Gas Consumption Management

To achieve more efficient energy consumption and reduce energy costs, the Company has improved the *Climate Change and Energy Utilization Policy*, optimized resource allocation, and strengthened the management of electricity and gas consumption, to reduce energy consumption in the production process.

[13] For details about the energy and water conservation targets, please refer to “Indicators and Targets”.

Electricity and Gas Saving Measures	Efficiency
Equipment upgrade	• Ganzhou Factory procured three Grade-1 energy efficiency transformers to replace Grade-3 equipment, saving electricity of 120,000 kWh annually. By adopting high-efficiency central air conditioning units to replace obsolete equipment, the equipment efficiency have been increased by 30%, achieving an annual electricity saving of 200,000 kWh. • Jincheng Factory installed heat exchange coils to boiler water tanks, achieving an annual natural gas saving of 3,500 cubic meters.
Process optimization	• Through specific processes, Ganzhou Factory saved natural gas of 15,100 cubic meters per year. The factory also improved a specific project, achieving an annual electricity saving of 1.608 million kWh. • Baotou Factory optimized the settings for boilers, leading to a year-on-year decrease in natural gas consumption of 15% and an annual saving of 13,400 cubic meters of natural gas. Through improving the processes and other projects, total annual electricity saving reached 14.8 million kWh. • Ningbo Factory optimized the process technologies of a key procedure, significantly reducing energy consumption per unit of product, with annual electricity saving amounted to about 1.16 million kWh.

We conduct regular environmental training using a comprehensive approach of "new employee orientation training on environmental protection + online learning platform push + centralized training for section heads + on-site training for each production process". Training covers topics such as identification of environmental factors, awareness of green and conservation practices, energy utilization, water resources utilization, waste classification and emergency response to environmental incidents, to enhance employees' awareness of environmental protection. During the year, we held 569 sessions of environmental protection training, reaching 100% of employees.

We held

569 sessions of

environmental protection training

reaching

100% of employees

Green Office

Adopting a green office approach is a crucial measure for conserving resources and enhancing work efficiency. In active response to the call for energy conservation and emission reduction, the Company promotes a green office model, integrating it into the corporate culture and daily management. This initiative aims to raise employees' awareness of resource-saving in all aspects and contribute to the Company's sustainable development.

Water and electricity saving	The Company has installed energy-saving lighting facilities in office areas and adopted timer and voice-activated systems to turn off lights in areas where always-on lighting is not necessary. Air conditioning is operated according to a set schedule, with temperatures maintained at no lower than 26°C in summer and no higher than 20°C in winter. Freon is replaced with environment-friendly refrigerants. Office equipment is powered off when not in use to eliminate unnecessary energy consumption. Moreover, the Company actively advocates water conservation, establishes the awareness of water conservation among all employees, and prohibits the wasteful practice of leaving taps running unnecessarily.
Promoting digital office	The Company advocates paperless office and prioritizes the use of recycled paper or paper from fast-growing woods for printing. During the year, the Company optimized and upgraded the exiting digital office system, enabling online management of business-specific modules to improve business processing efficiency and lay a foundation for business data analysis. Moreover, the Company has restructured and improved ERP system to integrate the existing approval process with the digital office system. By doing so, the Company standardized business scenario applications, and enhanced the efficiency and transparency of information circulation. This online office integration reduced resource waste.
Low-carbon travel	During the year, the Company prioritized electric vehicles for business travel. To this end, the Company purchased new electric vehicles and installed charging piles in the factory. Employees are encouraged to travel by public transportation. As at the end of the reporting period, new energy vehicles make up 65% of the Company's total vehicles.
Green procurement	The Company encourages to purchase large office equipment of the same brand and model such as printers and scanners to reduce the waste of supplies and facilitate maintenance and reuse. The Company prefers low-consumption, high- efficiency, environment-friendly, and high-quality office supplies and minimizes the use of disposable office supplies. Stringent purchase audits are conducted to avoid purchasing unnecessary and inefficient supplies.

The Company's energy conservation investment and improvement in 2025

Indicator	Unit	Investment/outcomes in 2025
Energy-saving improvement measures	Item	74
Carbon emissions reduced by optimizing energy utilization, processes and facilities	tCO_2e	18,353.99
Total investment in environmental protection	RMB 10,000	2,497.24
Energy and resource consumption saved	MWh	38,618.26

The Company's energy and resource consumptions in 2025

Indicator	Unit	2025
Total energy consumption	MWh	480,425
Energy consumption density per unit of product	MWh/kg output	0.014
Water consumption	Tonne	1,804,140
Water consumption intensity per unit of product	Thousand tonnes/tonne output	0.047

Green Rare Earth Recycling

Governance

The Board of Directors has incorporated the sustainable management of rare earth resources into its core governance agenda, taking full responsibility for reviewing the strategic direction of green rare earth recycling and related major investment decisions. The Company's CEO directly oversees the implementation progress and effectiveness of rare earth resource recycling targets, regularly evaluating key metrics such as the volume and proportion of recycled rare earth raw materials used, ensuring alignment of rare earth recycling operations with the Company's overall low-carbon transition goals.

Under the Board's strategy, the Company has established the Material Control Department at the Group level, which is tasked with the execution of rare earth resource recycling. The department systematically develops an integrated management process encompassing “green procurement - precise blending - wastes recycling” and reports directly to the CEO. Thus, an efficient closed-loop management system of “strategy formulation - implementation oversight - results feedback” was established, ensuring the sustainable management of rare earth throughout all operational stages.

Strategy

The Company adheres to the procurement strategy of “giving priority to green recycled rare earth”. We use the advantages of self-supporting traceability owned by our subsidiary Yinhai New Materials, to promote supply diversification and decarbonization of rare earth raw materials. In order to achieve the goals of saving strategic resources, stabilizing the supply chain and “dual carbon” strategy, the Company actively develops the rare earth recycling industry. The Company has developed a recycling industrial system featuring the “recycling - dismantling - regeneration - remanufacturing” mode to recycle the rare earth resources.

Impact, Risk and Opportunity Management

Against the backdrop of growing global demand for REPMs and the opportunities presented by the scrapping cycle of overseas waste magnetic steel, the recycling of waste magnetic steel has become a critical step in ensuring the sustainable utilization of rare earth resources. To enhance resource supply and meet customer demands for green raw materials, the Company acquired Yinhai New Materials, a company located in Bayannur City, achieving vertical integration of the green rare earth recycling industry chain and effectively improving supply chain resilience and environmental benefits.

This year, Ganzhou Factory, Yinhai New Materials successfully passed ISO 14021 certification and obtained the 100% pre-consumer recycled content certification for neodymium-praseodymium oxide, dysprosium oxide, terbium oxide, cerium oxide, gadolinium oxide and holmium-rich solution. This milestone signifies that the quality and environmental attributes of the Company's recycled rare earth products have been recognized by international standards, laying a solid foundation for addressing market green thresholds and enhancing product competitiveness.


符合性声明 CN25/00002808

SGS

再生含量验证声明

本声明颁发给

江西金力永磁科技股份有限公司

总部地址：中国江西省赣州市经济技术开发区金岭西路 81 号

产品：R 系列钕铁硼磁钢

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上述产品的再生含量已根据 ISO14021:2016 进行计算，并经 SGS 验证为≥29%【按混合稀土金属(镨钕，镝铁，铽，钬，钕金属)计算】，标有以下标记的包装中含有的 R 系列钕铁硼磁钢产品是由不少于 29%的循环材料稀土金属混合物和其他材料制成。
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版本号 2.初始注册日期 2025 年 04 月 28 日。

签署
David Xin
Sr. Director - Business Assurance
日期：2025 年 05 月 19 日

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符合性声明 CN25/00003355

SGS

再生含量验证声明

本声明颁发给

巴彦淖尔市银海新材料有限责任公司

中国内蒙古自治区巴彦淖尔市乌拉特前旗黑柳子工业园区

产品：氧化镨钕(型号 040075 和 040080)、氧化钆、氧化镝、氧化铽、氧化铈、富钬料液

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签署
David Xin
Sr. Director - Business Assurance
日期：2025 年 05 月 30 日

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Ganzhou Factory and Yinhai New Materials obtained ISO 14021 Recycled System Certification

Metrics and Targets

In 2025, the Company recycled 3,681 tonnes of rare earth raw materials. Additionally, to further explore recycling potential, the Company launched a rare earth metal recycling project for wastewater this year. This project is implemented in Ganzhou and Jincheng factories, achieving the recycling of rare earth oxalate of approximately 62.7 tonnes. After purification, these rare earth materials can be directly utilized in subsequent material preparation, further reducing resource consumption in production processes. This initiative reflects the Company's ongoing efforts to enhance resource efficiency and advance the circular economy.

In 2025

the Company recycled

3,681 tonnes of rare earth raw materials

achieving the recycling of rare earth oxalate of approximately

62.7 tonnes

Green Power Utilization

Adhering to "Green Power Empowerment", JL MAG continuously improves the green power usage system. In 2025, the Company's total green power consumption reached approximately 136.6 million kWh, accounting for 29.93% of total electricity consumption. Among which, JL MAG Baotou Technology's green power usage totaled 109.01 million kWh, accounting for 73.45% of total electricity usage. Moreover, to deepen green power cooperation, the Company has expanded the deployment of photovoltaic systems across factories, moving faster towards green and low-carbon development.

the Company's total green power consumption reached approximately **136.6** million kWh

accounting for **29.93%** of total electricity consumption

JL MAG Baotou Technology's green power usage totaled **109.01** million kWh

accounting for **73.45%** of total electricity usage

Ganzhou Factory "2.61 MW Rooftop Distributed Photovoltaic Power Station Project"

Photovoltaic Area	Electricity Generated in the Year	Carbon Emissions Reduced in the Year
16,000 square meters	2.5905 million kWh	1,374.52 tonnes

"China Resources New Energy JL MAG Baotou 3.2 MW Distributed Photovoltaic Power Generation Project"

Photovoltaic Area	Electricity Generated in the Year	Carbon Emissions Reduced in the Year
18,500 square meters	4.5182 million kWh	2,397.34 tonnes

"China Resources New Energy JL MAG Ningbo 1.92 MW Distributed Photovoltaic Power Generation Project"

Photovoltaic Area	Electricity Generated in the Year	Carbon Emissions Reduced in the Year
8,500 square meters	2.108 million kWh	1,118.48 tonnes

Green Factory Construction

JL MAG adheres to the Outline of the 15th Five-Year Plan (2026-2030) for National Economic and Social Development of the People's Republic of China, the Implementation Plan for Carbon Peaking in the Industrial Sector and the Interim Measures for Gradient Cultivation and Management of Green Factories. The Company is committed to environmental protection and sustainable development. With this regard, we actively engage in the construction of green projects, and actively respond to the national initiative to build sponge cities. The Company continuously optimizes the production process, strictly controls the amount of waste generated, and improves the recyclability of waste to strengthen resource utilization and reduce energy consumption. The Company is dedicated to realizing intensive land use in factories, harmless processing of raw materials, clean production, waste recycling, and low-carbon energy utilization. With these efforts, we aim to work out a new model of green manufacturing.

The construction of sponge cities[14] represents an important part of the green growth strategy in China. Promoting the construction of sponge cities is conducive to increasing climate resilience. For example, embracing the national initiative to build sponge cities, JL MAG Ningbo Technology strictly adheres to the requirements of the Ningbo Urban Planning & Design Guideline for Sponge City, ensuring that the total annual runoff control rate is not less than 55%. While ensuring the functionality and quality of products, the Company collaboratively advances the construction of a sponge factory in Ningbo, keeping in step with the green development of the city.

The Ningbo Factory has actively conducted assessments of soil and water conservation and environmental impact, gained approval from the relevant authorities for the design and installation of a rainwater collection and reuse system. The system embraces a philosophy of "grey-green connection", which means connecting the system with the traditional stormwater pipe network and with rivers and lakes to build flexible rainwater infrastructure. For rooftop rainwater, the factory gives priority to the technique of "downspout disconnection" to redirect the rooftop rainwater to bioretention facilities such as rain gardens and ecological ditches for absorption and purification. For the rainwater in hardened areas including driveways and squares, the factory diverts it to the rain gardens, sunken green spaces and other sponge facilities for purification before it is used for greening and road irrigation. With these efforts, we strive to achieve the recycling of rainwater resources.

The Ningbo Factory makes full use of its rooftop space. By rooftop greening, the factory achieves efficient resource recycling and energy utilization. The total green area of the Ningbo Factory is 13,277 square meters, with rooftop greening covering an area of 2,817 square meters. Green roofs are designed to alleviate rooftop rainwater overflow and are an integral part of sponge factory construction.

In 2025, JL MAG Baotou Technology commenced the third phase of the green intelligent manufacturing project with an annual capacity of 20,000 tonnes of high-performance REPMs in Baotou. This project adopts intelligent production processes and a full-process digital control system, with a key focus on establishing green smart manufacturing production lines and related supporting facilities. Upon completion, the annual total production capacity of REPMs at the factory of JL MAG Baotou Technology will reach 40,000 tonnes, further solidifying the Company's industry position as the world's largest REPM production base.

The total green area of the Ningbo Factory is

13,277 square meters

with rooftop greening covering an area of

2,817 square meters

[14] Sponge city is a new concept in urban stormwater management, where cities absorb, store, infiltrate and purify rainwater like a sponge and, if necessary, release the stored rainwater for reuse, realizing the recycling of rainwater in the city.

Use of Green Packaging Materials

Optimizing the use of packaging materials is a crucial component of our efforts to establish a circular economy system. We are committed to integrating the concept of greening and recycling into the lifecycle of production and packaging. Currently, the Company uses packaging materials including wood, cardboard, plastic, iron sheet, foam, pearl cotton, and PE bags in packaging and transportation processes. Through an optimization strategy for the use of packaging materials that integrates material reduction, reuse, and environmental design, we have established a recycling system for packaging materials to achieve efficient utilization of materials and continuous recycling of resources, striving to minimize our environmental impact. By the end of 2025, the Company had reduced packaging material usage by 1,534 tonnes through lightweight design and packaging recycling compared with 2024. Moreover, in 2026, the Company plans to reduce packaging material usage by 1,700 tonnes through design and packaging recycling compared with 2025.

By the end of 2025, the Company had reduced packaging material usage by

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Moreover, in 2026, the Company plans to reduce packaging material usage by

1,700 tonnes through design and packaging recycling compared with 2025

Material reduction

The Company sets unified specifications for materials such as blister packs, rustproof bags, vacuum bags, foam boxes, and cardboard boxes. We have reduced packaging material use and carbon emissions through material reduction and standardized use. At the same time, we optimize the product transportation process by reducing the use of hard-to-degrade PE bags while ensuring product protection. This year, the Company reduced the use of PE bags by 21.87 tonnes.

The Company reduced the use of PE bags by

21.87 tonnes

Material reuse

The Company attaches importance to the reuse of packaging materials. We use a series of reusable packaging systems, including recycled injection-molded plastic pallets, turnover boxes, and plastic pallet trays, to replace the disposable packaging systems of blister packs, foam boxes, and cardboard boxes. The move can continuously facilitate the sharing of packaging materials and minimize the variety of packaging materials used, thereby reducing resource consumption and waste. We use turnover boxes with self-locking lids to eliminate the need for taping and reduce the use of packaging materials such as plastic, foam boxes, and corrugated paper. This not only saves costs but also improves packaging efficiency and meets green environmental requirements. By the end of 2025 , the Company's accumulated use of recycled packaging materials reached 740,000 units, increasing by 76% compared with 2024; the total weight of recycled plastic (including plastic turnover boxes), pearl cotton and wood (wooden boxes) reached 1,311 tonnes, increasing by 71% compared with 2024; the Company's products packaged with recycled materials for transportation weighed up to 7,539 tonnes, increasing by 93% compared with 2024.

By the end of 2025

the Company's accumulated use of recycled packaging materials reached

740 thousand units

increasing by

76% compared with 2024

the total weight of recycled plastic (including plastic turnover boxes), pearl cotton and wood (wooden boxes) reached

1,311 tonnes

increasing by

71% compared with 2024

the Company's products packaged with recycled materials for transportation weighed up to

7,539 tonnes

increasing by

93% compared with 2024

Environmental packaging design

The Company continuously improves existing packaging plans. Under the premise of ensuring product safety, we consider material properties in design to optimize and replace packaging materials, improve packaging structures and refine partial designs, aiming to use the least amount of material and simpler structures for packaging to reduce resource consumption and avoid environmental impact. In 2025, the total amount of packaging materials used for the Company's products was 3,997 tonnes in which environmentally friendly packaging materials totaled 2,142 tonnes and the amount of traditional packaging materials used was reduced by 816 tonnes compared with 2024. The use of environmentally friendly packaging materials accounted for 53.61% of the total.

In 2025

the total amount of packaging materials used for the Company's products was

3,997 tonnes

which environmentally friendly packaging materials totaled

2,142 tonnes

the amount of traditional packaging materials used was reduced by

816 tonnes compared with 2024

the use of environmentally friendly packaging materials accounted for

53.61% of the total

Social

Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality

The Company has always adhered to the core value of "customer orientation and value co-creation". We embed a sense of responsibility throughout every link of the industrial chain. Through rigorous quality management and high-quality customer services, we promote collaborative and sustainable development across the upstream and downstream of the industrial chain. This year, we continued to advance the sustainable development of the value chain. By systematic management mechanisms and collaboration, we systematically promoted shared responsibility and performance improvement across the industrial chain.

Response to UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable Supply Chain Management

The Company integrates the "green philosophy framework" into the supply chain lifecycle management. The Company has formulated and issued the regulations such as the *Procurement Management Control Procedures and the Code of Conduct for Sustainable Supplier Development* covering all suppliers. We require all plants to strictly adhere to these regulations to standardize supply chain management. During the year, in response to newly identified risks, the Company added two key requirements to its *Supplier Management Procedures*: introducing a dedicated audit mechanism for hazardous waste disposal service providers, and mandating that suppliers of production materials and IT-related services obtain ISO 27001 Information Security Management System certification. Meanwhile, the Company uplifted the management level of some materials based on the results of material quality risk assessment and set more stringent standards for the introduction of new materials.

