



2024 Sustainability Report



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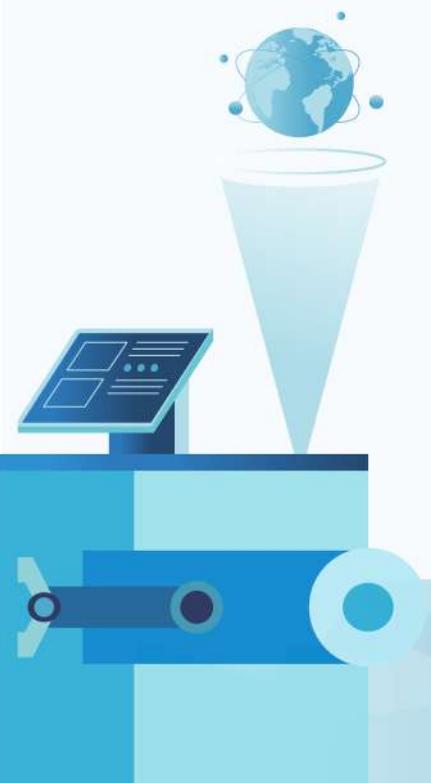
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About This Report

🕒 Reporting Period and Scope

The reporting period is from January 1, 2024, to December 31, 2024, with some content moderately extending to previous and subsequent years. Unless otherwise stated, the scope of the reporting entities is consistent with the Company's annual report.

Based on external macro policies, the Company's sustainability strategy and objectives, the report defines the timeframes as follows: Short-term refers to the period from 2024 to the end of 2026; mid-term refers to the period from 2027 to the end of 2030; and long-term refers to the period beyond 2030.

🔄 Source of Information

The information disclosed in this report is sourced from the statistical reports and related documents of Huaqin Technology and its subsidiaries. The financial data in the report is presented in RMB. In case of any discrepancies from the annual report, the annual report shall prevail.

📄 Basis for Preparation

This report is prepared in reference to the Global Sustainability Standards Board (GSSB) GRI Standards, adhering to principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability in defining content and presenting information. Additionally, the report considers the framework recommendations of the International Sustainability Standards Board (ISSB), including *IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)* and *IFRS S2 (Climate-related Disclosures)*, as well as the *ISO 26000:2010 Social Responsibility Guidelines*, the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 – Sustainability Reporting*, and the *United Nations 2030 Sustainable Development Goals (SDGs)*. It is compiled based on the industry background, stakeholder requirements, the Company's current situation, and actual sustainability practices.

Huaqin Technology Co., Ltd. (referred to as "Huaqin Technology," "Huaqin," "the Company," or "we") releases its annual sustainability report before April 30th each year focusing on the disclosure of the company and molecular company's sustainable development concept, strategy, goals, and progress. This is the fourth sustainability report released by Huaqin Technology Co., Ltd. to its stakeholders.

🕒 Preparation and Release of the Report

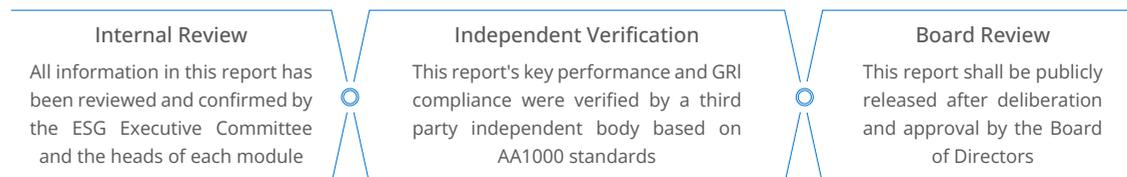
The report is based on the Company's sustainable development practices and follows the process of reporting project initiation → material topic research → material collection → drafting and revision → ESG Executive Committee review → Board of Directors review → external disclosure.

This report was reviewed and approved for release by the Board of Directors on April 23rd, 2025.

📖 Reliability Assurance

The report contains no false records, misleading statements, or major omissions. The Board of Directors is responsible for the authenticity, accuracy, and completeness of its content. Huaqin Technology engaged SGS to conduct a verification under the AA1000 Assurance Standard V3 (AA1000AS V3). The assurance report is available on page 129.

Sustainability Reporting Reliability Assurance Mechanism



📄 Forward-Looking Statement

Except for events that have already occurred, any statements in this report regarding potential future events fall under forward-looking statements. This includes but is not limited to, expected goals and action plans, climate change scenario analysis, and ESG risk identification and management. Due to external risks, uncertainties, and other uncontrollable factors, the actual future outcomes or trends of the mentioned events may differ from the forward-looking statements in this report. The Company does not assume responsibility for updating these statements or for any unmet expectations.

📄 Report Access

The report is published in both Simplified Chinese and English in electronic format on the Company's official website (<https://www.huaqin.com>). In case of discrepancies between versions, the Simplified Chinese version shall prevail. For any questions or suggestions regarding the report, please contact us at esg@huaqin.com or call +86 021-80221108.

Message from the Chairman



Vincent Qiu
Vincent Qiu

Chairman, CEO, and Chairman of the ESG
Executive Committee of Huaqin Technology

For Huaqin Technology, 2024 has been a year full of opportunities and challenges, and a year of accumulating strength and forging ahead. The global competition in forward-looking and fundamental technological innovation has once again reached a new climax, and the application of generative AI is driving innovation and recovery in the consumer electronics industry, with the support of artificial intelligence and big data, AIoT and other intelligent terminals are flourishing. At the same time, the international landscape is becoming increasingly complex, the macro environment is full of challenges, and the world is seeking a new balance between economic growth and sustainable development. **In the face of an uncertain future, we cannot change the environment, but we can actively seek change, push our boundaries, look outward, seek inward, strive upward, and compete intensely, and move forward. By deepening and strengthening Huaqin Technology, we aim to achieve high-quality, resilient development.**