Supplier Lifecycle Management

Being dedicated to guaranteeing the stable and sustainable supply chain, the Company has incorporated ESG management requirements for labor, health and safety, environmental protection, business ethics and management systems into the supplier lifecycle management. We have set up a Supply Chain Management Department and a quality improvement team to clarify ESG-related requirements in supplier sourcing, development, auditing and cooperation. Through the review, audit and evaluation of supplier qualification, we accurately identify, scientifically assess and effectively control the environmental and social risks in all aspects of the supply chain, effectively reducing the impact of potential risks. During the year, in accordance with staffing requirements, the Supply Chain Management Department added 2 new SQEs (Supplier Quality Engineers), who are respectively involved in supplier management and supplier quality improvement initiatives, playing an important role in driving supplier quality enhancement and improvement.

Supplier Lifecycle Management

Sourcing (Screening) stage	We search for suppliers that meet the appropriate criteria based on business needs. Under the same quality and service conditions, priority will be given to suppliers who use energy-saving and environmentally friendly products. In addition, the Company comprehensively considers country-specific risks, industry-specific risks, and commodity-specific risks, to build a robust and sustainable supply chain. For country-specific risks, the Company prudently evaluates the political stability, environmental regulations, and social compliance status of the countries or regions where suppliers are located. For industry-specific risks, we focus on the review of suppliers' energy usage, emission control, and labor conditions. For commodity-specific risks, we conduct in-depth analysis on raw material sourcing, resource intensity, and environmental and social impacts throughout the supply chain. Through systematic evaluation and screening, we strive to mitigate ESG-related risks at the source.
Development stage	We check the qualifications of the selected suppliers, and require them to present environmental protection certificates and third-party certificates such as ISO 14001 Environmental Management System Certificate and ISO 50001 Energy Management System Certificate. This provides a basis for the identification, evaluation, supervision and management of environmental risks of suppliers.
Auditing stage	The Company's supplier auditors and second-party auditors regularly conduct on-site audits of potential suppliers and assess their development strategies, production site conditions, staff quality and production standards based on the requirements of policy documents such as the *Code of Conduct for Sustainable Supplier Development, the Supplier Sustainability Due Diligence Form and the Supplier Law and Regulation Questionnaire*. ESG management requirements are integrated into the audit criteria, with a minimum assessment weight assigned to ESG management performance. Suppliers failing to meet the minimum ESG management requirements within the specified timeframe will be excluded from the cooperation process.
Cooperation stage	The suppliers who pass the audit and sample evaluation will be included into the Company's qualified supplier list, and all cooperative suppliers are required to sign the Social Responsibility Commitment Letter. According to the Supplier Management Procedures, suppliers will be rated as grade A (excellent), B (good), C (need for improvement) and D (failed) quarterly on the basis of their pass rate, complaint rate, correction rate, timely delivery rate, and health and safety performance. We will assist with quality improvement for suppliers with C or D performance ratings and track the results of rectification. In addition, the Company conducts regular investigations into the carbon emissions data of suppliers and supports them in undertaking emission reduction projects.
Exit stage	The Company will terminate the cooperation with suppliers whose products do not meet the standards or who receive a D rating in performance evaluations and still cannot meet requirements after rectification.

Indicator	Unit	Data in 2025
Number of suppliers[15]	Number	3,237
Number of suppliers by region		
Number of suppliers in East China	Number	1,388
Number of suppliers in West China	Number	60
Number of suppliers in North China	Number	1,285
Number of suppliers in South China	Number	411
Number of suppliers in Central China	Number	93
Number of suppliers in foreign countries and regions	Number	0
Percentage of local suppliers[16]	%	52
Percentage of timely procurement delivery	%	98.9
Investment amount of local procurement of products and services from other raw materials suppliers	RMB 100 million	4.2
Investment percentage of local procurement of products and services from other raw materials suppliers	%	48.72

[15] Number of suppliers refers to the number of suppliers existing in the supplier management system as of December 31, 2025

[16] Local suppliers include those in Jiangxi province, Zhejiang province, and Inner Mongolia Autonomous Region.

Supplier ESG Due Diligence

The Company has formulated the *Code of Conduct for Sustainable Supplier Development* based on the Responsible Business Alliance (RBA) Code of Conduct[17]. This code clearly outlines the specific management requirements for suppliers in environmental protection, labor, health and safety, business ethics and management systems. The Company conducts sustainability due diligence on suppliers in line with this code to ensure their compliance with relevant standards.

Management Requirements of the *Code of Conduct for Sustainable Supplier Development*

Environmental Protection	Suppliers are required to develop plans and initiatives to reduce their negative impact on the environment. This involves pollution prevention, resource conservation, waste management, water management, and reduction in energy consumption and greenhouse gas emissions.
Labor	Suppliers are required to implement measures to safeguard the legitimate rights and interests of employees within their supply chains. This involves respecting freedom of association, prohibiting child and forced labor, preventing discrimination and harassment, regulating work hours and ensuring fair wages and benefits for employees.
Health and Safety	Suppliers are required to take measures related to occupational health and safety and create clean and healthy workplaces for employees. This involves establishing clear safety management processes, making emergency plans, regulating occupational injury management, controlling hazardous raw materials and optimizing work environments.
Business Ethics	Clear guidelines are outlined for suppliers to uphold business ethics and comply with regulations. This involves requirements around business integrity, anti-corruption, conflict of interest, regular information disclosure, intellectual property rights, fair competition, whistleblower protection, responsible mineral sourcing and privacy protection.
Management Systems	Suppliers are required to establish and implement ESG management systems and procedures based on the aspects mentioned above. This involves defining roles and responsibilities, conducting regular risk assessment and management, and enhancing overall ESG management awareness through training and other initiatives.

The Company conducts due diligence on suppliers based on the requirements for the five key areas. Through quarterly online assessments, annual on-site audits and other methods, a thorough evaluation of supplier sustainability performance is regularly conducted. The process entails establishing assessment and audit standards, conducting supply chain due diligence, categorizing investigation findings, analyzing significant violations and applying the findings.

[17] The Code of Conduct aims to establish standards to ensure a safe working environment in the electronics industry or industries reliant on electronic products and their supply chains. It also strives to uphold the respect and dignity of employees and ensure that business operations adhere to environmental and ethical standards.

Sustainability Due Diligence Process

Establishing assessment and audit standards

- Environmental protection
- Labor
- Health and safety
- Business ethics
- Management systems

Conducting supplier due diligence

- Quarterly assessment
- Annual on-site audit

Categorizing investigation findings

- Highly excellent
- Excellent
- Average

Analyzing significant violations

- Appointment of responsible individuals
- Development of short-term and long-term solutions
- Mandating suppliers for timely correction

Applying investigation findings

- Assessment of supplier qualifications
- Allocation of procurement quotas
- Continuous improvement of supplier performance

To systematically evaluate suppliers' comprehensive performance in sustainable development and ensure the accurate and comprehensive audits, the Company has developed the Supplier Sustainability Due Diligence Form. This form establishes clear audit criteria for the five key areas specified in the Code of Conduct for Sustainable Supplier Development. It also assigns different weights to each area and details 43 specific indicators. The Company issues due diligence reports on suppliers' sustainability based on their performance. These reports include scores for each indicator, descriptions of potential risks, analysis of violations, overall evaluation and radar charts of suppliers' comprehensive capability evaluation. This visualization provides a clear display of each supplier's comprehensive performance in sustainable development, helping the Company quickly identify the strengths and weaknesses of suppliers in this area.

Based on the evaluation results, the Company categorizes suppliers into three levels: "highly excellent", "excellent" and "average". Using these levels, the Company adjusts and optimizes the evaluation of supplier qualifications, allocation of procurement quota and ongoing improvement efforts for the upcoming period.

For suppliers engaging in severe violations such as employing child labor, falsifying records, bribing auditors or having significant environmental and safety issues, the Company will implement stricter control measures. After the audit, the Company conducts a detailed analysis of severe violations, and formulates targeted short-term and long-term solutions. These measures include correcting errors, standardizing documentation, establishing oversight mechanisms, enhancing risk prevention measures and appointing responsible individuals to oversee suppliers' correction progress. If non-compliant suppliers fail to make timely corrections, the Company will reduce cooperation with them. In cases where a supplier has two consecutive serious violations, the Company will terminate the cooperation.

During the year, the Company conducted sustainability-related due diligence on all new suppliers in accordance with the *Code of Conduct for Sustainable Supplier Development,* with an annual rectification rate of

100%

Supplier ESG Awareness Enhancement

The Company emphasizes cultivating suppliers' awareness of ESG management. We implement multiple measures, such as regularly conducting training sessions on the Code of Conduct for Sustainable Supplier Development, to effectively regulate the ESG management across the supply chain. This year, to strengthen ESG management within the supply chain, the Company organized 8 on-site training sessions for newly introduced suppliers, with a total training duration of 16 hours. Through systematic promotion of the supply chain ESG management systems and specific standards, we effectively enhanced suppliers' awareness of ESG management and their willingness to cooperate.

The Company encourages suppliers to sign the *Code of Conduct for Sustainable Supplier Development.*

As of the end of the reporting period, the signing percentage of all suppliers engaged in business with the Company reached

100%

Conflict Minerals Management

Actively pursuing the industry chain expansion strategy, the Company continuously consolidates the risk management of the supply chain and conflict minerals management, so as to ensure the safe and stable supply chain. Through vertical integration of the value chain, the Company has successfully built a green industrial chain that covers rare earth recycling, high-performance magnetic material manufacturing and magnetic components manufacturing, establishing a closed-loop supply chain management system. By doing so, we have enhanced the Company's overall competitiveness, enabling the Company to meet customers' needs more efficiently.

In addition, the Company has issued the *Statement on Responsible Mineral Sourcing*. With a commitment to the responsible purchase of rare earth materials, the Company ensures zero involvement in illegal mining and trading practices. Additionally, we refrain from purchasing raw materials from high-risk and conflict-affected areas. Moreover, the Company actively collaborates with suppliers to build a green industrial chain of fully recycled and traceable REPM. Leveraging its supply of medium and heavy rare earth metals recycled from rare earth waste, the Company mass-produces and supplies high-performance REPMs products to global customers.

The Company conducts due diligence on suppliers through Responsible Minerals Initiative (RMI) surveys, and signs the *Code of Conduct for Sustainable Supplier Development* and related agreements with suppliers to regulate their behaviors. Meanwhile, we continuously communicate and reinforce management requirements to suppliers through initiatives such as training on code of conduct for sustainable development. To further strengthen the identification and management of supply chain risks, following the release of the updated CMRT 6.5/EMRT 2.0 questionnaires by RMI in 2025, the Company expanded its scope of conflict minerals under concern to the newly included materials such as copper, natural graphite, lithium, and nickel. We took immediate action to investigate that key materials such as copper and nickel supplied by our suppliers come from non-conflict sources, effectively mitigating potential risks related to conflict minerals.

To ensure that the personnel in supply chain management and procurement fulfill their compliance duties, and to effectively prevent potential ESG risks in the process of supply chain management, the Company organized a total of 10 internal ESG training sessions this year. The training sessions cover topics including business capabilities, ESG, and sustainable raw material procurement, with a total training duration of 10 hours.

Strictly Controlling Product Quality

The Company complies with the Law on the Quality of Products of the People's Republic of China and other laws and regulations. We implement product quality management in accordance with management systems including the Incoming *Inspection Control Procedure, the Production Process Monitoring and Measurement Control Procedures, the In-Process Product Quality Control Procedure, and the Shipping Quality Control Procedure.* Through strict quality control processes and advanced production technologies, the Company continuously improves the stability and reliability of product quality.

Governance

The Company complies with ISO 9001 Quality Management System and IATF 16949 Automotive Quality Management System. We have also established a quality management structure fully covering the decision-making level, management level and execution level, with responsibilities of all levels clearly defined, to ensure the orderly progress of quality management. Besides, we set annual quality objectives, and regularly review and monitor the achievement of such objectives.

Quality Management Structure

Decision- making level

The Company conducts regular annual management review meeting to track and guide the implementation of the Company's quality strategy, objectives and major quality projects.

Management level

The Department of Quality Control is responsible for planning, supervising and managing all the quality related work and regularly collecting data and supervising the achievement of quality targets of all departments on daily basis, proposing improvement suggestions and supervising the rectification of non-compliant items.

Execution level

Subsidiaries of the Company shall be responsible for the quality control of specific production sections in accordance with the quality requirements.

Strategy

The Company adheres to the quality policy of “full participation, full control, prevention-oriented, constant improvement and customer satisfaction” as well as the spirit of craftsmanship. Leveraging a strict quality control process and advanced production technologies, the Company continuously refines the product quality standards. We are also committed to innovating and improving our technologies, resolutely progressing towards our overarching goal of “optimizing the quality management system and developing the competitiveness of high-performance NdFeB products”.

Impact, Risk, and Opportunity Management

Quality Management Process

The Company constantly improves the quality management process throughout the product lifecycle. We refine and optimize standard documents including the Technical Specification for Enterprise Standards. These standards clarify the quality requirements for production processes in terms of production parameters, transportation tools and production processes, and ensure compliance with the Company's quality requirements for all products. In addition, to enhance quality control across the entire process and ensure compliance with product quality standards, we implement a multi-level product quality inspection mechanism covering first inspection, self-inspection, mutual inspection, special inspection, patrol inspection and shipment inspection to prevent defective products from entering the market.

By developing the control chart[18], the Department of Quality Control monitors real-time quality and enhances the quality control across the entire production process. The Company has formulated the Non-Conforming Products Control Procedure and the Customer Complaint Management Procedure. We regularly inspect the defective products, and organize relevant departments including Production and Technology R&D to review and identify root causes, map out relevant countermeasures, issue analysis and processing reports, and propose targeted solutions for improvement.

During the year, no products sold or shipped by the Company were subject to recall due to safety and health issues or quality reason, and there were no significant safety or quality accidents relating to products and services.

During the year, our quality inspection has covered all product categories, with the process inspection timeliness rate and correction rate both reaching

100%

Product Lifecycle Quality Management Process:

Raw material and auxiliary material management	To ensure product quality at the source, we have formulated the Standardization of *Raw Material Procurement and the Guideline of Sampling and Inspection* as well as other relevant policies, which clearly define quality requirements and acceptance standards for raw materials and production auxiliaries.
R&D and design	The comprehensive R&D and design work is carried out according to the *Advance Planning Procedures for Product Quality* to summarize and evaluate the success rate of new product R&D. It is ensured that the success rate for new product R&D for strategic customer projects is higher than 99%.
Production process management	We identify critical production processes and quality control points, formulate *Operation Standardization and Equipment Operation Guidelines* covering the entire production flow, and precisely control technical parameters of process production, quality standards of output products, and compliance rates. Additionally, a multi-level inspection system is established, including monthly workshop inspections, quarterly departmental inspections, and annual company-wide inspections, to ensure the stable production quality.
Quality inspection and non-conforming product handling	The Department of Quality Control is responsible for sampling, inspection and assessment of raw materials, semi-finished products, and finished products. In accordance with the *Non-Conforming Product Control Procedure,* non-conforming raw materials, semi-finished products and finished products are isolated, labeled, recorded, and effectively disposed of to prevent them from entering subsequent processes or being used and delivered unintendedly.
Shipping and after-sales management	Outgoing product inspections adhere to the *Finished Product Inspection Standard*, which is stricter than national standards, ensuring high-quality delivery. After the products are delivered, we systematically implement the *Customer Satisfaction Survey Management Procedure*. Through multi-dimensional feedback channels such as customer visits, special surveys, telephone follow-ups, and satisfaction questionnaires, we continuously collect customer needs and improvement suggestions, driving the coordinated enhancement of product quality and service experience.

[18] We measure, record, assess and monitor product quality during production. Once abnormalities are identified, we will take necessary correction and remediation measures to ensure consistent product quality.

Quality Awareness Enhancement Training

To bolster the stability of product quality, the Company continuously conducts multi-level, comprehensive quality awareness training. The training covers key areas such as quality management system knowledge, quality control methods, production site quality control practices, quality improvement and efficiency enhancement, and hierarchical quality audit. To ensure training effectiveness, the Company conducts quality awareness surveys among employees across all production segments before training, thoroughly identifying pain points and quality risks at each production base. Based on the operational characteristics of different roles, we develop tailored, differentiated training courses to ensure that training content precisely aligns with the actual needs of production.

These training sessions covered key knowledge of engineering change management, hierarchical audit, and quality prevention capability. In addition, the Company evaluates training outcomes by theoretical assessments and on-site practical exercises, effectively driving the upgrading of product quality and the optimization of production efficiency.

During the year, the Company held a total of **172** company-wide quality management training sessions, with a total of **21,814** participants

Quality Improvement Actions

For the purpose of setting advanced role models, the Company adopts the *JL MAG Annual "Advanced Individuals" and "JL MAG Craftsmen" Selection Program*, and other internal policies and programs. We have established Quality Improvement Award, and recognize and commend individuals and collectives with outstanding contributions. In 2025, the Company systematically conducted 46 specialized training activities for improvement, including 30 sessions on enhancing quality control throughout production and 16 sessions on communicating corporate standards. The training fully covers areas such as processes, quality and production operations, precisely tailoring to the practical needs of each position, and driving all employees towards the standardized and normalized production operations.

Fostering Learning Through Competition, Building Quality with Craftsmanship

In November 2025, the Company successfully held a company-wide quality knowledge competition under the core theme of "Quality Guides the Future, Magnet Unites Craftsmanship". This competition built a quality exchange platform for all employees that combines competition-driven learning with learning-driven practice, allowing them to participate in a "quality feast" that blends knowledge with enthusiasm and integrates theory with practical application. The competition consists of three segments: team elimination rounds, championship finals, and live interactive quick-answer sessions. Its content closely aligns with the Company's actual business and accurately meets the quality control needs of production frontlines. To fully motivate employee participation, we rolled out a variety of reward schemes, which attracted a large number of enthusiastic participants and fostered a strong atmosphere of "full participation, all-round competition, and collective improvement". The event not only assessed employees' quality knowledge reserves and practical application capabilities but also embedded quality concepts through engaging activities, effectively enhancing their quality awareness.

"Quality Guides the Future, Magnet Unites Craftsmanship" Themed Activity

Indicators and Targets

As at the end of the reporting period, the Company's four production bases, including those in Ganzhou, Baotou, Ningbo, and the Jincheng production base, have obtained ISO 9001 Quality Management System certification and IATF 16949 Automotive Industry Quality Management System certification. We leverage this standardized, and systematic quality management model to safeguard our product quality management. In addition, to ensure the effective implementation and continuous optimization of all management systems, the Company systematically conducts multi-level internal audits in strict accordance with quality management system specifications.

This year,

each base completed **4** internal system audits

with a total of **73** production process audits

94 product audits conducted across all bases

These efforts continuously improved the effectiveness of system operation and the standardization level of production and operations.

In 2025, the Company took the lead in formulating the enterprise standard *Test Method for Durability of Magnetic Steels for Automotive Traction Motors Under High Temperature and Reversed Magnetic Field,* which was officially published on the Enterprise Standard Information Public Service Platform in October 2025. Being effective in July 2026, this standard provides a standardized testing basis for the reliability verification of key components in NEVs, filling a gap in industry technical specifications.

Optimizing Customer Services

The Company is committed to providing customers with a high-quality service experience. We have implemented management policies such as the Customer Service Practice to clarify and continuously optimize service processes, so as to improve response efficiency and service quality. In addition, we actively listen to our customers, safeguard customer information security in all aspects and consistently enhance customer satisfaction. We have established long-term, stable, cooperative and win-win business partnership with our customers to boost sustainable development.

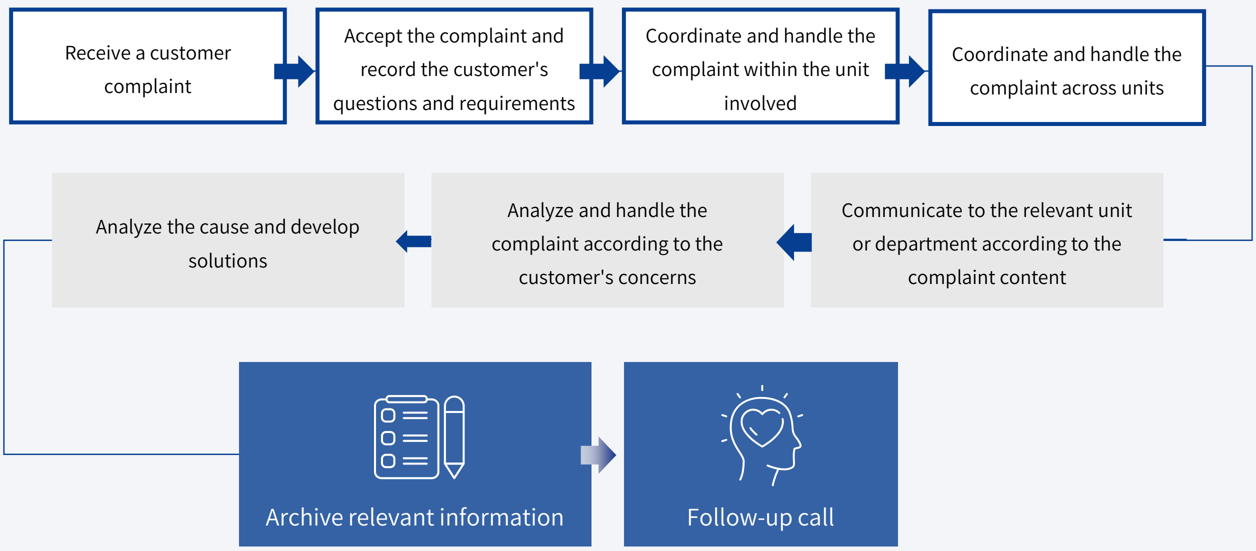
Customer-Oriented Approach

Adhering to the service principle of "meeting the best satisfaction of our customers", the Company prioritizes client needs. We have established many policies such as the *Customer Feedback Management Procedures and the Corrective and Preventive Measures Control Procedures* to continuously refine the customer complaint handling system. The Company provides customers with convenient and diverse channels for feedback, including the official website, hotline, WeChat official account, emails and letters. To ensure a timely response and effective solution to customer complaints, the Company has established a rapid response mechanism for customer feedback, clarifying handling procedures and time limits.

Meanwhile, we have developed a classified and hierarchical handling mechanism for customer complaints, categorizing them based on customer tier, feedback channel and severity of the complaint (e.g., from verbal feedback to formal system complaint, or from general complaint to major complaint). For different categories, we have formulated differentiated handling strategies, clarifying requirements and responsible parties for each stage to standardize and streamline complaint handling. We have set strict time standards for complaint resolution, requiring relevant departments to respond quickly and ensure a closed-loop feedback within three days. For complaints with significant impact, the Company will set up a special group within 8 hours after receiving the complaint, and organize each department to identify the root cause, put forward solutions and rectification measures. This ensures that the complaints are solved thoroughly. Throughout the handling process, we maintain close communication with customers through multiple channels, providing timely updates on the situation, progress and final outcomes. With efficient problem-solving capabilities and a fully transparent communication mechanism, we effectively enhance customer satisfaction.

During the year, the Company received a total of 28 customer complaints, achieving a **100%** resolution rate.

Customer Complaint Handling Process



Customer Satisfaction Survey

To ensure that the Company can always navigate the ever-changing market change and increase customer satisfaction and loyalty, the Company conducts customer satisfaction survey on a semi-annually basis through questionnaire. This survey shows a comprehensive assessment of satisfaction across multiple dimensions including product quality, R&D capability, timely complaint response rate, customer service. Additionally, the Company regularly analyzes and sorts out the survey results, preparing a Customer Satisfaction Evaluation Summary, which is promptly communicated to the quality, production, R&D and other relevant departments. This enables each department to quickly develop targeted improvement plans based on the analysis, clarify improvement directions and measures, and steadily advance service optimization.

This year, the Company conducted satisfaction surveys targeting over 40% of strategic, significant and general customers,

Customer satisfaction score of

98 points

Customer complaint resolution rate of

100%

On-time delivery rate of

98.90%

Training for Customer Service Staffs

Focusing on enhancing the professional competence of our customer service team, we conduct regular on-the-job training for sales staffs in the Marketing Department, customer service personnel and business assistants. With online and offline training, a total of 25 training sessions were held throughout the year, with 121 participants. The training is closely aligned with the practical needs of customer service, covering dimensions such as sales communication skills, customer request change management, customer satisfaction improvement, and management capacity building. This training comprehensively strengthens the professional knowledge reserves of service personnels, effectively improving their comprehensive capabilities and service delivery standards.

Training for Customer Service Staffs

Social

Upholding People-Oriented Strategy, Empowering Employee Growth

Guided by the core principle of “people-oriented”, we are dedicated to building a win-win future with our employees. We respect every employee and are committed to creating an equal, diverse, and healthy work environment. To foster employee growth, we have implemented transparent and fair promotion systems and offer comprehensive training programs that cover both personal and professional development. We also prioritize employee safety by taking robust workplace safety measures to protect their well-being. In addition, we implement the employee welfare system and truly care for employees' lives, aiming to enhance employees' sense of belonging and achieving win-win development.

Response to UN SDGs

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Protecting the Rights and Interests of Employees

The Company respects and protects human rights in compliance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Special Provisions on Labor Protection for Female Employees* and other laws and regulations. We effectively safeguard their legitimate rights and interests through recruiting talent on a broad scale, providing employees with competitive salaries, and continuously expanding the channels of communication among employees.

Respecting and Protecting Human Rights

Adhering to the internationally recognized human rights policies set forth in the *Universal Declaration of Human Rights*, the Company has formulated the *Labor Practices and Ethical Risk Management System, and improved the Control Procedures for the Prohibition of Discrimination, Harassment and Abuse of Employees, the Control and Protection Procedures for the Prohibition of Forced Labor, and the Control and Protection Procedures for the Relief of Child and Minor Workers, etc.* These procedures cover the entire Company's operations as well as upstream and downstream suppliers and partners.

We also underscore our commitment to eliminating child labor and forced labor and other human rights violations. We adopt a zero-tolerance attitude to non-sexual and sexual harassment, discrimination, abuse and other misconducts, and oppose any form of verbal abuse, harassment, and intimidation. In this way, we strive to ensure that all employees are treated fairly and equally. We monitor employees' working hours, set maximum daily working hours, and implement automated monitoring and early warning through the attendance system. In addition, we regularly conduct anti-discrimination and anti-harassment training for all employees to enhance their awareness and protection capabilities. We also organize regular education training on the prohibition of child labor and forced labor to raise employees' awareness of rights protection.

The Company has established a routine human rights due diligence process to identify, assess and manage human rights risks:

Identification Scope	Identification Methods	Mitigation Measures and Remediation Procedures
The Company's operations: We cover all employees, with a focus on core issues including recruitment, working hours, compensation, health and safety, and freedom of association.	Regular internal audits: Every year, the Company conducts internal audit on labor issues according to the *SA8000 standard* and other standards, to comprehensively assess the Company's performance in human rights. Based on this assessment, we have prepared the *Report on the Corrective and Preventive Measures*. Then the Company follows up the implementation of the corrective measures by the responsible departments in a timely manner after the completion of the auditing procedure.	For issues identified, the Company will take corrective actions such as revising policies, conducting training, or adjusting management practices. For any confirmed human rights violations, the Company will initiate formal remediation procedures in accordance with relevant policies.
New business relationships: Prior to major business decisions such as mergers, acquisitions, and joint venture establishment, human rights risks (including target companies' labor practices, community relations, and legacy issues) are incorporated as a mandatory part of due diligence.		
Supply chain: In accordance with the *Labor Practices and Ethical Risk* Management System, we conduct labor and ethical risk assessments on all suppliers.	Employee surveys: We use employee satisfaction survey tools to identify human rights-related conditions in the workplace, including issues such as discrimination, stress, and communication mechanisms.	

In addition, company-wide employees who experience or witness violations of our human rights policies, such as discrimination, harassment, child labor, and forced labor, are encouraged to immediately report such violations to their immediate supervisors, or other management personnel. Once a violation is verified, we will take serious disciplinary action against the offender and provide appropriate remedies to the affected parties in a timely manner. If child labor is found, the Company will immediately stop the work of the employee, promptly report the information to the local government, and implement a child labor remediation plan for a minimum of six months. This plan will include providing funds for remediation, and cooperating with the government and other relevant organizations in the provision of welfare benefits for the employee.

The number of incidents related to human rights violations such as discrimination, harassment, abuse, employment of child labor and forced labor was **0**

Employee Recruitment and Retention

The Company adheres to the recruitment concept of "fair competition and equal employment", and has established and put in force the *Recruitment, Employment and Post Shift Management System*. Moreover, the Company continuously expands recruitment channels and establishes core talent identification standards. This year, we have added management provisions on "re-employment of retirees" to properly safeguard the legitimate rights and interests of rehired retirees and give full play to their valuable experience and technical expertise. The Company strictly prohibits any form of discrimination based on race, skin color, gender, nationality, ethnicity, age, religious beliefs, marital status, sexual orientation, pregnancy, disability and other factors in the recruitment and employment process. This policy ensures that all employees are treated equally and with respect for their diversified development.

The Company regularly reviews the recruitment process to ensure that it is fair and transparent. During the recruitment process, the Company clearly requires authenticity verification of new employees' information and conducts background investigations on individuals applying for key or management positions. This ensures that the recruitment process complies with the Company's system.

The Company conducts annual human resource planning and talent structure assessment, formulates rolling recruitment demand plans on a monthly basis, and recruits talent through multiple channels. In terms of campus recruitment, the Company adopts both online and offline recruitment modes. We release recruitment information on the websites of the target colleges and universities as well as external recruitment websites. Additionally, we actively hold offline campus recruitment fairs and roadshows, and establish university-enterprise cooperation bases to introduce the corporate culture and recruitment process to fresh graduates of colleges, providing stable support for youth employment. In terms of social recruitment, the Company adopts a variety of channels such as network recruitment, headhunting services, on-site recruitment, and government recommendations. We continuously recruit professional talents by strictly selecting candidates that meet the job requirements. In terms of internal recommendation, employees are encouraged to recommend suitable candidates or apply for vacancies through internal selection and self-recommendation.

This year, the Company recruited a total of

1,306 fresh

graduates through campus recruitment channels,

And introduced

895 professional

and managerial talents through social recruitment.

Recruitment Scene

Hosting Immersive "Technical Craftsmanship Day" to Empower Precise Campus Recruitment Matching

In February 2025, the company collaborated with Jiangxi College of Applied Technology to host the immersive factory open day themed on "Technical Craftsmanship Day" and one-day internship program. This program aimed to break the one-way information transmission model of traditional campus recruitment and create a new scenario featuring "in-depth experience, mutual evaluation, and shared value". We moved the recruitment site directly to the frontline of the Company's operations, enabling students to undergo a full 6-hour experience. In the real-world production, technical, and management environment, they completed a whole process from industry cognition, job role understanding to initial skill assessment, achieving precise and efficient matching between talent and the Company.

On-site Internship Activity

Employee Structure in 2025

Indicator		Data in 2025
Total number of employees		7,302
Total number of new employees		2,046
By gender	Male	5,059
	Female	2,243
By age	30 and below	2,080
	31 - 40	3,338
	41 - 50	1,712
	51 and above	172
By region	Jiangxi Province	4,704
	Inner Mongolia Autonomous Region	1,972
	Zhejiang Province	596
	Other parts of China and overseas regions	30
By category	Senior management	9
	Junior and middle management	746
	Non-management staff	6,547

Employee diversity indicator	Data in 2025
Internal recruitment ratio	28.72%
Percentage of female employees	30.72%
Percentage of female employees at technology department	17.54%
Percentage of female management-level employees at technology department	10.92%
Percentage of female employees at sales, production and customer service departments	30.46%
Percentage of female management-level employees at sales, production and customer service departments	3.00%
Percentage of female employees in management level (including junior, middle, and senior management)	18.68%
Percentage of female employees at junior management level	16.17%
Percentage of female employees at middle management level	21.33%
Percentage of female employees at senior management level	11.11%

Remuneration and Performance

The Company has established a sound employee remuneration management system, and continuously refined the performance evaluation mechanism. We have formulated the Compensation Management Control Procedure and the Employee Reward and Punishment Management System. Employees' duty fulfilment, professional competence, performance and daily behaviors are taken as the core indicators for performance evaluation, so as to ensure that the employees' efforts are fairly rewarded.

Adhering to the concept of “data and performance-based evaluation”, the Company has established a robust employee performance management system by adopting the dual-orientation mode of “result and process”. We adhere to the principle of aligning individual employee performance, organizational performance and corporate strategic development. By breaking down corporate strategic goals into departmental and individual goals, we lay a solid foundation for goal-oriented performance management, to closely align employees' individual performance with the Company's achievement. The Company conducts regular performance appraisals for all employees using a multi-dimensional assessment approach. We set quantifiable evaluation criteria and collect assessment results through multiple channels, including peer reviews from cross-functional collaborators, supervisor feedback, and comments from accountable leaders. We also maintain ongoing agile performance dialogues as a regular performance communication throughout the year. Through regular conversations and continuous feedback, we promptly identify obstacles to goal achievement, dynamically adjust and optimize goals, thus forming a closed-loop performance management system that runs from "corporate strategic decomposition - daily workflow optimization - employee development empowerment".

The Company determines the reasonable salary level according to the employees' grades, positions, and performance evaluation results. In compliance with local policies and in light of actual living costs, we guide all subsidiaries to proactively set and implement salary guarantees that exceed statutory benchmarks, on the basis of strictly adhering to the statutory minimum wage standards in all regions. We provide employees with basic salaries, performance-based pay and various special incentives to build a competitive compensation system. We implement equal pay for equal work between men and women, ensuring that the assessment criteria for basic salaries and bonuses are not affected by gender in the same position with the same performance level. In addition, we calculate and pay overtime pay in accordance with the law for employees who work overtime, and enforce this requirement through our payroll system.

During the year, the Company spent a total of RMB **735** million on employee compensation, increasing by **20.87%** year-on-year

This year, the Company optimized its short-term incentive policies and systematically issued a series of short-term incentive schemes covering safety and environmental protection, quality improvement, lean production and other areas. These initiatives fully motivate employees to identify cost waste and implement improvement measures, and enhance employees' sense of belonging and recognition through timely rewards.

In terms of a long-term talent incentive mechanism, The Company offers equity incentives to employees and managers who have made outstanding contributions to the Company's sustainable development. This initiative aims to enhance employees' identification with the Company and their enthusiasm and share the Company's development achievements with them. In March 2025, to strengthen the Company's long-term incentive framework and inspire the core team, the Company introduced an A-share employee stock ownership plan and an H-share restricted share scheme. The Company used 8,015,784 A-shares repurchased in 2023 to implement the “2025 A-share Employee Stock Ownership Plan”. The total number of employees in this plan were approximately 500. In addition, the Company issued up to 10% of its total outstanding H-shares (excluding treasury shares) for the restricted stock plan.

Indicator	Unit	Data in 2025
Expenditure on employee compensation	RMB 100 million	7.35
Year-on-year increase	%	20.87

Employee Communication and Engagement

The Company is committed to listening to employees' voices. To this end, we maintain smooth channels for complaints and feedback, aiming to reasonably resolve employees' demands and safeguard their legitimate rights and interests.