This year, the Company transitioned from the "2+N+3" product strategy to the "3+N+3" global intelligent product platform era, with smartphones, personal computers, and data center businesses at its core. The Company has expanded its product portfolio to include multi-category offerings covering smart living,

business digital productivity, and full-stack data center solutions, while also actively expanding into three emerging fields: automotive electronics, software, and robotics. This year, the China+VMI (Vietnam, Mexico, India) manufacturing layout made substantial progress, with domestic manufacturing bases in Nanchang and Dongguan, and overseas manufacturing bases in Vietnam, Mexico, and India. Vietnam and India achieved mass production across multiple product categories with monthly shipments exceeding one million. Meanwhile, the Company increased its stake in Nanchang Chunqin Precision Technology Co., Ltd., Guangdong Xiqin Precision Mould Co., Ltd., and Dongguan Huayu Precision Technology Co., Ltd. through vertical integration and mergers and acquisitions. It also completed the acquisition of Eluda Enterprise Holdings Co., Ltd. and Shenzhen Haocheng Intelligent Technology Co., Ltd., strengthening technological integration and organizational empowerment, and achieving strategic advantages of strong alliances and collaborative development. This year, in line with its technological innovation strategy, the Company's corporate culture was upgraded, aiming to make Huaqin a technology-leading and trustworthy intelligent product platform. The Company was honored with the 231st position in the 2024 Fortune China 500 and earned honors such as being part of the Fortune China Top 50 Tech Companies.

Implementing Scientific Governance to Enhance Operational Resilience. As a large-scale, efficient company, we continuously optimize our governance structure and strengthen the independence and diversity of the Board of Directors. This lays a solid foundation for the scientific, comprehensive, and forward-looking nature of the Company's decision-making, aiming to create long-term value for shareholders. We maintain a robust three lines

of defence in compliance and risk management to ensure global compliance and controllable risks. We integrate ESG principles into the Company's long-term strategic planning and daily operations, accurately identifying ESG risks in operational processes. Through communication mechanisms with stakeholders, we actively engage in exchanges and collaborations to continuously enhance the Company's sustainable development performance. The Company, in its first evaluation, received an ESG Rating of A from MSCI, and honors such as being included in the Bloomberg Green ESG 50.

Advancing Green and Low-Carbon Development and Seizing Clean Opportunities. We are committed to advancing the “dual carbon” goals and regard clean technology opportunities as one of the key strategies for the Company's development. In the manufacturing and operational processes, the Company has added 316 energy-saving projects and achieved the annual energy-saving targets on schedule. The Company continues to promote zero-carbon energy applications with green power making up 24% of our energy use. In the field of clean products and technology research and development, we have completed carbon footprint assessments for 17 products and launched the immersed liquid cooling server and supporting advanced cooling solutions. We have also optimized product performance to reduce the negative environmental impact across the entire lifecycle, including MetaBass technology in acoustics, core components of AR glasses, optical solutions for AR-HUD systems, and 4D millimeter-wave radar technology in the RF field.

Striving to Lead in Responsibility and Deepening Value Sharing. We consider talent as the Company's most valuable asset and are committed to fostering an open, diverse, and learning-oriented culture. We continuously deepen employee rights protection to build a fair, inclusive, and fulfill work environment and provide a diverse growth space where “the harder you work, the happier you will be” for global talent. In 2024, we continued to implement our “Future Sequoia” graduate program in universities worldwide, offering over 1,000 positions to support young talent—our “Little Sequoias”—as they grow and thrive at Huaqin Technology. As a corporate citizen, Huaqin Technology has made the “Model of Social Responsibility” one of its three core aspirations. Since 2011, we have operated the Huaqin Charity Foundation, investing over RMB12.61 million across five key areas: education support, environmental

protection and carbon reduction, health and disability assistance, poverty alleviation, and disaster relief. These efforts have benefited more than 66,900 people, demonstrating our commitment to giving back to society through concrete actions.

Shaping a Healthy Ecosystem and Driving Sustainable Growth. We remain committed to building a long-term, sustainable business by providing competitive products for our customers and an equal, mutually beneficial cooperation platform for our business partners. In 2024, we incorporated technological innovation into our core corporate culture. The inauguration of the Shanghai Global R&D Center and the implementation of our external investment strategy have further strengthened our commitment to becoming a more technology-driven Huaqin. Through advancements in product development, quality management, intelligent manufacturing, and strategic partnerships, we achieved business breakthroughs across multiple sectors, enhancing global customer success with superior quality and efficiency. As a key player in the industry value chain, we have anchored ESG as a foundation for risk resilience, enhanced adaptability, and collaborative growth. We work hand in hand with our business partners to build a trustworthy, secure, and sustainable supply chain.

Only by looking three to five years ahead, doing the right things, and tackling the hardest challenges can we go further and achieve true success.

The year of 2025 marks the 20th anniversary of Huaqin Technology's founding. At this new starting point, amid new opportunities and challenges, we will continue to focus on our core guiding principles: scientific governance, green and low-carbon, responsible leadership, and healthy ecosystem. With sustainability as our foundation and harnessing technological innovation, we aim to enhance people's communication and everyday life, empower the entire industry value chain, and strive to be a Company trusted by customers, employees, suppliers, and society. Together with our stakeholders, we are committed to building a greener, more prosperous, and more sustainable future.