The Company provides various communication channels for employees. Employees can use opinion boxes, questionnaires, OA office groups, regular meetings and other channels to communicate directly or indirectly with their superiors. In addition, to respect and protect the privacy of employees, the Company has established a special channel for anonymous complaints. Employees can submit their anonymous complaints directly to the Audit Department through the complaint phone number, complaint mailbox, etc. The Audit Department will timely investigate, verify and handle the complaint with a reply returned, to ensure that each employee's opinion and feedback are taken seriously and addressed properly.

The Company has formulated the Employee Complaint and Handling Procedure in a bid to handle all labor disputes in a fair, transparent and open manner. In addition, the Company has set up HRBP and Labor Relations Officer to handle employee complaints, so as to ensure the fairness, transparency and openness of complaint handling. When employees disagree with the handling results, they can submit their feedback to the department leader and specialized officers within 7 working days through channels such as complaint hotline, complaint mailbox, and complaint form. After receiving the complaint, the relevant staff will verify the situation in time and process it within 7 working days. If the employee is still not satisfied with the result, he/she can file a complaint again. The Company will ensure that the employee's claim is properly resolved. In addition, should the Company conduct economic layoffs, it will follow democratic procedures in accordance with the law, ensuring employees or the labor union are notified at least 30 days in advance, and paying statutory severance pay.

The Company has set up a labor union to safeguard the legitimate rights and interests of employees and to ensure that the employees exercise their right to democratic management in accordance with the law. The Company regularly convenes employee representative meetings to listen to the opinions and suggestions of employee representatives on the development of the Company, and reports to all employee representatives on the improvement of these opinions and suggestions in the meetings, thus actively implementing democratic management.

The Company conducts a semi-annual employee satisfaction survey to better understand their needs and expectations. The survey is conducted anonymously, covering various key aspects such as corporate culture and management, working environment, co-worker relationships, job satisfaction, remuneration and benefits, employee training and development opportunities. The survey results are carefully categorized and profoundly analyzed by gender, years of service and age of the employees, to identify the main issues that need to be improved. A string of practical and feasible improvement plan is then developed. By doing so, we aim to continuously improve the satisfaction and sense of belonging of the employees.

During the year,

the Company conducted 2 satisfaction surveys covering all employees, with overall employee satisfaction rate[19] of **90.66%**

[19] The overall employee satisfaction rate = Average satisfaction score of overall satisfaction, company management and communication, working environment, teamwork, benefits, training and development * 100%.

Supporting the Development of Employee

With great attention attached to the career development and vocational skills enhancement of employees, the Company has built a scientific and transparent employee promotion channel, and continues to improve the employee training system. By doing so, we aim to enhance the talent team and achieve mutual growth with employees.

Employee Promotion

The Company takes talent development as an important strategy for the enterprise development and implements the dual-track system of "technical" and "management" career development channel.

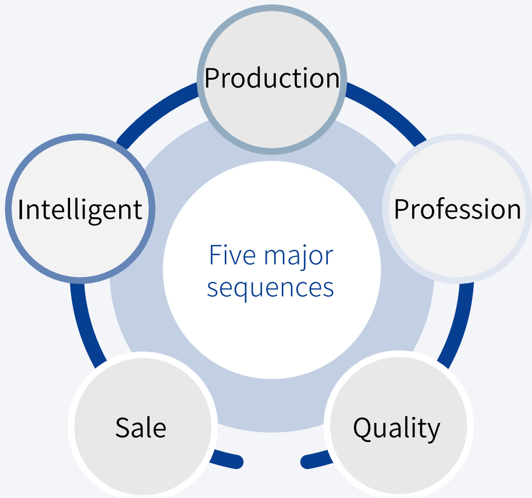
In the "technical" channel, the Company has established five major sequences, including profession, quality, sales, function and production, to refine the technical development paths of different sequences of employees, and to cultivate diverse technical talents. In order to meet the Company's demand for the reserve of middle and lower-level technicians, we carry out human resources planning, and conduct a variety of talent reserve and training work, including automation, lean management, machining and project management, through "internal training + external recruitment".

In the "management" channel, the Company has set up a vertical promotion mechanism for junior, middle and senior managers, so as to cultivate employees with management potential into excellent team leaders. This year, the Company systematically advanced its "Frontline Succession Plan". For frontline management positions such as team leaders, we clarified the selection criteria and development pathways for talent reserves, ensuring the continuity and foresight in building our management talent pipeline.

In addition, the Company also provides employees with internal transfer opportunities. Employees can achieve job transition within the Company through internal recruitment, joining the Company's talent pool, job rotation and more.

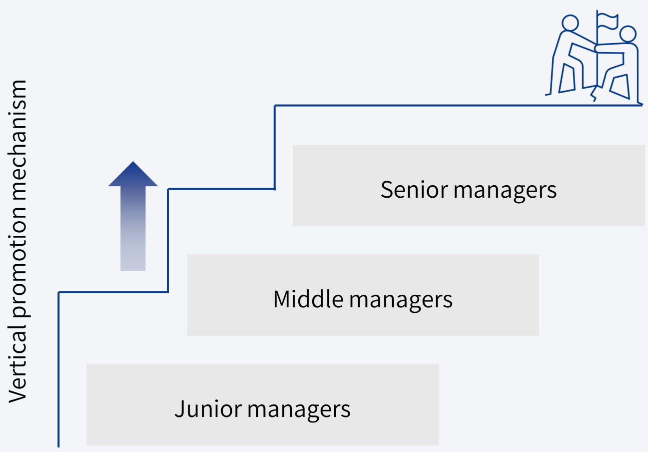
The Company continues to improve the employee promotion mechanism and employee evaluation system. We conduct the annual performance appraisal assessment for all employees through the assessment method of "online written test + offline practice", which include the 360-degree appraisal, performance evaluation and quality test, etc. In addition, we incorporate results from specialized professional training examinations and effectiveness assessments into employees' competency profiles, which serve as one of the key references for promotion eligibility. This year, the Company strengthened its "performance-driven and certification-oriented" instant incentives. Employees who perform outstandingly in skills competitions are eligible for immediate rank promotion and benefit realization, fully stimulating their internal motivation to sharpen their skills and strive to be role models. This year, the percentage of internal recruitment reached 28.72%.

"Technical" career development channel



To refine the technical development paths of different sequences of employees

"Management" career development channel



Cultivate employees with management potential

Employee training

Based on the Company's strategic development needs, we optimize the training management system, expand the training resources, develop an excellent teaching force, and innovate training methods and incentives according to the job requirements and the practical situation of the employees. These efforts aim to cultivate the high-quality talents.

Training System and Scheme

The Company has formulated and strictly complied with internal training systems such as the *Training Management System, the New Employee Training Management, the Reserve Cadre Training System, the External Training Management System, and the Internal Trainer Management System*. We pay constant attention to the long-term development and professional skills of employees, continuously improving the talent training system.

The Company regularly conducts surveys on the training needs of all departments, clarifies the training objectives, and develops annual training plans in combination with performance evaluation and job analysis. Employee training is conducted by means of an online plus offline mode. After the training, the Human Resources Department uses questionnaires and post-course quizzes to evaluate the training effect and promptly adjusts the training plan accordingly to improve the quality of training.

In addition, the Company implements a skill level assessment system to assess employees' levels based on their professional skills and job requirements. Those who pass the assessment are entitled to skill allowances. As a result, employees are motivated to uplift their capabilities.

Sound Training Regime

Guided by the Company's development direction, we also consider the development needs of employees, to build a sound all- employee training regime. We constantly optimize training methods, enrich training courses, and coordinate internal and external training resources, to provide employees with a full range of training courses covering different positions and grades. These approaches aim to comprehensively promote the development of each employee.

Internal training

We have formed a professional internal trainer team. Building on the base of management cadres and business backbones at all levels, we continue to recruit highly skilled talents emerging from skills competitions to enrich the team. These trainers impart their industry experience and professional knowledge to employees, and enhance the practical orientation of internal training, fostering an atmosphere of knowledge accumulation and sharing across the Company. During the year, the Company had a total of 746 internal trainers.

Training by external instructor

It refers to the training conducted by external instructors engaged by the Company, who are equipped with professional knowledge and rich experience, for the Company's employees. This year, we significantly expanded the introduction of care-oriented courses covering employee mental health and stress management, demonstrating our systematic commitment to employees' physical and mental well-being.

External training

The Company selects the outstanding staff at relevant positions to participate in training courses, seminars, and professional certification exams in the industry to broaden their vision and improve their professional skills and professionalism.

Digital learning platform

The Company has developed an online learning platform that systematically releases standard courses, micro-courses and professional knowledge bases. The platform provides employees with video training courses on business ethics, production safety, environmental protection, and other aspects, supporting self-paced learning and repeated reinforcement using employees' fragmented time. The Company continues to optimize the training incentive mechanism, setting up a points mall in the platform, encouraging employees to participate in training to obtain points and redeem gifts so as to stimulate employees' learning awareness. During the year, a total of 206 courses were provided on the Company's online platform, and a total of 286,117 people participated in online training.

Employee Training Mode

Employee Training Performance in 2025

Indicator	Unit	Data in 2025
Employee training coverage	%	100
Total training hours	Hour	1,300,225.4
Hours of training per capita	Hour	178.06
Annual training expenditures	RMB	373,610

Employee Training Programs

Employee Training Regime

New employees	Professional skills	Leadership
Induction training	"Universal Worker" rotational training	Company culture training
Pre-job theoretical training	Quality awareness enhancement training	Workgroup management training
Pre-job skills training	Workgroup management training	Internal and external communication
Qualification training	Information security specialized training	
	Skills certification and external training	
	Lean talent training	
	Safety production training	

Online learning platform

Video training courses	Test after the training	Summary

New employee training

Objective	Program	Description	Outcome in 2025
New employees	Qualification training	To ensure that new employees can quickly meet the requirements of their positions, the Company conducts training programs that include work skills and knowledge training to enhance their job competency.	The Company organized a total of 128 qualification training examinations, with a total of 2,038 people passing the examinations and successfully obtaining induction qualifications.
	Induction training	To assist new employees in rapidly integrating into the Company and adapting to their job roles, the Company offers orientation training. This training covers various topics such as information security, corporate culture, anti-fraud measures, anti-discrimination and anti-sexual harassment policies, as well as the prohibition of child labor and forced labor.	The Company conducted a total of 479 induction training and assessment sessions, with a cumulative total of 5,609 participants.
	Pre-job theoretical training	The Company provides pre-job theoretical training for new employees, which encompasses an overview of the Company, its business operations, job responsibilities, and the theoretical knowledge required for their positions (such as magnetism, materials science, production processes, etc.). This training helps new employees acquire the necessary work skills.	
	Pre-job	The Company also conducts pre-job skills training, which includes instruction on equipment operation, process flows, safety regulations, and other relevant content. This ensures that new employees master the required job skills, adhere to production standards, and contribute to the stable and reliable production of products.	

Professional competence training

Objective	Program	Description	Outcome in 2025
Production, technical and quality system employees	Quality Awareness Enhancement Training	The Company conducts quality awareness enhancement training, covering topics such as quality management systems, quality control methods, on-site quality management and control, quality improvement, and layered audits, to strengthen the quality awareness of all employees.	The Company conducted a total of 172 quality awareness training sessions, with a total of 21,814 participants. Online quality awareness improvement quizzes were pushed 30 times, with a total of 28,123 participants. We launched 566 sessions of "Daily Giveaway Quiz", covering quality, safety and job-specific knowledge. Through the innovative model of redeeming gifts with quiz points, we successfully attracted 146,098 participants, continuously stimulating employees' enthusiasm for proactive learning.
Information security staff	Information security and privacy protection training	The Company continuously carries out specialized training on information security and privacy protection, which includes explanations of relevant policies and personal protection measures. Through assessments, the Company ensures that employees master the relevant skills and knowledge, thereby enhancing their awareness of information security and customer privacy protection.	The Company conducted a total of 11 online training sessions for all employees and 479 on-site training sessions for new employees, and all employees passed the assessment.
All employees	Skills certification and external training	Since obtaining the qualification for vocational skill level certification in 2021, the Company has facilitated the career development pathways for skilled talents by encouraging employees to participate in external skill training and examinations, providing skill allowances, or fully reimbursing expenses, thereby incentivizing employees to improve their skills。	The Company carried out skill level assessment for employees in the production sequence, with a total of 2,118 employees passing the assessment. During the year, a total of 494 employees obtained special operation certificates and certificates for tests on production safety knowledge and management ability.
All employees	Lean talent training	To implement lean production management principles, the Company conducts theoretical examinations and improvement week practices for talent rating and certification, cultivating talents in the application of lean tools. This simultaneously enhances production line efficiency, optimizes equipment processes, and reduces energy consumption.	From 2020 to 2025, the Company carried out a total of 460 improvement week training activities, covering process, quality, production process and other areas, and cultivated more than 100 lean talents.

Leadership training

Objective	Program	Description	Outcome in 2025
Current management team leaders and reserve management personnels	Frontline succession program	To enhance the professional skills and management capabilities of frontline managers, optimize production processes and improve team efficiency, the Company launched the Frontline Succession Program. This program covers human resources, quality management, safety and environmental management, cost control, equipment management, team management, and leadership development.	We organized 4 training sessions consisting of 44 courses, with a total of 482 participants. After passing the program's final assessment, 369 employees were successfully admitted to the reserve management talent pool.
Quality & production system team leaders, supervisors and relevant technical personnels	Quality control capacity building throughout the entire production process	The Company conducted leadership quality management training to elevate the quality control capabilities of core on-site personnel, aiming to shift their mindset from "passive inspection" to "proactive prevention and management". The training covered foundational quality theories and standard systems, deep integration of professional technologies and processes, practical application of quality tools and problem-solving methods, as well as process control and system management capabilities.	Launched in April 2025, the program ran for 5 months with a total of 320 participants.
Intermediate skilled workers or employees with relevant job experience	Second phase of new apprenticeship program	The Company provides systematic senior worker training in "Mechanical Equipment Assembly and Automatic Control" to intermediate skilled workers and employees with relevant job experience.	Professional teachers from partner universities delivered on-site instruction, completing a total of 84 hours of systematic training. A total of 29 employees obtained senior worker certificates through this program.
Employees with job skill level ⩾ O3	"JL Cup" job skill competition	competition as a training approach. The initiative aimed to standardize and regulate operating procedures, and recognize role models and technical elites.	Launched in May 2025, the program ran for 2 months with a total of 233 participants. A total of 34 employees had their skill levels directly upgraded by one grade.

In addition, upholding the “people-oriented” philosophy, the Company focuses on employees' full career cycle development, and provides systematic transition support and training arrangements for employees at different career stages. For employees facing job reassignment due to business optimization, the Company fulfills obligations of advance notification and full negotiation in strict compliance with relevant laws and regulations. We provide comprehensive transition support including career planning, skills retraining and job matching to facilitate their smooth career transition. For female employees returning to work after maternity leave, the Company offers flexible work arrangements, job skill review and ongoing care while fully protecting all their statutory rights and interests, to fully support their smooth return to the workplace and personal development. For employees returning to work after long-term sick leave, the Company conducts pre-return assessment and communication. We provide support such as phased adaptation plans and skill update training based on the employee's recovery status and job requirements.

Training Site

2025 Employee Training Data

Indicator		Unit	Data in 2025
Hours of training per capita		Hour	178.06
Training costs per capita		RMB	51.16
By gender	Male employees' average hours of training	Hour	178.06
	Female employees' average hours of training	Hour	178.06
By category	Senior management average hours of training	Hour	138.20
	Junior and middle management average hours of training	Hour	286.94
	Non-management staff average hours of training	Hour	165.71
Percentage of employee trained		%	100%
By gender	Male	%	100%
	Female	%	100%
By category	Senior management	%	100%
	Junior and middle management	%	100%
	Non-management staff	%	100%
Number of production safety training		Time	365
Number of employees covered by safe production training		Participants	123,875

Caring for Our Employees

Concerned about the physical and mental health of employees, the Company continuously enriches the employee welfare system. We carry out a variety of cultural and sports activities to help employees achieve a better work-life balance and enhance their sense of belonging.

Employee Benefits

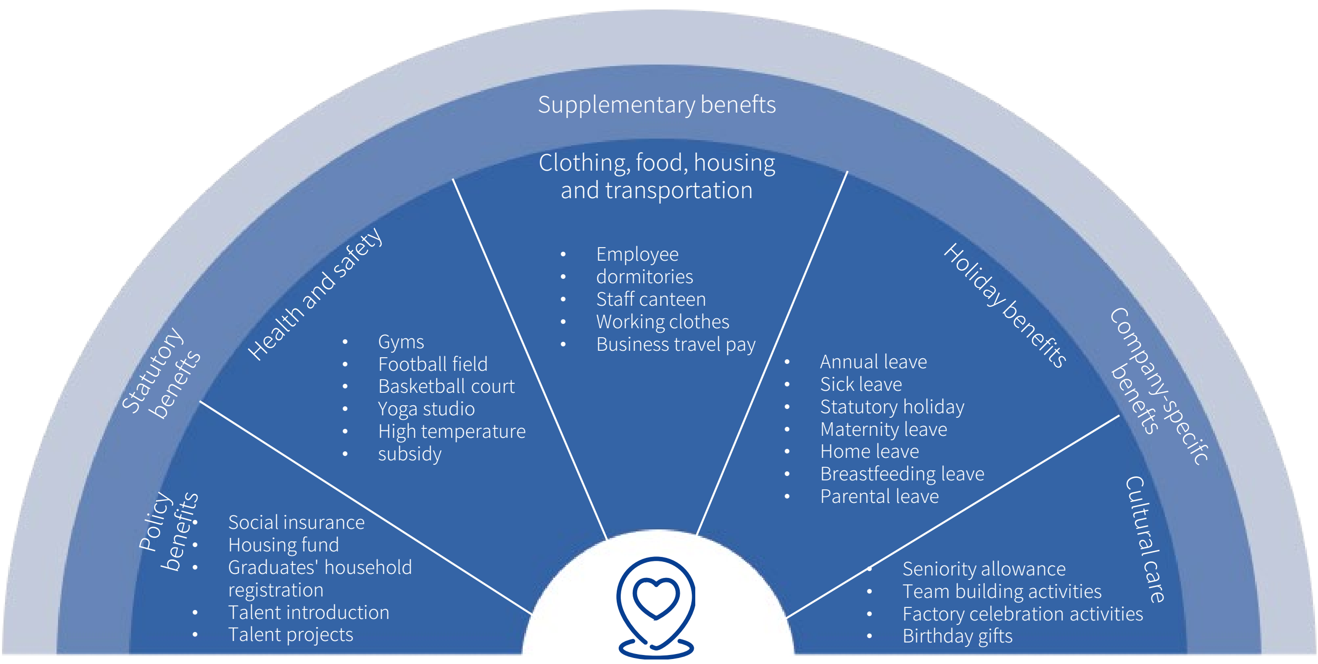
Adhering to the concept of “people-oriented”, we continue to improve the employee welfare system, covering statutory benefits, supplementary benefits and company-specific benefits. We classify the scenarios of employee benefits and provide multi-dimensional, all-round and comprehensive benefits for employees to improve their happiness and sense of gain.