About Huaqin Technology

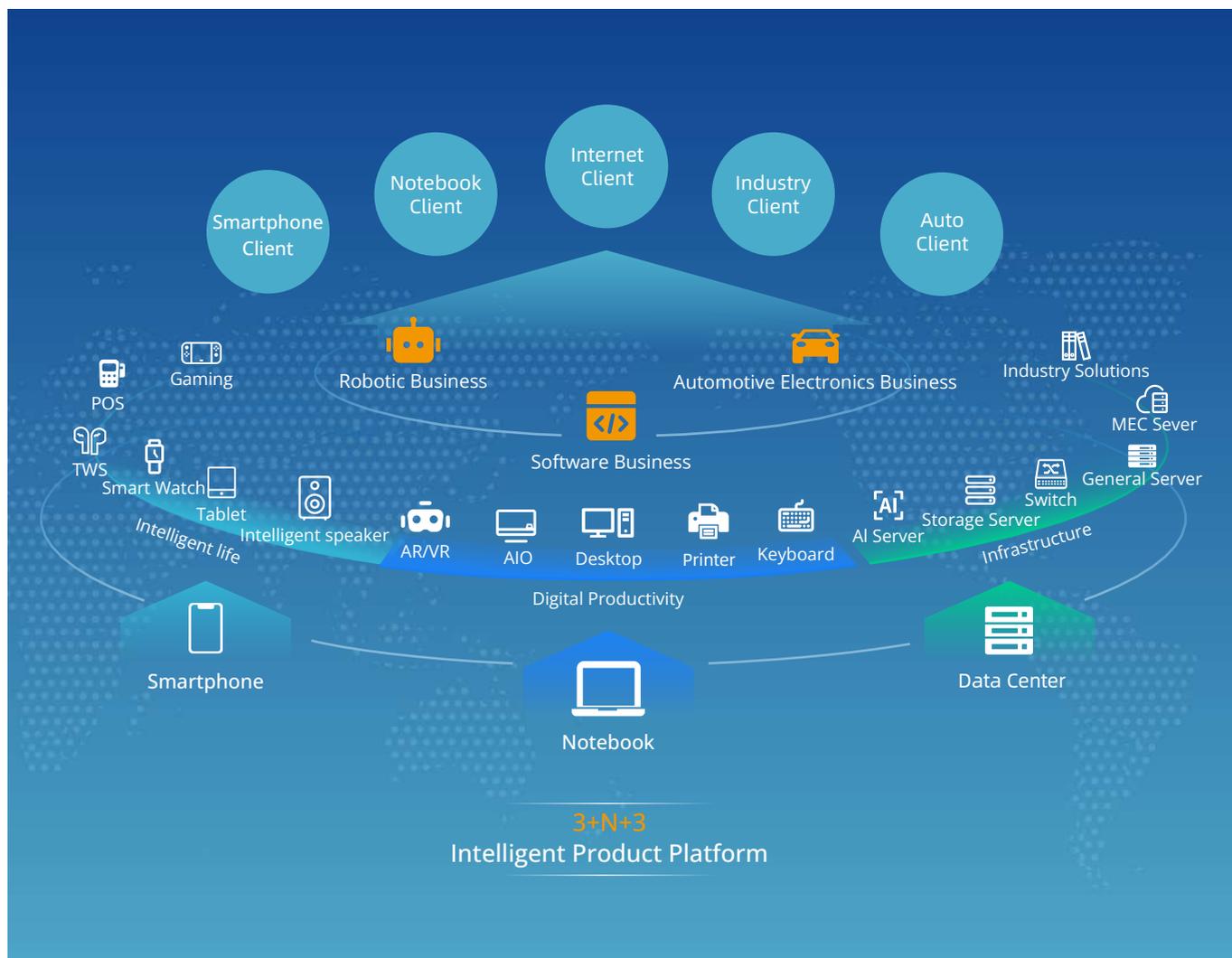
Company Overview

Huaqin Technology Co., Ltd. was founded in 2005 and is headquartered in Shanghai, China. As a global intelligent product platform enterprise, the Company was officially listed on the Shanghai Stock Exchange Main Board on August 8, 2023 (Stock Code: 603296). Committed to its mission of “Easier connecting, Better living”, Huaqin provides end-to-end services from product development to manufacturing and operations for global technology brands. Its products and services are available in 100+ countries and regions, providing hundreds of millions of intelligent products to consumers worldwide. These include smartphones, tablets, laptops, intelligent wearables, AIoT devices, data center products, and automotive electronics.

◆ Business Markets

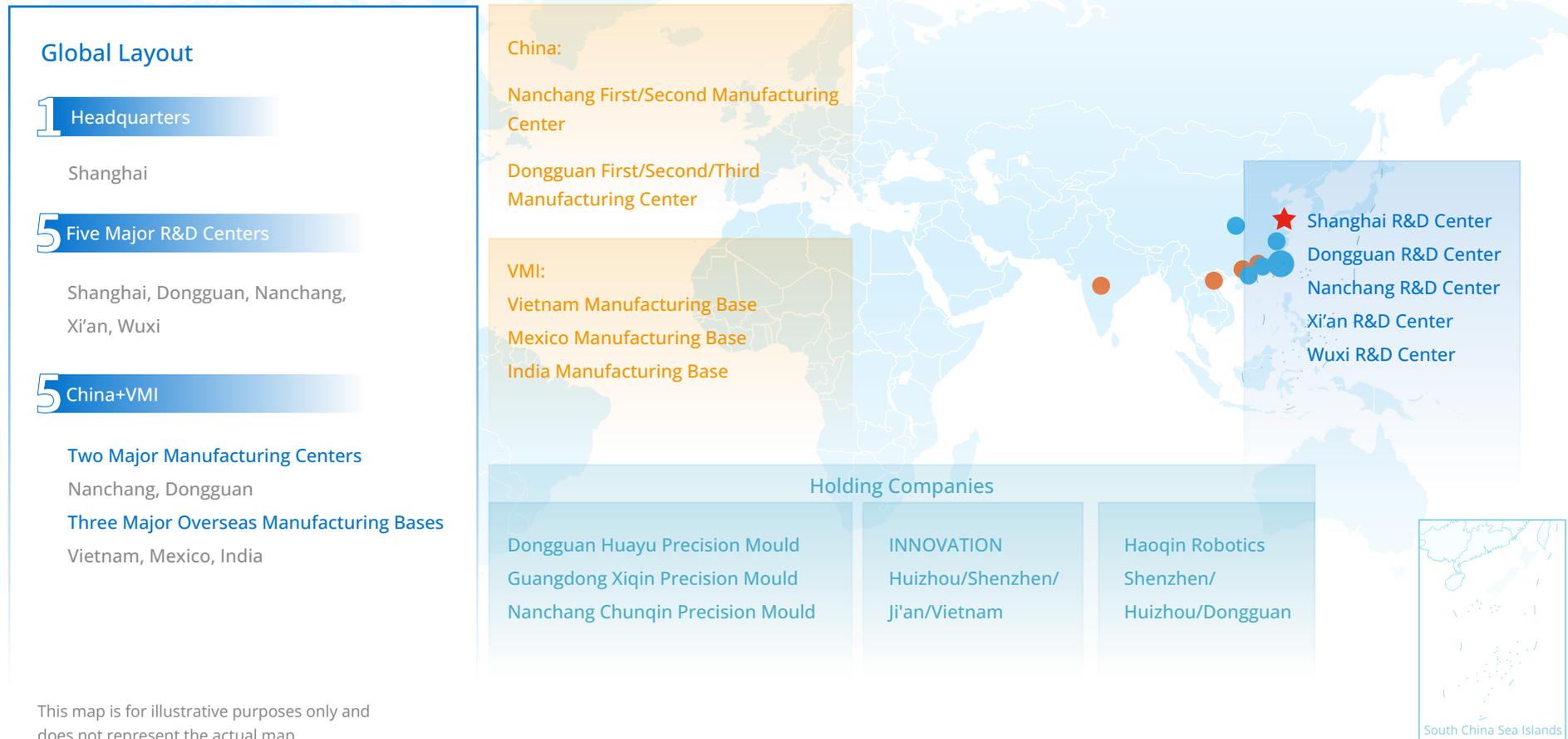
"3+N+3" Business Strategy

Huaqin Technology has established a "3+N+3" global intelligent product platform strategy. This framework is built around three core businesses areas: smartphones, laptops, and data centers. It extends into N number of diversified product categories, including smart living, commercial digital productivity, and full-stack data center solutions, while also focusing on three emerging fields: robotics, software, and automotive electronics to meet the intelligent product needs of global technology customers. This layout is committed to promoting the product innovation and future development of Huaqin Technology, and is the core engine driving the Company's long-term development.



"1+5+5" Global Layout

Huaqin Technology has established a "1+5+5" strategic framework worldwide. With Shanghai headquarters as the core, the Company has built five major R&D centers in Shanghai, Dongguan, Nanchang, Xi'an, and Wuxi, along with two domestic manufacturing centers in Nanchang and Dongguan, and three overseas manufacturing bases in Vietnam, Mexico, and India. By optimizing its global manufacturing layout, Huaqin has further strengthened its ability to adapt to market changes and resilience against risks, aiming to provide higher-quality products and services to customers worldwide.

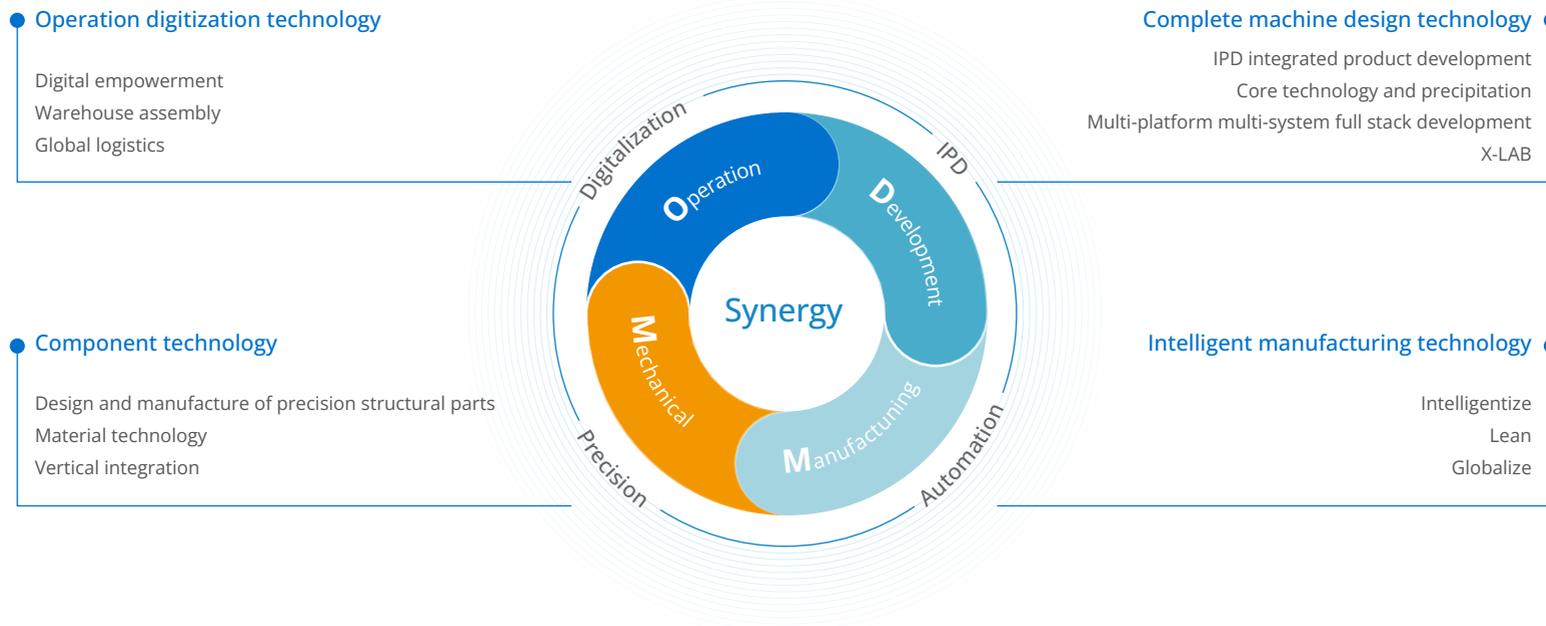


This map is for illustrative purposes only and does not represent the actual map.