The Company strives to provide a comprehensive welfare package that covers policy benefits, health and safety, daily life, holiday benefits and cultural care. Except for our existing welfare, this year, we continued to advance maternal and childcare support facility development by adding 3 nursing rooms, providing a more convenient, private and warm space for working mothers. We also maintained our focus on employee health by launching the “Employee Health Management Program”, which introduced health check kiosks. Under the principles of voluntary participation and privacy protection, we encourage employees to collect their health data, which is intelligently linked to their personal accounts via facial recognition, helping them establish dynamic health records. Through regular and scientific monitoring, we strive to continuously improve employees' health. In addition, we remain attentive to employees' mental well-being. We invited health education experts to conduct mental health workshops, helping employees master stress management skills and learn emotion regulation methods. By doing so, we enhance their psychological resilience and promote the harmonious development of their physical and mental health.

During the year, the Company's expenditure on employee welfare benefits amounted to approximately RMB **49.81** million, representing an increase of **12.77%** compared with 2024; the expenditure on the "five social insurances and housing fund" (Pension Insurance, Medical Insurance, Unemployment Insurance, Work-related Injury Insurance, Maternity Insurance, and Housing Provident Fund) amounted to approximately RMB **113.57** million, representing an increase of **21.20%** compared with 2024.

Indicator	Unit	2025
Expenditure on employee welfare benefits amounted to approximately	RMB 10,000	4,981
Year-on-year increase	%	12.77
Expenditure on the "five social insurances and housing fund” amounted to approximately	RMB 10,000	11,357
Year-on-year increase	%	21.20

Employee Beneft Plan



Employee Activities

In 2025, the Company organized a series of cultural and holiday activities to enhance corporate culture, team cohesion and employees' sense of belonging. Activities were held in various forms, such as cultural experiences for welcoming the New Year and receiving blessings, lantern riddle guessing during the Lantern Festival, making mugwort dumplings during the Qingming Festival, folk cultural practice activities for the Dragon Boat Festival, the "JL Cup" basketball match, and the dual-festival celebration themed “Mid-Autumn Reunion, Celebrating National Day”. Moreover, on important occasions such as Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, company anniversary and employees' birthdays, we prepared gifts to show our care and warmth to employees.

Cultural and Holiday Activities Held to Enhance Employees' Sense of Happiness and Belonging

New Year Activity

Folk Culture Experience

Tug-of-War

Making Mugwort Dumplings

Football Game

This year, the Company carefully planned and carried out a series of cultural activities for female employees out of care and respect for them.

“Uniting Strength and Showcasing Women's Excellence” Themed Activities - Celebrating International Women's Day

In March 2025, to celebrate International Women's Day, the Company organized diverse and meaningful themed activities across various locations, extending heartfelt holiday wishes and care to all female employees.

Women's Health Care

Guarding Health and Safety

With the *Environment, Health and Safety (EHS) Policy* in place, the Company is committed to continuously improving safety management system and structure, and establishing a sound risk identification and response mechanism. We also organize training on production safety and occupational health to build a healthy and safe workplace, thereby minimizing the occupational health and safety risk that our employees and contractors may face.

Improving the Management System

The Company keeps optimizing the safety management system, strictly observes and formulates safety-related regulations and systems and establishes a production safety management structure to clarify everyone's responsibilities.

During the year,

the Company invested approximately	The number of work-related fatalities	The number of major or above production safety accident [20]
RMB 20.0339 million in health and safety	0	0

To strengthen safety management, the Company and its subsidiaries have formulated and refined a series of policies on safety management and hidden hazard detection for all employees and contractors. These policies include the *Group Safety and Environmental Protection Reward Implementation Measures, the Management System for the Withdrawal and Use of Safe Production Expenses, the Production Safety Reward and Punishment Management System, the Measures for Part-Time Safety Management Staff, and the System for Reporting Safety and Environmental Hazards*. These documents provide clear provisions on safety management system, safety responsibility clarification, safety risk management and control, hidden hazard detection and control, production safety training, contractor personnel management, emergency response and performance management.

The Company has established a production safety management structure in accordance with the three-level production safety management system to continuously strengthen the prevention and control of production safety. The Company has set up the Safety and Environmental Protection Office, supported by production safety committees at all factories and safety and environmental protection working groups under the committees. These efforts help clarify responsibilities for production safety at all levels.

Three-level Production Safety Management System

Decision- making level	Management level	Execution level
Chairman	Headquarter Safety and Environmental Protection Office and Production safety committees at all factories	Safety and environmental protection working groups
With the chairman as the highest person in charge, the Committee coordinates and guides the overall management of the Company in production safety	Responsible for planning, supervising and managing the production safety work. It regularly conducts the safety performance assessment of all factories, and reports to the Production Safety Committee on a monthly basis	Full-time and part-time safety management personnel are assigned to the plants, departments and workshops to implement various safety systems, monitor the day-to-day safety management at the grassroots level and manage emergencies. They regularly report to the Headquarter Safety and Environmental Protection Office and Production safety committees at all factories

[20] A major or above production safety accident is an accident that causes the death of more than 10 people and less than 30 people, or serious injuries of more than 50 people and less than 100 people, or direct economic loss of more than RMB 50 million and less than RMB 100 million; an especially serious accident is an accident that causes the death of more than 30 people, or serious injuries (including acute industrial poisoning accidents) of more than 100 people, or direct economic losses of more than RMB 100 million.

During the year, all of our factories obtained the ISO 45001 occupational health and safety management system certification and continued to improve our safety management and comprehensive management based on leading management standards, marking the further normalization, standardization and modernization of our safety management.

JL MAG has consecutively obtained
ISO 45001 Occupational Health and Safety Management System Certification

Ensuring Production Safety

The Company has always insisted on "all employees take the safety and prevention as top priority with a holistic, healthy development and continuous improvement approach". We work hard to continuously improve the awareness and ability of our employees and partners in production safety and emergency management by improving the mechanism and organizing training.

Safety Risk Management

The Company strictly complies with the *Work Safety Law of the People's Republic of China, the Regulations on the Detection and Control of Risks from Production Safety Incidents* and other laws and regulations. In the context of production practices, we have established a double-prevention mechanism that combines classified risk control and hazard detection and control. This mechanism enables us to fully identify hazards in the workplace and adopt targeted control measures to prevent safety risks.

The Company has also formulated internal policies such as the *Management Procedures for Hazard Identification and Risk Evaluation and the Hazard Detection and Control Policy,* conducting monthly and annual assessments of each department's fulfillment of production safety objectives to standardize hazard detection and control processes. An online hazard detection and control system was launched, which significantly improved work efficiency. Furthermore, to encourage and guide all employees to participate in safety and environmental protection, the Company has optimized the *System for Reporting Safety and Environmental Hazards,* providing awards for employees who report hazards. Additionally, a self-inspection and self-correction system for safety personnel has been launched to effectively eliminate potential hazards.

This year, the rectification rate of safety and environmental hazards reached

100%

Powder-related risks	The air isolation method is adopted for closed operation, and nitrogen positive pressure is used for protection. The operators are required to wear personal protective equipment such as safety helmet, protective mask, and fireproof suit.
Hydrogen-related risks	The hydrogen production station is designed according to national standards such as the *Code for Fire Prevention in Construction Design and the Code for Hydrogen Production Station Design*. We have also established a series of prevention and control measures. To further enhance intrinsic safety, a technical upgrade was completed at the hydrogen production station in 2025, installing an Emergency Shutdown System (ESD). Emergency stop buttons were installed in the control room, hydrogen production workshop, and hydrogen storage tank area, enabling the coordinated shutdown of electrolyzers and valve closure via the PLC control system. Hydrogen storage tanks are equipped with high and low pressure alarms. Additionally, current signals from circulating water pump motors and pressure signals from the main circulating water outlet pipeline are transmitted remotely to the control room, with low current limit and low pressure limit alarms configured.
Mechanical injury	Have safety facilities in place, such as protective cover, protective net, protective door, safety chain, safety grating, and emergency stop switch, and conduct regular inspection and maintenance.
Noise protection	Have sound insulation in place and equip employees with protective earplug. Hang occupational hazard notice board in the workshop and organize regular occupational health examination for employees.
Object drop	Equip employees with safety helmet, provide those who transport or handle materials with safety shoes to prevent drop of objects.
Fire hazard due to chemicals	The hazardous chemicals warehouse shall be equipped with emergency facilities and materials such as combustible gas alarm facilities, explosion-proof fans, fire extinguishers, fire hydrants, fire sand, anti-overflow ditches, leakage trays and eye washers, and shall be inspected and maintained regularly; Have cooling spray in place to prevent fire caused by high temperature; All hazardous chemicals shall be sealed for transportation according to the approved weight limit, height limit and speed limit of forklift truck; Transportation personnel shall be trained before operation; Distribute all kinds of protective equipment to employees and supervise their proper use.

In the area of emergency response to production safety, the Company has established an emergency management system and developed many rules and regulations such as the *Emergency Plan for Production Safety Accidents, the Emergency Rescue Management System for Accidents and the Production Safety Accident Reporting and Investigation System*, while regularly conducting emergency drills. This year, we organized a total of 126 drills focusing on core risk areas, covering complex scenario simulations and frontline response handling, thereby comprehensively enhancing the Company's overall emergency management capabilities.

We have also formed an emergency team and a part-time rescue team to ensure quick activation of all emergency efforts in case of fire, explosion, special equipment accidents, occupational poisoning and other unexpected accidents, enabling the swift initiation of emergency handling procedures according to priority levels. After the production safety accident is properly handled, the Company will strictly trace the cause of the accident and put forward safety management initiatives to continuously improve the production safety management and prevent the recurrence of similar accidents to the maximum extent.

Contractors Safety and Security

The Company attaches equal importance to the occupational health and safety of its contractors and gives priority to contractors with good qualifications. In the *Contractor Management System*, we clearly require our contractors to sign a *Safety and Environmental Protection Agreement* to implement the safety management system and production safety measures, building a safety defense line together.

In terms of contractor qualification review, the Company adheres to the principles of "selecting, using, and managing well" the contractors. Through "three passes" of strict qualification access, process supervision, and assessment of breach of contract, we continuously strengthen the management of contractors, and focus on resolving the problems of non-conformity of contractors' qualifications, inadequate safety construction plans, unclear information of safety technology, inadequate implementation of safety measures, inadequate staffing of safety management and special operations personnel, non-payment of social insurance or insufficient payment of accident insurance. During the year, the Company reviewed the relevant qualification, performance and certification of 108 project contractors, and eliminated the construction by unqualified teams.

In the regular management of contractors, the Company has built a three-level model of "introducing department, local department and security department" to supervise and manage the implementation of production safety standards in the course of the contractor's work. In the current year, the Company conducted in-depth inspections at work sites, focusing on the implementation of safety measures and rectification of non-compliant operations. Special attention was given to key areas such as high-risk operations and safety protection. A total of 497 unsafe acts were identified and corrected on-site, followed by safety warning education. These efforts ensure on-site production safety of contractors. This year, the Company established a contractor blacklist management mechanism. Any contractor employee who seriously violates the Company's safety management regulations during operations within the factory premises will be added to the blacklist and prohibited from re-entering the Company for future work. At the same time, the Company regularly examined personnel information, established detailed records, ensuring that the status of contractor's personnel was traceable. The Company actively organizes contractors to conduct safety education and training, which has enhanced the safety awareness of contractors' employees, reduced the frequency of safety accidents and promoted the safety and health of all processes.

Insuring Occupational Health

The Company attaches great importance to the occupational health and safety of employees and ensures the health of employees with solid measures. The Company has established an occupational health management process, implemented risk prevention measures, identified and updated occupational hazard factors to which employees are exposed in the workplace, and conducted occupational health examinations for them based on the risk factor checklist. We have stepped up health and safety promotion and training to create a healthy and safe working environment for employees.

Incidence of occupational diseases among the Company's employees for three consecutive years

0

In 2025, the annual rate of injury per million working hours

≤1.6

In 2026, the Company will continue to target employees and contractors with

0 occupational disease and 0 casualty incidents

In accordance with the requirements of ISO 45001 occupational health and safety management system, the Company has formulated a series of rules and regulations to establish a sound occupational health management system. These include the *Occupational Health and Safety Management System, the Labor Protection Supplies Management System, the Medicine Box Management System, the Occupational Health Care and File Management System, and the Occupational Hygiene and Health Operating Procedures.*

Measures for the Prevention and Control of Occupational Diseases	Provision of Protective Products	Occupational Health Care
• Fully identify occupational health hazards tied to production processes in the workplace, and entrust qualified third-party technical service organizations for testing.	• Set standards for distributing labor protective equipment, and equip employees with protective masks, eye shields, protective gloves, waterproof boots and other protective products to strengthen personal protection.	• Design the occupational health monitoring for pre-employment, on-duty, transfer and resignation to prevent occupational contraindications and ensure that the employee's physical condition is appropriate for the job.
• Equip high-temperature workshops (machining sequence workshops) with eco-friendly air conditioners. • Apply sound-absorbing materials to or isolate noise-prone areas.	• Require employees to wear proper personal protective equipment such as dust mask and anti-poison respirator to reduce contact with dust and chemicals.	• Arrange occupational health check-ups for employees in posts with occupational health risk, regularly monitor the health condition and include relevant records in individual occupational health files.
• Change operation method of dust-exposed positions to eliminate or mitigate occupational health hazards at source. • Arrange shifts and patrols to reduce the exposure of employees to risks.	• Provide hearing protection equipment, such as portable earplugs and noise protection earcups, for people working in different noise-intensive environments to ensure that the hearing is protected accordingly.	• Regularly communicate and provide feedback to employees or their representatives regarding occupational health protection matters.

This year, the Company formulated internal policies such as the *Production Safety Education and Training System*, and developed and strictly implemented the annual safety training program for all employees based on production practices. We provided tailored training for different groups, such as management personnel, front-line employees and new joiners, through offline courses, online sessions and e-learning videos. Our training materials cover topics including production safety policies, laws, regulations and standards, internal management systems, safety awareness, hazard detection and control, accident prevention, hazardous chemicals, special equipment safety management and occupational health, all aimed at enhancing the safety awareness of all employees.

In 2025,

365 training sessions on production safety were held for all employees

with attendance of **123,875** covering all employees

In 2025,

100% of our safety management personnel and employees in special positions were certified

We also invested a total of RMB **2.6516** million in work injury insurance, covering all employees

Social

Gathering the Power of Public Welfare, Embracing Social Responsibility

JL MAG actively fulfills its social responsibilities, focusing on core areas such as education, ecology, and people's livelihoods. We engage employees, communities, social organizations, and other parties in public welfare initiatives. The Company integrates responsibility into its overall development strategy. Through concrete actions such as scholarship provision and donations for rural development, we put the mission of "creating a better life with rare earth" into practice. With a strong sense of corporate responsibility, we empower comprehensive rural development and contribute to building a harmonious and inclusive social ecosystem. In 2025, the Company's total donations amounted to RMB 3.6267 million.

Response to UN SDGs

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Engaging in Community Welfare

The Company adheres to its responsibility and commitment as a corporate citizen, deeply engages in community development, devotes itself to public welfare, and puts its original aspiration into action.

Community investment amount	RMB 10,000	362.67
Participation in voluntary activities	Participants	181
Volunteer time	Hour	427.5
Since the establishment of university scholarships in 2012, the Company has awarded	RMB 10,000	514
Benefited college students	Participants	1,489

Supporting Education

The Company has always been committed to the development of education, regarding support for educational initiatives as a key pillar of its social responsibility efforts. We actively dedicate human and material resources to infuse diverse energy into the field of education.

In terms of talent cultivation, the Company begins with financial assistance, encouraging students with both moral integrity and academic excellence to devote themselves to in-depth study. We support the establishment of a talent development system through concrete actions. In May 2025, the Company donated supplies worth RMB 100,000 to the Longnan City Red Cross Society. These supplies were allocated to support a total of 364 underprivileged students across six schools, namely Lintang School, Chenglong School, Jiulianshan School, Nanheng Central Elementary School, Nanheng Junior High School, and Guanxi School.

Furthermore, in caring for the growth of youth, the Company leverages its corporate resources and professional expertise to actively assist students in the basic education stage with their career planning. In May 2025, the Company assisted Ganzhou Wenqing Foreign Languages School in organizing a career education event - the Campus Mock Job Fair - for its senior high school sophomores. By simulating real workplace recruitment scenarios, the event helped students gain early insights into workplace requirements, clarify career directions, and plan their future development paths. This initiative tangibly reflects the Company's active commitment to community education and youth development.