Huaqin Technology's Global "1+5+5" Layout

ODMM Core Competitiveness

Huaqin Technology has made significant progress in the intelligent product ODM industry, redefining ODM with four core capabilities: Operation, Development, Manufacturing, and Mechanical. By continuously advancing digitalization and automation transformation, supported by the IPD¹ advanced process, Huaqin strengthens and maintains its leading position in the ODM industry.



◆ Corporate Culture

Since its founding, Huaqin Technology has clearly defined its mission of "Easier connecting, Better living." For us, integrating business operations with sustainable development is the only path to growth—this principle is deeply embedded in the company culture. In 2024, as we celebrate the 19th anniversary of Huaqin Technology, the company culture has undergone an iterative upgrade, and we now embrace a new vision and set of values.

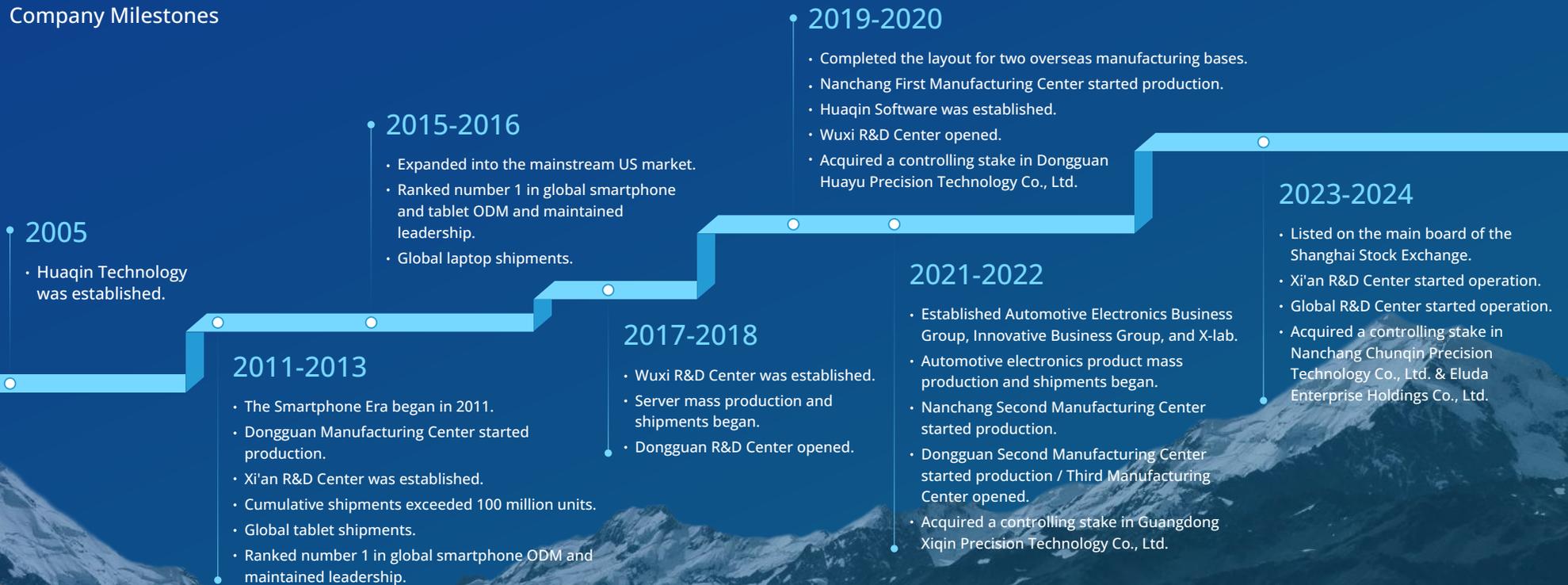
¹ Integrated Product Development.

 Mission	Easier connecting, Better living.
 Vision	To be an innovative and trusted platform for intelligent products.
 Values	<p>Customer First: Building Long-Term Business Relationships</p> <p>Embrace Change: Future-Oriented, Doing the Right Things, and Tackling More Challenging Tasks</p> <p>Integrity: Think Clearly, Dare to Commit, and Deliver on Promises</p> <p>Collaboration: Without Collaboration, There Is No Efficiency</p> <p>Innovation: Technology-Driven, Creating the Future</p> <p>Professional: Trusted Experts</p>

Development History



Company Milestones



Responsibility Highlights and Honors

◆ Sustainability Milestones



◆ Sustainability Highlights and Performance

Scientific Governance

- Released **10** sustainability-related policies
- 100%** signing rate of the "Employee Integrity Commitment"
- Completed **12** internal audits
- 0** incidents of conflict of interest, money laundering, or insider trading
- 0** major information security breaches, critical information system

Green and Low-Carbon

- Greenhouse gas (Scope 1 + Scope 2) emission intensity decreased by **16.29%** year-over-year
- Implemented **316** energy-saving technical improvements, saving a total of **101.3 million kWh** annually
- Total photovoltaic installed capacity reached **28.42 MW**, with a **15.11%** annual clean energy usage ratio
- Solid waste recycling rate reached **98.5%**, with **2** subsidiaries certified under UL 2799

Demonstrate Responsibility

- 0** incidents of human rights violations, discrimination, or harassment
- Employee satisfaction survey score: **97.6%**
- Total investment in employee training: **RMB15.68 million**
- 0** incidents of fire, explosion, occupational diseases, or fatalities
- Community investment totals **RMB1.1165 million**, with **1,869** volunteers

Healthy Ecosystem

- Total number of effective patents reaches **5,950**, **1,330** valid invention patents, **32** overseas patents and **1,798** software copyrights
- 100%** certification under ISO 9001: Quality Management Systems
- Customer satisfaction with a **100%** complaint resolution rate
- 100%** of primary suppliers signed contracts including environmental and labor requirements
- Completed **100%** conflict mineral surveys, with **0** conflict mineral risk



¹ Statistics as of December 31, 2024.

◆ Recognition and Honors¹



2024 Fortune China 500, ranking 231st



2024 Fortune China Tech 50



China's Top 500 Private Enterprises, ranking 116th
China's Top 500 Private Manufacturing Enterprises, ranking 76th



Stockstar Outstanding Listed Company Award



China Association for Public Companies Excellent Sustainable Development Case



Southern Weekly 2024 Annual Rising Responsible Enterprise



Bloomberg Green Gold 2025 China ESG 50 Most Notable List, ESG Leading Enterprise



MSCI ESG Rating A



2024 EcoVadis Bronze Medal



S&P Global CSA Score 44/100 (Top 40% in the industry)



Wind ESG Rating AA (Top 1 in the industry)³



Guoxin ESG Rating AA (Top 1 in the industry)

Industry Leadership

- 2024 Top 20 of China's Top 100 Electronic Information Competitiveness Company
- National Intellectual Property Demonstration Enterprise
- National Technology Innovation Demonstration Enterprise
- Shanghai Quality Benchmark
- Shanghai Pudong New District Potential Emerging Award
- Shanghai Pudong New District Outstanding Partner

Innovation Leadership

- Yicai Capital Market Value List 2024 Innovative Enterprise of the Year
- 9th Lingxuan Award - Excellence Award in Intelligent Driving
- Shanghai Pudong New District People's Government Industry Digitalization Leader
- High-tech Intelligent Automobile Golden Ball Award Annual Product Technical Innovation Award

Sustainable Leadership²

- 3rd Xinhua Xinyong Jinlan Cup ESG Governance Excellence Cases
- Wind 2024 China Listed Companies ESG Best Practices Award
- China Securities Weekly 2024 ESG Dawn Award
- Huaxia ESG Observers Alliance Comprehensive Management Practice (ESG) Excellence Case
- 2nd Guoxin Cup ESG Golden Bull Award
- Shanghai Securities Journal Gold Quality · ESG Award
- Golden Bee Corporate Social Responsibility · China List ESG Competitiveness Model - Employee Care
- Shanghai Pudong New District Glorious Star Award
- Shanghai Pudong New District Social Public Welfare Award
- Pudong-Beicai Social Public Welfare Award
- Golden Bee 2024 Yangtze River Delta Outstanding Listed Company Sustainable Development Report
- DHR Association 2024 Annual Corporate Overseas Human Resource Management Excellence Practice Award
- 2024 Pudong New District Global Top Universities Talent Express Channel (Hong Kong Session) Overseas Talent Acquisition TOP Employer
- 2024 China Human Resources Sirius Award Best Employer Brand for Chinese Overseas Enterprises

1 Display of some recognition and honors, as of December 31, 2024.

2 ESG TOP10 projects: ① Rating and Honor Management Project.

3 Ranking Information as of December 31, 2024.

01

Advancing Sustainable Management

Huaqin Technology integrates ESG principles into its strategy and operations, establishing a top-down ESG governance framework. This framework assigns various ESG topics to specific working groups to ensure orderly tracking of responsibility implementation. By adopting robust ESG management, Huaqin Technology aims to achieve its sustainable development goals.

ESG Strategic Guidelines

Aligned with its mission of "Easier connecting, Better living", Huaqin Technology has formulated an ESG strategy of "Scientific Governance, Green and Low-Carbon, Demonstrate Responsibility, and Healthy Ecosystem". The Company actively benchmarks against the United Nations Sustainable Development Goals (SDGs) to ensure that our efforts not only drive its own high-quality and sustainable growth but also make a positive contribution to the global value chain and sustainable development worldwide.



Easier connecting, Better living

<p>Mission</p>	<p>Adhering to the technological innovation, to be industry leader, making sustainable products and ecology service for customers.</p>			
<p>Guidelines</p>	<p>To be an global intelligent products platform with a long-term perspective, working together with customers, employees, partners, shareholders, and society to create diverse value.</p>			
<p>Material Topics</p>	<p>Scientific Governance</p> <p>Improve governance mechanisms and implement an efficient and sound governance system to ensure scientific decision-making and compliance operations, foster sustainable competitiveness integrated into the global value chain.</p>	<p>Green and Low-carbon</p> <p>Establish and operate green supply chains and green manufacturing systems throughout the whole product lifecycle, implement the dual-carbon strategy; fulfill responsibilities as the chain leader to drive the entire value chain toward carbon neutrality.</p>	<p>Demonstrate Responsibility</p> <p>Provide employees with safe, dignified, and reward job opportunities, create a platform where "the harder we work, the happier we are" and offer diverse growth opportunities, strive to be a role model in corporate social responsibility.</p>	<p>Healthy Ecology</p> <p>Create an honest, fair, and healthy business environment for partners, offer competitive products and services to customers, and remain committed to long-term sustainable business practices.</p>
<p>Elements of empowerment</p>	<p>Huaqin Cultural and Values</p> <ul style="list-style-type: none"> · Risk Management · ESG Governance · Business Ethics and Compliance · Corporate Governance · Information Security and Privacy Protection 	<p>Stakeholders Engagement</p> <ul style="list-style-type: none"> · Green Products and Design · Chemical Safety · Climate Change Response · Water Conservation · Pollutant Management · Energy Management · Waste Management and Recycling · Clean Technology Opportunities · Hazardous Substance Management 	<p>Process and System Standards</p> <ul style="list-style-type: none"> · Human Rights Protection · Human Resources Management · Occupational Health and Safety · Community Responsibility 	<p>ESG Digitalization</p> <ul style="list-style-type: none"> · Technology R&D and Innovation · Product Quality and Safety · Sustainable Supply Chain · Controversial Procurement · Industry Leadership and Cooperation · Customer Relationship · Intellectual Property Protection

ESG Management System

Huaqin Technology has integrated sustainability into its highest management level, establishing a four-tier ESG governance system led and supervised by the Board of Directors, Strategy and Sustainable Committee, ESG Executive Committee, ESG Office, and Five Key Modules. The Chairman and CEO serve as the Chair of the ESG Executive Committee, while the Board Directors and the Co-founder act as Executive Members and the Chief Sustainability Officer (CSO) to ensure the effective operation of the sustainability management system. In 2024, Huaqin expanded its domestic ESG expertise to overseas manufacturing bases, ensuring that sustainability principles and practices are effectively implemented across global operations.