Campus Mock Job Fair Presentation and Recruitment Scene

Meanwhile, the Company has continued to carry out outstanding talent scholarship incentive programs in cooperation with a number of colleges and universities. The Company has established scholarships in University of Science and Technology Beijing, Nanchang University, Jiangxi University of Science and Technology, Ningbo Institute of Materials Technology and Engineering, Chinese Academy of Sciences, Shenyang University of Technology, Inner Mongolia University of Science & Technology, Lanzhou University, Taiyuan University of Technology, and Inner Mongolia University of Technology to support outstanding students majoring in powder metallurgy, metallic material, magnetic materials, rare earth and mechanical and electrical engineering. Since the establishment of university scholarships in 2012, the Company has awarded a total of RMB 5.14 million to 1,489 college students.

Giving Back to Society

Adhering to the spirit of “from society and for society”, the Company has made charitable donations across various fields, including ecological and environmental protection as well as disaster relief. This initiative conveys corporate warmth and contributes to the sustainable development of society through concrete actions.

To support ecological and environmental protection alongside sustainable development, the Company made cumulative donations of RMB 600,000 to the Shenzhen Paradise International Foundation in April and December 2025. These funds were allocated to support the foundation's efforts in ecological restoration and biodiversity conservation.

In November 2025, a five-alarm fire broke out at Wang Fuk Court in Tai Po, Hong Kong. Demonstrating solidarity and shared purpose with our compatriots in Hong Kong, we promptly responded to the fire rescue needs by donating HKD 1 million to support emergency relief, temporary shelter and post-disaster recovery efforts for affected residents. This donation demonstrates the Company's sense of responsibility in caring for people's livelihoods and aiding those in distress.

Protecting Natural Environment

With “practicing the concept of ecological civilization” as its core, the Company integrates environmental protection into business operations and employee behavior through a combination of "themed activity and ecological practice". We also encourage community to participate in ecological conservation, forming an environmental public welfare model of "corporate leadership, employee engagement, and community collaboration.

In March 2025, the Company organized a tree-planting activity themed "Sowing Green and Supporting Carbon Reduction”. Employees actively participated in tree seedling planting and learned conservation knowledge, practicing the concept of green development through concrete actions to support the realization of the “Dual Carbon” goals.

"Sowing Green and Supporting Carbon Reduction" Tree-Planting Activity

During the International Day for Biological Diversity, the Company carried out a marine breeding and releasing activity themed “Coexistence of All Creatures, Harmony Lasting Forever”. A total of 5,200 fingerlings were released into natural water bodies. Through this aquatic organism conservation initiative, the Company enhanced employees' awareness and sense of responsibility for biodiversity protection while contributing to regional ecological balance.

“Coexistence of All Creatures, Harmony Lasting Forever” Marine Breeding and Releasing Activity

In June 2025, the Company organized charity hike and litter pick-up activity in conjunction with World Environment Day. During the hike, employees cleaned up roadside trash and promoted environmental protection knowledge, advocating a green and healthy lifestyle. They actively responded to the call of "I Lead the Way to a Beautiful China”, conveying positive environmental energy to society.

"I Lead the Way to a Beautiful China" Charity Hike Activity

Supporting Diverse Employment

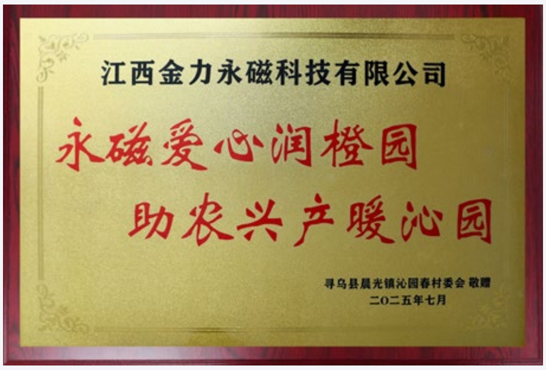
JL MAG deeply practices the concept of inclusive growth. By building an integrated support model of “precise job matching + specialized skill empowerment + full-cycle rights and interests protection”, we create a sustainable development platform for people with disabilities, enabling them to secure stable employment and realize self-worth, while contributing to the advancement of social fairness and justice. This year, the Company launched dedicated recruitment positions for people with disabilities at its three major production bases in Ganzhou, Baotou, and Ningbo. We provide them with equal employment opportunities and career development platforms, ensuring they enjoy the same salary, welfare benefits, and promotion channels. We put concrete actions to show the concept of inclusive development, demonstrate corporate social responsibility, and promote social equity and common prosperity.

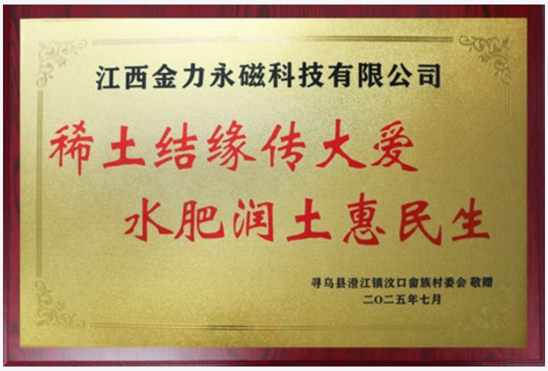
Serving Rural Revitalization

In active response to the call of the “10,000 Enterprises Helping 10,000 Villages” precise poverty alleviation action, we have deeply integrated our own development with the rural revitalization strategy, continuously contributing corporate strength to rural revitalization.

In 2025, the Company supported rural development in three aspects: infrastructure, industrial support, and employment promotion. In April, Mr. Cai Baogui, Chairman of the Board, donated RMB 1 million on behalf of the Company during a public welfare donation event in Quannan County, Jiangxi Province, to support local rural revitalization. In June and September, we donated water-soluble fertilizers worth RMB 200,000 to Qinyuanchun Village, Wenkou She Ethnic Village, and Longnan City respectively to enhance agricultural productivity and industrial development. By the end of 2025, we recruited a total of 2,908 employees from 10 former national key counties and urban areas for poverty alleviation and development, including Gan District, Shangyou County, Yudu County, Huichang County and Nankang District under the jurisdiction of Ganzhou, accounting for about 61.82% of the Ganzhou headquarter factory staff.

By the end of 2025	
The Company had recruited a total of employees from former national key counties and urban areas for poverty alleviation and development under the jurisdiction of Ganzhou	2,908
Accounting for about of the Ganzhou headquarter factory staff	61.82%





In 2025, Mr. Cai Baogui, Chairman of the Company, attended the public welfare donation to help rural revitalization activity in Quannan County, Jiangxi Province, and donated RMB

1 million on behalf of the Company.

The donated funds are allocated to key areas such as rural infrastructure upgrading, characteristic agricultural industry cultivation, and livelihood service enhancement in Quannan County, responding to the national call for the rural revitalization through our actions.

Donation of RMB 1 million to Quannan County by Chairman Mr. Cai Baogui on Behalf of JL MAG

Donation Certificate

Governance

Strengthening Compliance Defenses, Consolidating Foundations for Development

Robust compliance is not only the core prerequisite for a company's steady and long-term growth but also a cornerstone for achieving sustainable growth. Adhering to the core principle of "lawful and compliant operations", the Company deeply integrates governance optimization, business ethics building, and information security protection into business management and daily operations. We are committed to establishing a systematic and transparent compliance management and supervision mechanism. The Company continuously improves its governance system, optimizes business ethics management, and effectively protects the legitimate rights and interests of all stakeholders, thus laying a solid foundation for its high-quality development.

Response to UN SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

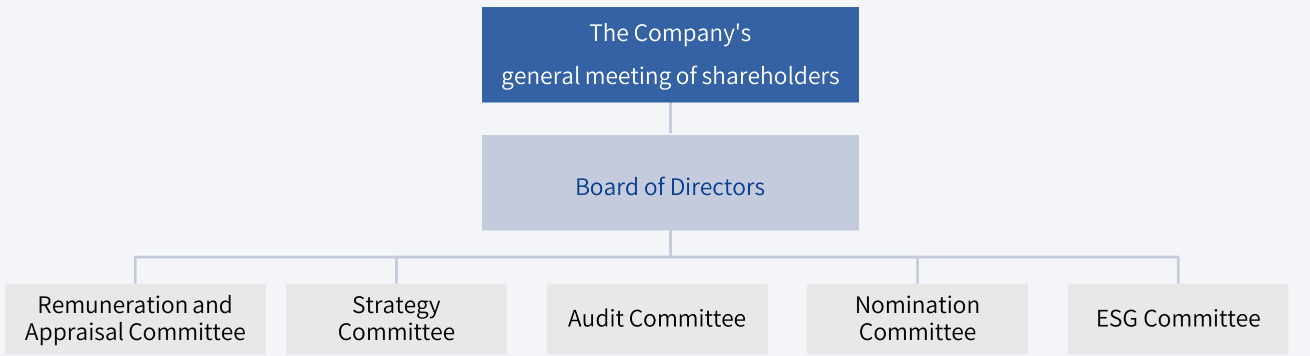
Strengthening Responsibility Governance

Corporate Governance

In strict accordance with the requirements of the *Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies* and other relevant laws, regulations and normative documents, the Company has established and improved the Articles of Association and internal control rules and regulations, continuously improved the corporate governance structure, standardized the operations, improved the corporate governance, and formed a corporate governance mechanism with scientific decision-making, efficient execution and effective supervision.

The Company has established a governance structure composed of the Board of Directors and its special committees, and the management. Each governance body has well defined duties, authorities and responsibilities, and operates independently, collaboratively, and in mutually counterbalancing with each other. The Board, as the supreme decision-making body of the Company, has five special committees, namely, the Remuneration and Appraisal Committee, the Strategy Committee, the Audit Committee, the Nomination Committee and the ESG Committee, providing powerful support in regulating corporate governance, strengthening day-to-day operation and management, making decisions on major matters and ESG management. The management shall carefully implement the resolutions of the Board, strengthen lean management, optimize industrial structure and strive to achieve the annual production and operation targets set by the Board.

Governance Structure



Composition of Special Committees of the Board

	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee	ESG Committee
Mr. Cai Baogui			○	●	●
Mr. Lyu Feng		○			
Mr. Hu Zhibin	○			○	
Mr. Li Xinnong				○	
Mr. Liang Minhui					
*Mr. Zhu Yuhua	○	●		○	
*Mr. Xu Feng		○	●	○	
*Mrs. Cao Ying	●		○		○
Mr. Yu Han					○
Mr. Yi Pengpeng					○
Mr. Su Quan					○

*Independent director ● Chairperson of the Committee ○ Member of the Committee

Diversity of the Board

The Company has always attached great importance to the diversification of the Board of Directors. We actively recruit outstanding talents with diverse professional backgrounds, industry experience and genders, and continuously enhance the breadth and depth of the Board's decision-making. By the end of 2025, the Company's Board of Directors consists of 8 members, including 3 independent directors, whose professional fields cover accounting, management, industry technology and other aspects, providing comprehensive professional support for their scientific decision-making.

In addition, in the process of selecting candidates for the Board, the Company comprehensively considers a broad range of factors to achieve board diversification, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity, and tenure. In terms of gender diversity, the Company actively increases the proportion of female directors.

Female representation on the Company's Board of Directors stood at

12.5%

Remuneration Policies for Senior Management

The Company, guided by the principles of "responsibility, motivation, performance, and competition", has formulated the *Senior Management Remuneration System* and makes steady efforts in improving the performance evaluation system for senior management. The Compensation and Evaluation Committee under the Board determines the salary standards for senior executive based on their position responsibilities, work performance, and task goal fulfillment, reflecting the principle of alignment of authority, responsibility and benefits. This approach maintains the attractiveness of the Company's compensation and its competitiveness in the market. During the reporting period, our senior management actively implemented the resolutions of the shareholders' meeting and the Board of Directors, and diligently fulfilled their respective duties.

Risk Management

Risk Management Organization Framework

JL MAG has formulated and implemented internal control and risk management systems. The Board of Directors, as the decision-making body for internal control and risk management, is responsible for reviewing the effectiveness of these systems. Both the Board and the Audit Committee regularly receive updates from management on internal control and risk management at least once a year. Significant internal control and risk matters are reported to the Board and the Audit Committee. The Company has also established dedicated departments for internal control and risk management, as well as internal audit, staffed with appropriate professionals. These departments report to the Audit Committee at least once a year.

The Company has established a three-line-of-defense risk management system covering operations, risk control (internal control and compliance), and audit functions.

First line of defense	All business departments and functional units	As the frontline of risk management, they are responsible for identifying, assessing and managing risks in their respective fields during daily operations, and implementing specific internal control measures.
Second line of defense	Dedicated internal control and risk management function departments	They are responsible for developing and maintaining the Company's overall risk management framework, policies and procedures, supervising and coordinating the risk management activities of the firstline of defense, and providing professional guidance and support.
Third line of defense	Internal audit department	They assess the overall effectiveness of the internal control and risk management system through objective audit procedures, inspect the implementation of the first two lines of defense, and identify improvement points. The internal audit department reports directly to the Audit Committee, ensuring the independence and transparency of supervision.

Risk Management System

JL MAG has established a risk management system and framework in line with its *Articles of Association*, current management system, and domestic and overseas regulatory rules, while considering the Company's production, operation and management practices. The Company conducts annual risk assessments to identify significant and key risks, assigns risk management responsibilities, and develops mitigation strategies and measures in collaboration with internal control departments. Besides, the Company regularly follows up on the implementation progress to ensure that significant risks receive comprehensive attention, continuous monitoring and timely response.

Emerging Risks

Risk of export controls on rare earth raw materials (risk type: policy risk)	
Risk description	In 2025, China implemented export control policies on rare earth and related items, with gradually refined and dynamically adjusted requirements, alongside strengthened overall regulation on total volume of rare earth mining, smelting, and separation.
Potential impact	As export control regulations become more detailed, requirements for rare earth permanent magnet export businesses have significantly increased in areas such as end-user verification, declaration materials, internal controls, and process management. The policy has objectively raised industry entry barriers. Companies with well-established compliance systems that can consistently meet licensing management and delivery requirements are more likely to secure long-term cooperation opportunities with high-quality clients.
Mitigation actions	Following the introduction of export control measures for medium and heavy rare earth-related items, the Company has conducted export declarations under national regulations and has successively obtained export licenses issued by the national authorities, becoming the first batch of enterprises granted the general licenses by the state. In the future, the Company will continue to strictly comply with relevant laws, regulations, and the requirements of competent authorities to ensure the stable and compliant operation of its business.

Risk of price volatility on rare earth raw materials (risk type: market risk)	
Risk description	Rare earth metals are the primary raw materials for producing NdFeB magnetic steel. As China is a major global supplier of rare earth raw materials, significant price volatility in rare earth raw materials could adversely affect the Company's production and sales in the short term.
Potential impact	Rare earth prices are generally determined by the interplay of multiple factors, including supply, demand, policies, inventories, and market expectations. Moreover, compared with short-term price volatility, the industry places greater emphasis on medium- to long-term price trends in rare earth prices. A relatively stable rare earth price is conducive to the high-quality development of the industry.
Mitigation actions	The Company has established production factories in key rare earth production regions, specifically in Ganzhou, Jiangxi Province (a major production site of heavy rare earths) and Baotou, Inner Mongolia (a major production site of light rare earths). The Company has established long-term cooperative relationships with leading rare earth raw material suppliers, including Northern Rare Earth Group and China Rare Earth Group. In addition, the Company takes proactive measures to mitigate the adverse impact of rare earth price volatility on its operational performance, such as procuring rare earth raw materials in advance based on existing orders, establishing price adjustment mechanisms with key customers, optimizing formulations, and improving production processes.

Adhering to Business Ethics

The Company strictly complies with the laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Interim Provisions on Prohibition of Commercial Bribery*. We have continued to refine the business ethic policies including the *Anti-Fraud Management Policy* and the *Whistleblowing Management Policy*. These initiatives effectively prevent intellectual property and trade secret violations, avoid disclosure risks and monopolistic practices, eliminate unfair competition. At the same time, the Company set clear expectations for all employees and stakeholders in areas like anti-corruption, anti-bribery, and anti-fraud, reinforcing the foundation for compliant operations.

Business Ethics Governance

The Company has established a three-tier system on business ethics consisting of the Board, the Audit Committee and the Audit Department. The Board receives regular reports on business ethics, monitors the overall performance of the Company in business ethics, and takes the ultimate responsibility for such matters. The Audit Committee, chaired by an independent non-executive director, is responsible for coordinating, supervising and directing efforts related to business ethics in the Company. The Audit Committee holds meetings on a quarterly basis to communicate, monitor and verify related work. The Audit Department is responsible for carrying out anti-fraud investigations and audits and special work assigned by the senior management.

The Company is dedicated to enhancing governance in business ethics and integrates ethical requirements into the full business cycle. From client development, supplier collaboration, contract signing to project execution, stringent compliance reviews are implemented at every stage to ensure all activities adhere to ethical standards and relevant laws and regulations. Furthermore, all departments conduct regular internal control and self-assessments, and actively promote the principles of integrity among employees, suppliers, and partners. Through measures such as signing business ethics commitment letter and issuing compliance guidelines, the Company reinforces ethical and compliance awareness across all parties.

Board of Directors	Audit Committee	Audit Department
Regularly listen to reports on business ethics, monitors the overall performance of the Company in business ethics, and takes the ultimate responsibility for such matters.	The Audit Committee, chaired by an independent non-executive director, is responsible for coordinating, supervising and directing efforts related to business ethics in the Company. The Audit Committee holds meetings on a quarterly basis to communicate, monitor and verify related work.	The Audit Department is responsible for carrying out anti-fraud investigations and audits and special work assigned by the senior management.

Business Ethics Audit

To ensure the effective implementation of business ethics governance, the Company's Audit Committee shall make annual audit plan, conduct annual reviews and random checks on the implementation and results of business ethics-related issues, and ensure that the audit covers more than 95% of the Company's businesses. In 2025, focusing on core business operations such as sales, procurement, and production, the Company conducted business ethics audits in related departments and major subsidiaries to comprehensively identify potential risks.