ESG Executive Committee

Chairman

Vincent Qiu

Insist on long-termism;
Do the right thing;
Do the harder thing.



Executive Member, CSO

Chen Xiaorong

Fulfill responsibilities as a leader in the industry chain; Work together to build a green, low-carbon, and sustainable value chain.



Member

Wang Shichao

Technology for good; Benefit everyone with outstanding intelligent products.



Member

Liu Li

Create an open and collaborative organizational atmosphere; Build a value realization platform featuring “the harder you work, the happier you will be”.



Member

Dai Yigui

Make use of advantages in technological innovation; Build green products for a zero-carbon future.



Member

Zhu Ronghui

Live in harmony with the Earth and nature; Work with society toward a sustainable future.



Member

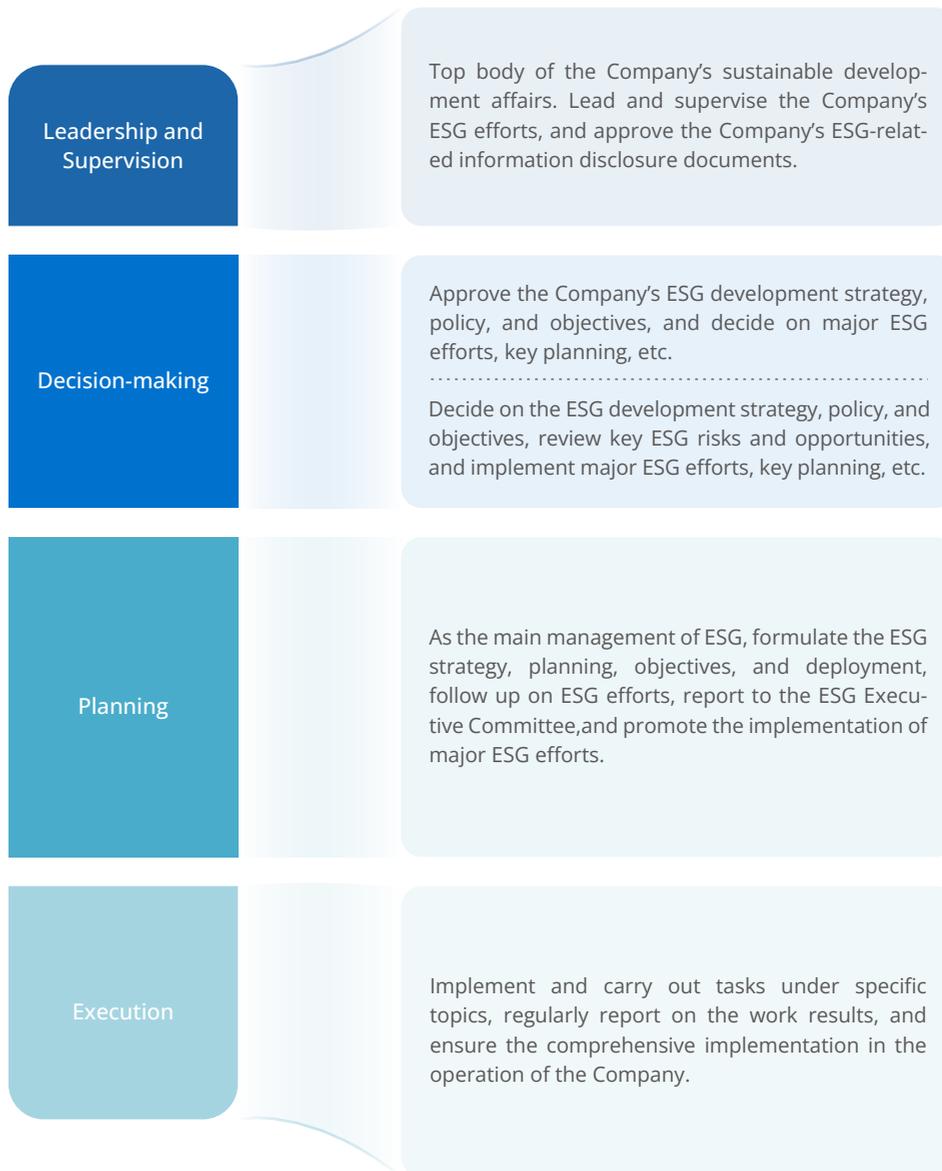
Li Yutao

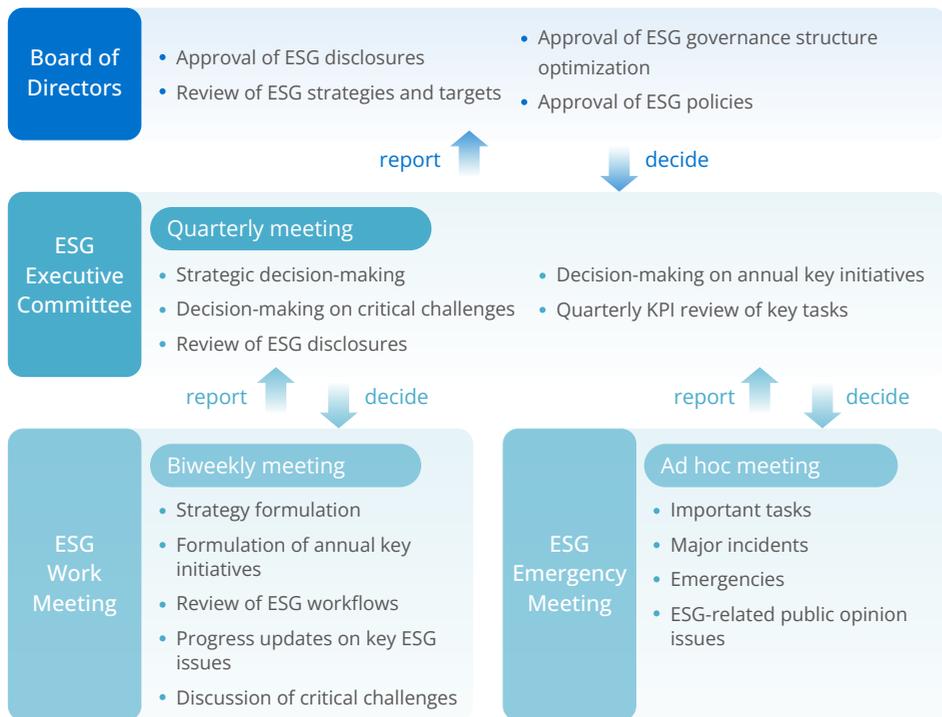
Scientific Governance, transparent communication, and co-creation of diverse value with stakeholders.