During the reporting period, there were no incidents of bribery, corruption, or integrity policy violations within the Company. There were no incidents of harassment or discrimination, no leakage of customer privacy data, no conflicts of interest, and no incidents involving money laundering or insider trading. During the year, the Company did not undergo any investigations by regulatory authorities, nor were there any instances of contract terminations or non-renewals with business partners. There were no legal proceedings or significant administrative penalties arising from unfair competitive practices. Additionally, there were no concluded corruption lawsuits filed against the Company or its employees.

Business Ethics Training

The Company actively fosters a compliance culture of honesty and integrity, and continuously promotes the promotion of business ethics to enhance employees' awareness of compliance and business ethics. For personnel in key positions such as management, sales, and procurement, the Company requires them to sign the *Business Ethics Commitment Letter and the Integrity and Self-Discipline Commitment Letter* to clarify their code of conduct and responsibilities. Additionally, a business ethics monitoring system has been established to oversee and evaluate employees' adherence to ethical standards, fostering a transparent and principled work environment.

The Company regularly provides business ethics compliance training and seminars for all employees on anti-corruption, anti-fraud, anti-bribery and other topics, to enhance employees' knowledge of business ethics. Business ethics training is also incorporated into the new employee orientation training. During the onboarding process, new employees receive systematic training on the Code of Business Ethics and other related policies. This covers core components including ethical standards, behavioral requirements, conflict-of-interest identification and resolution procedures, ensuring that a strong sense of integrity, self-discipline, and compliance is formed since the first day of employment.

In April 2025, the Company conducted a specialized online training session on the *Code of Business Conduct* for all employees, promoting a culture of integrity and self-discipline through theoretical study and examinations. The total cumulative learning hours reached 3,398.5. In the same month, staff from the Audit Department participated in a focused training on the *Anti-Corruption* and *Anti-Bribery Procedures* to deepen their understanding of relevant stipulations and implementation requirements. In June 2025, the Audit Department conducted training on the *Anti-Fraud Management Policy* to further reinforce the understanding and application of these standards in daily operations.

Special Training on Business Ethics

During the year,

The Company conducted **476** business ethics training sessions for all employees

with a **100%** coverage percentage

an accumulated training duration of **27,208** hours.

Supplier Integrity Management

To continuously enhance the construction of supply chain integrity, the Company has further refined the *Procurement Operation Management System*, which refined the professional ethics and integrity requirements for the procurement team. The policy also stipulates that the procurement team must strictly abide by 14 articles regarding professional conduct for personal integrity and self-discipline, comprehensively regulating procurement activities to foster a transparent, trustworthy, and standardized supply chain partnership environment.

At the supplier admission stage, the Company treats integrity and compliance as core evaluation criteria. For suppliers with cooperation intention, rigorous reviews are conducted on their business ethics records and compliance management systems. Suppliers failing to meet these standards are decisively excluded from collaboration. The Company requires all suppliers to sign the *Commitment Letter on Anti-Bribery of Suppliers and the Good Faith Procurement Agreement* before conducting business with the Company, and the Company clearly rejects any bribery in any form to its employees.

During the cooperation, the Company continuously strengthens the integrity management efforts of suppliers, standardizes management in accordance with the relevant requirements related to business ethics of the *Code of Conduct for Sustainable Supplier Development*, and conducts questionnaire audit for the annual review of suppliers. In addition, the Company strengthens supplier awareness of integrity through measures such as integrity training, regular on-site visits, and questionnaire surveys, enabling timely monitoring of suppliers' compliance with ethical standards. Should any supplier be found in violation of integrity, the Company will promptly engage with them to demand corrective actions and temporarily suspend collaboration. If rectification is unqualified, cooperation will be terminated and the supplier will be placed on a blacklist. The Company has also disclosed the reporting phone number and reporting email in procurement contracts to encourage suppliers to actively report incidents of business ethics violations. During the reporting period, the Company conducted 8 on-site integrity training sessions for suppliers, covering all new suppliers.

By the end of the reporting period, all suppliers had signed the *Commitment Letter on Anti-Bribery of Suppliers and the Good Faith Procurement Agreement.*

Reporting and Handling Mechanism

The Company has established accessible and strictly confidential channels for reporting violations of business ethics, providing multiple options for employees, suppliers, and other stakeholders. These include written letters, email, telephone, WeChat official account, and in-person submissions. The Company has designated a designated department to handle reports, ensuring that all information is addressed and processed in a timely manner.

The Company carries out registration, acceptance, investigation and report of reporting incidents in strict compliance with the Reporting Management System. In the process, the Company shall strictly keep the confidentiality of the personal information such as the reporter's name, unit, contact information and the specific content of the report, to protect whistleblowers from retaliation in any forms. In addition, when the report processing personnel and the reporting or reported persons have conflicts of interest, the report processing personnel shall avoid to participate in the investigation to ensure that the reported matter could be handled fairly.

If the reported matter is verified, the Company shall take corresponding measures according to the severity of the circumstances. For minor cases, the Company shall give warning and require the parties involved to rectify within a certain period of time; for serious cases, the Company shall terminate the labor contract with the parties involved and investigate their legal responsibilities according to the law.

This year, the Company has established clear criteria for defining malicious reporting. For reports that contain serious factual inaccuracies or are filed for purposes such as retaliation, false accusation, rumor-mongering, or malicious defamation of colleagues, the Audit Department will initiate a counter-investigation process. At the same time, the Company has implemented a reporting appeals mechanism. If a reporter disagrees with the Audit Department's decision not to investigate or with the findings of an investigation, they may submit an appeal to the Office of Board Secretary (jlmag_info@jlmag.com.cn).

Whistle-blowing channels
Address: Audit Department, JL MAG RARE-EARTH CO., LTD., No. 81, Jinling West Road, Ganzhou City, Jiangxi Province Post code: 341000 Email: SJ@JLMAG.CN Tel: 0797-8068243 On-site report handling department: the Company's Audit Department

Information Security

The Company attaches great importance to information security management. Adhering to the philosophy of "full participation, strict risk control, continuous improvement, and winning customer trust", we regard privacy protection and information security as core compliance priorities and continuously refine our institutional safeguard system. The Company strictly complies with ISO/IEC 27001:2013 and TISAX certification standards. Through the application of new technologies such as bastion hosts and the Sangfor Backup Management System, we have revised documents including the *Project Information Security Management System and Project Management Procedures* to enhance the alignment of our policies with business operations and technical protection. The system adopts a tiered control approach, establishing four confidentiality levels based on the sensitivity and importance of project information security. By adapting to new technologies and certification requirements, we further reinforce our system defenses, providing solid support for the implementation of the Company's intelligent manufacturing strategy and the sustainable, compliant development of our business.

Information Security Management Structure

In alignment with the strategic transformation plan for intelligent manufacturing, the Company continues to refine its information security management structure. Adhering to a governance model of "leadership-driven, full participation", the Company has established an Intellectual Property and Trade Secret Leadership Group chaired by the CEO and vice-chaired by the Vice President. This group oversees strategic planning, policy approval, and decision-making on major issues related to privacy and information security. The members include heads of key departments including the Intelligent Manufacturing R&D Center, Human Resources Department, and Audit Department, as well as managers and above from all subsidiaries and business units, ensuring full alignment of security management with intelligent manufacturing and core operations.

During the year, the Company optimized the responsibilities and staffing of its three-tier information security management structure, consisting of decision-making, supervisory, and execution levels.

Decision-making level	Led by the Intellectual Property and Trade Secret Leadership Group, they are responsible for reviewing and approving annual privacy and information security objectives, management policies, and resource allocation plans. They also monitor the operational effectiveness of the overall structure, coordinate and resolve cross-departmental and cross-business major security issues, so as to ensure security strategies align with the direction of intelligent manufacturing development.
Supervisory level	Centered on the Intelligent Manufacturing R&D Center, they comprise core staff from the former Information Center and the Intelligent Manufacturing R&D Center. The head serves as the Director of the leading group office, leading the implementation of decisions from this level. Specific responsibilities include: developing an information security control system tailored to intelligent manufacturing scenarios; formulating security specifications for relevant systems; coordinating internal security audits, vulnerability assessments and emergency response efforts; advancing end-to-end data privacy protection within intelligent manufacturing scenarios; conducting special security oversight with the Audit Department and tracking closed-loop rectification of issues; and organizing cross-departmental security training and drills to strengthen security awareness among all employees.
Execution level	They comprise all business departments, subsidiaries, and R&D, production, and operation teams related to intelligent manufacturing. Department-level security liaisons, who are concurrently department heads, are responsible for implementing security management policies and operational standards, reporting security risks in business scenarios, and supporting the supervisory level in special tasks. This forms an execution network that extends "horizontally across all departments and vertically to the frontline".

The Company has improved cross-departmental collaboration mechanisms, clarifying the collaborative responsibilities of the Intelligent Manufacturing R&D Center with all business units. We have enhanced coordinated security control over R&D processes, production data flows, and supply chain information interactions. Through regular meetings and joint security inspections, the Company addresses pain points in security management arising from business integration, providing organizational support for the implementation of the intelligent manufacturing strategy.

Information Security Management Measures

This year, the Company continued to advance the development of a multi-tier information and cybersecurity defense system, with risk management as the core, and systematically coordinated technical protection and management initiatives. Through end-to-end control covering risk identification, assessment, monitoring, prevention, response, and internal and external audits, the Company embedded specific measures across all processes, including dual-factor authentication, automated patrols, in-depth log analysis, strategy reinforcement, and regular internal and external audits. This ongoing optimization of the defense system effectively safeguards the Company's core data assets and customer privacy.

Risk identification

Combining technical tools and expert judgment. The Company has established a dual identification mechanism of "technical self-inspection + expert judgment". On the one hand, we regularly collect and analyze logs and device operation data through the integrated security management platform to conduct software and hardware self-inspections and identify potential security risks. On the other hand, we collaborate with internal and external experts to hold security consultation seminars, focusing on emerging cybersecurity risks in intelligent manufacturing scenarios. This allows us to accurately identify technical vulnerabilities, process flaws, and compliance risks, forming a dynamically updated risk identification list.

Risk assessment

Integrating specialized assessment and dynamic classification. The Company continuously optimizes its risk assessment system, and updates risk assessment forms and indicators. A specialized pre-launch security assessment phase is added to conduct proactive security evaluations on system functions and patch updates developed in R&D iterations, thereby mitigating deployment risks at the source. Meanwhile, based on annual vulnerability scanning results and industry security trends, we conduct a tiered assessment of identified risks as high, medium and low. This process clarifies risk impact scope, occurrence probability, and severity of harm, thereby providing a scientific basis for subsequent risk response.

Risk monitoring and prevention

Strengthening infrastructure active defense and data resilience. The Company deeply integrates various technical measures. For infrastructure protection, we have deployed a bastion host system to reinforce security defenses for critical network devices and servers. For data backup, we have implemented a soft-and-hard integrated solution to achieve fully automated off-site backup, effectively ensuring business continuity. For real-time monitoring, relying on the mimetic defense security system and integrated security management platform, we continuously monitor weak passwords, high-risk ports, data leakage, and internal network intrusion attacks, with proactive interception, real-time alerts, and full tracking of abnormal access and malicious attacks.

Risk response

Improving emergency response and recovery procedures. The Company has refined its emergency response mechanisms for security incidents and updated its contingency plans. Through regular practical emergency drills, we have enhanced our ability to rapidly respond to and recover from sudden security incidents such as cyberattacks and data leakages. A comprehensive inspection mechanism covering security devices, information systems, and encryption software has been established to ensure all components operate securely and quickly respond to anomalies.

Internal and external audits

Deepening the concept of "audit-driven improvement and prevention". The Company has established a routine information security audit mechanism, conducting regular internal special audits on information and cybersecurity, and proactively accepting third-party audits. The audit scope covers data access permissions, core system vulnerabilities, emergency response procedures, employee security operations, and the operational status for new technical facilities (such as the compliance of security policy configurations for firewalls and enterprise antivirus servers). By strictly rectifying issues based on internal and external audit recommendations, the Company continuously optimizes its overall security defense and control system.

This year, the Company focused on enhancing practical prevention and control capabilities. A total of 8 information security drills were held, covering aspects such as attack and defense exercises, emergency response, and data leakage response, which improved all employees' security emergency response capabilities and the team's practical attack-defense competence. In addition, the Company completed a full-scope network vulnerability scan, established a rectification ledger for medium and high-risk vulnerabilities identified, achieving closed-loop vulnerability mitigation.

Information Security Management Certification

In 2025, the Company successfully passed the second audit for TISAX certification, further refining the scope of certification coverage. This includes core business operation platforms, information systems related to intelligent manufacturing, end-to-end management of confidential R&D data, supply chain information exchange systems, and the full lifecycle of confidential information storage and transmission. This certification fully reflects the continuity, maturity, stability, and compliance of the Company's information security management system.

Information Security Management Training

To enhance employee awareness of information security and customer privacy protection, the Company continues to conduct themed training sessions. The training covers areas such as the interpretation of the Project Information Security Management System and personal information protection. Assessments are carried out afterwards to evaluate the effectiveness of the training and ensure that employees acquire the necessary skills and knowledge to protect information security. In addition, we organized 479 information security training sessions for all new employees, with a total of 5,609 participants.

In August 2025, we conducted a themed training on *JL MAG Information* Security for all employees via an online learning platform,

with a
100%
passing rate achieved.

we organized
479 information security training
sessions for all new employees,

with a total of
5,609
participants.

During the reporting period, the Company did not experience any data security incidents or customer privacy breaches.

Appendix

ESG Key Performance Sheets[21]

Focusing on the "Dual Carbon" Goals to Drive Green Development

Indicator			Unit	2025	2024	2023
1	Total GHG emissions		tCO_2e	206,512.75	175,552.38	83,512
2	GHG emission (Scope 1)		tCO_2e	11,572.3	6,436.68	4,052
3	GHG emission (Scope 2)		tCO_2e	194,940.46	169,115.70	79,460
4	GHG emission intensity per RMB 1,000 of revenue		tCO_2e/RMB'000	0.027	0.026	0.013
5	Total Greenhouse Gas Emissions by Business Unit/Facility	JL Ganzhou Factory	tCO_2e	138,741.98	125,628.24	/
		JL Baotou Factory	tCO_2e	25,629.94	38,781.99	/
		JL Ningbo Factory	tCO_2e	23,775.54	9,860.75	/
		Jincheng Factory	tCO_2e	18,365.29	1,281.40	/
6	Total Greenhouse Gas Emissions by Source Category	Stationary Combustion	tCO_2e	5,906.72	4,378.91	/
		Purchased Electricity	tCO_2e	194,940.46	169,115.70	/
		Refrigeration Systems	tCO_2e	4,587.28	1,260.10	/
		Steam	tCO_2e	0.52	8.00	
		Other Sources	tCO_2e	1,077.78	562.89	/
7	GHG emissions (Scope 3) - Category 3: Fuel and energy-related activities		tCO2e	12,631.30	/	/
8	Greenhouse Gas Emissions Reduction Performance	Greenhouse Gas Emission Reductions Achieved Through Mitigation Measures	tCO_2e	18,353.99	17,434.33	/
		Scope 1 GHG Emission Reductions	tCO_2e	2,547.78	1,942.44	/
		Scope 2 GHG Emission Reductions	tCO_2e	15,806.21	15,491.89	/

[21] During the year, due to the expansion of production capacity of the Company's factories, the related performance data for 2025 shows an increase compared to the previous year. Furthermore, with the adjustment of the Company's product structure, the energy consumption and pollutant emissions generated from relevant production processes have increased to a certain extent compared with the same period last year.

Strengthening Environmental Governance and Co-Building a Beautiful Homeland

Indicator			Unit	2025	2024	2023
1	Total energy consumption		MWh	480,425	416,544	303,609
2	Energy intensity per unit of product		Mwh/kg output	0.014	0.014	0.014
3	Total direct energy consumption		MWh	24,046.07	24,010	21,579
4	Natural gas consumption		MWh	28,423	23,299	21,196
5	Diesel consumption		MWh	655.94	469.89	224.17
6	Gas consumption		MWh	212.13	240.98	158.66
7	Total indirect energy consumption (Purchased Electricity)		MWh	456,379.3	392,534	282,030
8	Water consumption		Tonne	1,804,140	1,486,491	1,008,951
9	Water consumption per unit of product		Thousand tonnes/tonne output	0.047	0.051	0.048
10	Total exhaust emission		Ten thousand m^3	486,154	313,321	295,556
11	Exhaust emission by type	Nitrogen oxide emissions(Nox)	Tonne	10.30	6.23	7.17
		Sulfur axide emissions(Sox)	Tonne	1.18	0.48	1.20
		Particulate matter emissions	Tonne	14.51	10.81	21.42
		Volatile Organic compound emissions (VOC)	Tonne	7.79	5.40	1.30
12	Total volume of wastewater treatment		Ten thousand tonnes	66.66	47.18	34.56
13	The amount by substance in the wastewater	Chemical oxygen demand (COD)	Tonne	30.51	29.56	14.22
		Ammonia nitrogen emissions from wastewater	Tonne	6.62	0.76	3.41
		Phosphorus emissions from wastewater	Tonne	0.08	0.04	0.09
		Nitrogen emissions from wastewater	Tonne	14.17	8.86	8.70
14	Wastewater treatment intensity per unit of product		Thousand tonnes/tonne output	0.020	0.016	0.016
15	Hazardous waste treated		Tonne	1,471.88	952.59	606.99

Indicator			Unit	2025	2024	2023
16	Hazardous waste by treatment method	Landfill	Tonne	68.13	9.31	5.65
		Incinerated without heat recovery	Tonne	0	0	90.48
		Incinerated with heat recovery	Tonne	1,319.88	627.54	444.25
		Other methods	Tonne	83.87	315.74	66.61
17	Volume of hazardous waste treated per unit of product		Tonnes/ tonne output	0.043	0.032	0.029
18	Compliant treatment rate of hazardous waste		%	100	100	100
19	Non-hazardous waste		Tonne	21,149.98	16,024	18,518
20	Non-hazardous waste by type	General industrial solid waste	Tonne	18,788.04	12,471.00	17,752.38
		Domestic waste	Tonne	1,539.09	1,198.00	257.95
		Kitchen waste	Tonne	822.85	2,355.00	507.38
21	Recovery rate of general industrial solid waste		%	99.8	99.00	99.00
22	Non-hazardous treatment intensity per unit of product		Tonnes/ tonne output	0.61	0.55	0.88
23	Amount of environmental protection investment		RMB 10,000	2,497.24	1,683.68	1,293.11

Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality

Indicator			Unit	2025	2024	2023
1	Cumulative investment of R&D in recent three years		RMB 100 million	11.80	10.12	8.51
2	Amount of investing in R&D		RMB 100 million	5.06	3.21	3.54
3	R&D investment as a percentage of revenue		%	6.55	4.74	5.29
4	Number of science and technology innovation awards evaluated by the Company		Number	69	53	35
5	Amount of bonus awarded for the science and technology innovation awards		RMB 10,000	430	314	211
6	Number of people awarded by the science and technology innovation award		Person	496	488	290
7	Quality management process inspection timeliness rate		%	100	100	100
8	Quality management process correction rate		%	100	100	100
9	Quality improvement incentive bonus		RMB 10,000	100	100	100
10	Investment in informatization and digitalization		RMB 10,000	1,210	1,060	953
11	Investment in building the automation system		RMB 10,000	4,148	7,586	5,287
12	New automated equipment independently developed		Set	759	745	441
13	Improvement week training activities conducted		Times	315	82	130
14	Number of suppliers		Number	3,237	2,321	1,412
15	Number of suppliers by region	Number of suppliers in East China	Number	1,388	1,334	814
		Number of suppliers in Central China	Number	93	54	33
		Number of suppliers in South China	Number	411	283	227
		Number of suppliers in North China	Number	1,285	610	316
		Number of suppliers in West China	Number	60	40	22
		Number of suppliers in foreign countries and regions	Number	0	0	0
16	Percentage of local suppliers		%	52	57.3	40.50
17	Number of key suppliers		Number	47	32	/

Indicator		Unit	2025	2024	2023
18	Number of key suppliers subjected to assessment (desktop or assessment on-site assessment)	Number	27	16	/
19	Number of key suppliers assessed to have significant actual/potential negative impacts	Number	1	1	/
20	Percentage of key suppliers with significant actual or potential negative impacts that have taken corrective action or improvement plans	%	100	100	/
21	Number of key suppliers with significant actual/potential negative impacts terminated	Number	0	0	/
22	Supplier quality management training sessions	Times	68	12	9
23	Percentage of timely procurement delivery	%	98.90	98.10	98.20
24	Customer satisfaction	Point	98	98	98
25	Average delivery time of products shortened than previous year	Day	1.6	1.2	1
26	On-time delivery percentage	%	98.9	98.1	99.7
27	Customer complaint resolution rate	%	100	100	100

Upholding People-Oriented Strategy, Empowering Employee Growth

Indicator			Unit	2025	2024	2023
1	Number of employees		Person	7,302	6,639	5,461
2	Number of employees by gender	Male	Person	5,069	4,587	3,711
		Female	Person	2,243	2,052	1,750
3	Number of employees by age	30 or below	Person	2,080	2,108	1,818
		31 - 40	Person	3,338	3,101	2,556
		41 - 50	Person	1,712	1,354	1,038
		51 or above	Person	172	76	49
4	Number of employees by region	Jiangxi Province	Person	4,704	4,400	3,938
		Inner Mongolia Autonomous Region	Person	1,972	1,741	1,331
		Zhejiang Province	Person	596	470	167
		Rest of China and overseas	Person	30	28	25
5	Number of employees by management level	Senior management	Person	9	9	9
		Junior and middle management	Person	746	657	310
		Non-management staff	Person	6,547	5,973	5,142
6	Percentage of female employees		%	30.72	30.91	32.05
7	Percentage of female employees by management level	Percentage of female employees at senior management level	%	11.11	11.11	11.11
		Percentage of female employees at middle management level	%	21.33	19.71	19.35
		Percentage of female employees at junior management level	%	16.17	14.10	18.16
8	Percentage of female employees by department	Percentage of female employees in sales, production and customer service department	%	30.46	31.71	34.19
		Percentage of female employees at technical department	%	17.54	18.35	14.66

Indicator			Unit	2025	2024	2023
9	Employee turnover		Person	1,170	1,743	941
10	Employee turnover by gender	Male	Person	837	1,262	630
		Female	Person	333	481	311
11	Employee turnover by age	30 or below	Person	435	765	396
		31 - 40	Person	519	733	427
		41 - 50	Person	204	237	112
		51 or above	Person	12	8	6
12	Employee turnover by region	Jiangxi Province	Person	644	1,316	622
		Inner Mongolia Autonomous Region	Person	372	355	304
		Zhejiang Province	Person	151	70	12
		Rest of China and overseas	Person	3	2	3
13	Employee turnover rate[22]		%	11.03	16.88	11.57
14	Employee turnover rate by gender	Male	%	11.91	17.30	11.28
		Female	%	9.30	15.86	12.20
15	Employee turnover rate by age	30 or below	%	11.15	19.89	12.97
		31 - 40	%	10.85	15.67	11.45
		41 - 50	%	11.10	13.61	8.61
		51 or above	%	13.64	14.04	11.76
16	Employee turnover rate by region	Jiangxi Province	%	10.26	21.73	11.37
		Inner Mongolia Autonomous Region	%	11.65	11.62	12.53
		Zhejiang Province	%	13.68	8.68	5.69
		Rest of China and overseas	%	8.33	6.45	10.7
17	New employees hired		Person	2,046	2,385	1,636
18	Number of new employees by gender	Male	Person	1,486	1,713	1,165
		Female	Person	560	672	471

[22] Employee turnover rate = Number of employees leaving after passing the probation period/(number of employees at the beginning + number of new employees in the current period)

Indicator			Unit	2025	2024	2023
19	Number of new employees by age	30 or below	Person	960	1,027	852
		31 - 40	Person	811	998	604
		41 - 50	Person	265	348	178
		51 or above	Person	10	12	2
20	Number of new employees by region	Jiangxi Province	Person	1,016	1,158	846
		Inner Mongolia Autonomous Region	Person	724	875	673
		Zhejiang Province	Person	300	345	113
		Rest of China and overseas	Person	6	7	4
21	Number of new employees by management level	Senior management	Person	0	0	0
		Junior and middle management	Person	46	48	62
		Non-management staff	Person	2,000	2,337	1,574
22	Percentage of internal recruitment		%	28.72	39.85	22.18
23	Percentage of signing labor contract		%	100	100	100
24	Percentage of signing contracts related to the protection of female employees' special rights and interests		%	100	100	100
25	Percentage of signing employee wage protection related agreement		%	100	100	100
26	Contribution percentage of social Insurance and provident fund		%	100	100	100
27	Number of Individual awards		Item	431	392	275
28	Number of Group awards		Item	146	133	122
29	Hours of training per capita		Hour	178.06	175.13	160.46
30	Hours of training per capita by gender	Male employees' average hours of training	Hour	178.06	175.13	160.46
		Female employees' average hours of training	Hour	178.06	175.13	160.46

Indicator			Unit	2025	2024	2023
31	Hours of training per capita by management level	Senior management average hours of training	Hour	138.20	133.50	121.00
		Junior and middle management average hours of training	Hour	286.94	277.50	215.17
		Non-management staff average hours of training	Hour	165.71	169.61	157.23
32	Total hours of training for employees		Hour	1,300,225.40	1,162,677.83	876,282.26
33	Total hours of training for employees by gender	Male	Hour	900,827,21	803,314.24	595,474.06
		Female	Hour	399,398.19	359,363.60	280,808.30
34	Year-over-year increase rate of training hours for employees		%	11.83	32.68	12.53
35	Number of employees trained		Person	7,302	6,639	5,461
36	Number of employees trained by gender	Male	Person	5,059	4,587	3,711
		Female	Person	2,243	2,052	1,750
37	Number of employees trained by management level	Number of senior management trained	Person	9	9	9
		Number of junior and middle management trained	Person	746	657	310
		Number of non-management staff trained	Person	6,547	5,973	5,142
38	Percentage of employees trained		%	100	100	100
39	Percentage of employees trained by gender	Male	%	100	100	100
		Female	%	100	100	100
40	Percentage of employees trained by management level	Percentage of senior management trained	%	100	100	100
		Percentage of junior and middle management trained	%	100	100	100
		Percentage of non-management staff trained	%	100	100	100

Indicator			Unit	2025	2024	2023
41	Employee training activities		Item	1,310	1,309	1,057
42	Number of emergency drills		Times	131	113	80
43	Number of comprehensive emergency rescue drills		Times	6	4	3
44	Number of special drills for hazardous chemical leaks		Times	9	8	8
45	Number of special fire emergency drills		Times	19	12	21
46	Number of on-site emergency response drills		Times	76	86	49
47	Emergency drill for confined space accidents		Times	4	3	2
48	Comprehensive employee satisfaction		%	90.66	88.69	86.89
49	Investment in health and safety projects		RMB 10,000	2,003.39	1,450.93	1,195.69
50	Year-on-year increase of investment in health and safety projects		%	38.08	21.35	32.22
51	Health and security projects investment by expense type	Investment in improving, renovating and maintaining safety protection facilities and equipment	RMB 10,000	127.66	33.38	32.18
		Investment in equipping, maintaining and upkeeping emergency rescue equipment, equipment and emergency exercises	RMB 10,000	42.38	62.52	44.51
		Work safety inspection and evaluation (excluding safety evaluation of new construction, reconstruction and expansion projects), consultation and standardized construction expenditures	RMB 10,000	24.81	44.13	27.99
		Investment in publicity, education, training and activities related to production safety	RMB 10,000	4.04	9.73	15.50

Indicator			Unit	2025	2024	2023
51	Health and security projects investment by expense type	Outlay for equipping and updating safety protective equipment for field workers	RMB 10,000	754.74	732.04	653.10
		Investment in inspection of safety facilities and special equipment	RMB 10,000	171.82	68.34	50.51
		Other investment directly related to work safety	RMB 10,000	329.53	2.64	9.12
		Other	RMB 10,000	457.54	393.34	315.66
		Occupational health management (including occupational-disease-inductive factor test and assessment, occupational health examination fee)	RMB 10,000	90.87	104.81	47.12
52	Number of work-related fatalities		Person	0	0	0
53	Percentage of work-related fatalities		%	0	0	0
54	Time lost due to work injuries		Day	772	867	893
55	Number of work-related loss events		Number	38	33	23
56	Number of safety accidents resulting in serious injuries or beyond		Number	0	0	0
57	Number of fire accidents causing more than RMB 10,000 of direct economic loss		Number	1	0	0
58	Coverage of three-level safety education training for new employees		%	100	100	100
59	Percentage of safety management personnel obtaining certifications		%	100	100	100
60	Percentage of special equipment operators obtaining certification		%	100	100	100
61	Special equipment forensics, determination percentage		%	100	100	100
62	Potential hazard correction percentage		%	100	100	100
63	Incidence of occupational diseases		%	0	0	0
64	Production safety training		Times	365	157	95
65	Employees covered by production safety training sessions		Participants	123,875	29,059	6,039

Gathering the Power of Public Welfare, Embracing Social Responsibility

Indicator		Unit	2025	2024	2023
1	Community investment amount	RMB 10,000	362.67	277.27	69.4
2	Number of employees from the former national poverty county district	Person	2,908	2,652	2,312
3	Cumulative number of scholarship offered	Person	1,489	1,300	1,060
4	Cumulative amount of scholarship	RMB 10,000	514	434	376

Strengthening Compliance Defenses, Consolidating Foundations for Development

Indicator		Unit	2025	2024	2023
1	Number of investigations initiated by competent authorities, and contract terminations/non-renewals with business partners	Number	0	0	/
2	Number of litigation cases or material administrative penalties due to unfair competition practices	Number	0	0	/
3	Number of concluded corruption lawsuits filed against the Company or its employees	Number	0	0	0
4	Number of business ethics training sessions conducted for all employees (including directors and management)	Times	476	316	116
5	Number of business ethics training sessions conducted for the Board of Directors	Times	2	2	2
6	Business ethics training coverage rate	%	100	100	100
7	Cumulative duration of business ethics training	Hour	27,208	25,861	5,544
8	Supplier compliance rate with *Commitment Letter on Anti-Bribery of Suppliers*	%	100	100	100
9	Supplier compliance rate with *Good Faith Procurement Agreement*	%	100	100	100

Content Index of the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize 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.	Statement of Board
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report (Materiality, Quantitative and Consistency).	About this Report Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing 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.	About this Report Reporting Period
"Comply or Explain" Provisions		
A. Environmental		
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 nonhazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Pollution Prevention and Ecosystem Protection
KPI A1.1	The types of emissions and respective emissions data.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Pollution Prevention and Ecosystem Protection
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Pollution Prevention and Ecosystem Protection
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Pollution Prevention and Ecosystem Protection
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
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.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Pollution Prevention and Ecosystem Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change Strengthening Environmental Governance and Co-Building a Beautiful Homeland Resource Utilization and Circular Economy
B. Social		
Employment and Labor Practices		
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 benefits and welfare.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees Supporting the Development of Employee Caring for Our Employees

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
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.	Upholding People-Oriented Strategy, Empowering Employee Growth Guarding 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.	Upholding People-Oriented Strategy, Empowering Employee Growth Guarding Health and Safety
KPI B2.2	Lost days due to work injury.	Upholding People-Oriented Strategy, Empowering Employee Growth Guarding Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Upholding People-Oriented Strategy, Empowering Employee Growth Guarding 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. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Upholding People-Oriented Strategy, Empowering Employee Growth Supporting the Development of Employee
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Upholding People-Oriented Strategy, Empowering Employee Growth Supporting the Development of Employee
KPI B3.2	The average training hours completed per employee by gender and employee category.	Upholding People-Oriented Strategy, Empowering Employee Growth Supporting the Development of Employee
Aspect B4: Labor 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 preventing child and forced labor.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management
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.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Strictly Controlling Product Quality Sustainable Supply Chain Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Strictly Controlling Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Optimizing Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Integration of Green and Intelligent Manufacturing Driven by Innovation: Shaping a New Pattern for Sustainable Development in the REPM Industry through Technology Focusing on R&D Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Strictly Controlling Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Optimizing Customer Services
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.	Strengthening Compliance Defenses, Consolidating Foundations for Development Adhering to 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.	Strengthening Compliance Defenses, Consolidating Foundations for Development Adhering to Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening Compliance Defenses, Consolidating Foundations for Development Adhering to Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Compliance Defenses, Consolidating Foundations for Development Adhering to Business Ethics
Community		
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.	Gathering the Power of Public Welfare, Embracing Social Responsibility Engaging in Community Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Gathering the Power of Public Welfare, Embracing Social Responsibility Engaging in Community Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Gathering the Power of Public Welfare, Embracing Social Responsibility Engaging in Community Welfare

Subject Areas, Aspects, General Disclosures and KPIs			Disclose Location
D. Climate-related Disclosures			
(I) Governance	Governance	19. An issuer shall disclose information about: (a) 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. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
(II) Strategy	Climate-related risks and opportunities	20. An issuer shall disclose information to enable an understanding of 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. 20. Specifically, the issuer shall: (a) 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; (b) 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; (c) 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; and (d) 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.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Business model and value chain	21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) 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).	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Strategy and decision-making	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) 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. (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
		23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Financial position, financial performance and cash flows	Current financial effect 24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) 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.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Disclose Location
(II) Strategy	Financial position, financial performance and cash flows	Anticipated financial effect 25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) 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.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Climate resilience	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date; (b) how and when the climate-related scenario analysis was carried out.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
(III) Risk Management	Risk Management	27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks; (b) the processes the issuer uses to identify, assess, prioritize 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); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
(IV) Metrics and Targets	Greenhouse gas emissions	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
		29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).*	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Climate-related transition risks	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Disclose Location
(IV) Metrics and Targets	Climate-related physical risks	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Climate-related opportunities	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Capital deployment	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Internal carbon prices	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	The Company did not apply a carbon price in its decision-making.
	Remuneration	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Industry-based metrics	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Climate-related targets	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
		38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
		39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Disclose Location
(IV) Metrics and Targets	Climate-related targets	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonization approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change
	Applicability of cross-industry metrics and industry-based metrics	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Focusing on the "Dual Carbon" Goals to Drive Green Development Addressing Climate Change

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		Article 24	Focusing on the "Dual Carbon" Goals to Drive Green Development
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	Social contributions	Article 40	Gathering the Power of Public Welfare, Embracing Social Responsibility Engaging in Community Welfare
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	Innovation	Article 42	Integration of Green and Intelligent Manufacturing Driven by Innovation: Shaping a New Pattern for Sustainable Development in the REPM Industry through Technology Focusing on R&D Innovation
	Ethics of science and technology	Article 43	Not Applicable
	Section 3 Suppliers and Clients		
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	Supply chain security	Article 45	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Sustainable Supply Chain Management
	Equal treatment of SMEs	Article 46	As of the end of the reporting period, the Company did not have any accounts payable (including notes payable) balance exceeding RMB 30 billion or accounting for more than 50% of total assets. The Company has no overdue payments to small and medium-sized enterprises requiring public disclosure through the National Enterprise Credit Information Publicity System.
	Product and service safety and quality	Article 47	Upholding Responsibilities Across the Supply Chain, Honoring Commitments to Quality Strictly Controlling Product Quality Sustainable Supply Chain Management
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408	Child labor	Upholding People-Oriented Strategy, Empowering Employee Growth Protecting the Rights and Interests of Employees
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