Sustainable Development Management Framework



Division of Duties





During the reporting period, we completed the formulation of 10 sustainability-related policies to enhance management performance in areas such as board governance, business ethics, human rights, supply chain management, and climate change response. These policies were publicly released on the company's official website (<https://www.huaqin.com/>) for public review and supervision.

Governance

- Huaqin Technology Co., Ltd. Board Member Diversity Policy
- Huaqin Technology Co., Ltd. Anti-Corruption and Anti-Bribery Policy

Environment

- Huaqin Technology Co., Ltd. Environmental, Health, and Safety (EHS) Management Policy
- Huaqin Technology Co., Ltd. Chemical Management Policy
- Huaqin Technology Co., Ltd. Climate Change Response Policy
- Huaqin Technology Co., Ltd. Biodiversity Protection and Zero Deforestation Policy

Social

- Huaqin Technology Co., Ltd. Human Rights Policy
- Huaqin Technology Co., Ltd. Anti-Discrimination and Anti-Harassment Policy
- Huaqin Technology Co., Ltd. Supplier Social Responsibility Code of Conduct
- Huaqin Technology Co., Ltd. Conflict Minerals Use Management Regulation

2024 Board of Directors ESG Decisions

- Approved the establishment of the Strategy and Sustainable Committee
- Approved the release of the Board Diversity Policy
- Approved the publication of the Annual Sustainability Report

2024 ESG Executive Committee Decisions

- Determined the ESG strategies for Huaqin Technology
- Established short-, mid-, and long-term goals for the five ESG modules
- Reviewed ESG TOP10 projects' strategies and plans, and execution outcomes
- Reviewed the Annual Sustainability Report

By analyzing the requirements and expectations of stakeholders such as customers, investors, and governments in our operational regions, and communities, we have established short-, medium-, and long-term ESG strategic goals and phased action plans, ensuring continuous implementation and proactive disclosure of progress. The Company integrates ESG management and key issue performance into relevant pay assessments. Among them, ESG management maturity is included in the performance indicators of Executive Committee members & CSO, Board Secretary, etc., accounting for 5% of their performance pay. Topics including risk management, clean energy transition, sustainable supply chain, human rights, and occupational health and safety performance account for more than 20% of the total performance assessment for the directors, with relevant indicators evaluated on a quarterly basis. In the future, we will continue optimizing the ESG performance-linked pay system based on actual conditions, gradually improving the ESG key performance assessment mechanism to cover the Board of Directors and all management levels.

Stakeholder Engagement

To better meet the expectations of diverse stakeholders, the Company has identified “Information Disclosure and Stakeholder Engagement” as one of its ESG TOP10 projects. Through various channels—official website, WeChat official account, investor hotline, performance briefings, and online and offline research—we maintain transparent, timely, and effective communication with stakeholders and incorporate their key concerns into the Company’s annual ESG priorities. We have designated esg@huaqin.com as a dedicated email to collect stakeholder feedback. Specialized staff ensures timely responses and follow-ups, sharing the latest progress in the Company’s ESG initiatives.

Stakeholders	 Shareholders and Investors	 Company Management	 Government and Regulatory Authorities	 Customers
 Expectations and Demands	<ul style="list-style-type: none"> Stable performance growth Protection of shareholder rights Governance of the three meetings (shareholders, board, supervisory) Intellectual property protection ESG governance Risk management 	<ul style="list-style-type: none"> Stable performance growth Risk compliance and market access Response to national development policies ESG governance Response to climate change 	<ul style="list-style-type: none"> Respond to regulatory requirements Align with national development policies Business ethics and anti-corruption Avoid controversial procurement Risk compliance Clean technology development opportunities Ecological civilization construction 	<ul style="list-style-type: none"> Technology R&D and Innovation Product safety and quality High-quality service Data security and privacy protection Sustainable development requirements
 Communication Channels and Frequency	<ul style="list-style-type: none"> ESG information disclosure (annually / ad hoc) Quarterly/half-yearly/annual reports (regular) General meetings of shareholders (AGM) (annually / ad hoc) Investor briefings (quarterly) Huaqin Technology investor relations WeChat account (real-time) SSE E-interactive (real-time) On-site research (adhoc) Emails and online communication (real-time) Performance briefings (regular) Investor open day (annually) 	<ul style="list-style-type: none"> Regular meetings (bi-weekly/quarterly) Phone/email communication (ad hoc) One-to-one interviews (ad hoc) 	<ul style="list-style-type: none"> Symposiums (ad hoc) Policy consultations (ad hoc) Briefings/public hearings/seminars (ad hoc) On-site research (ad hoc) ESG information disclosure (annually / ad hoc) 	<ul style="list-style-type: none"> Customer visits (ad hoc) QBR Meeting (quarterly) Customer satisfaction surveys (annually) Email and phone communication (real-time)
 Topic Progress	<ul style="list-style-type: none"> Established diverse communication channels for in-depth discussions with investors Promoted board member diversification, professionalism, and independence Set short-, medium-, and long-term ESG goals, and advanced ESG TOP10 projects Integrated ESG risks into the Company’s risk framework, and conducted ESG risk assessments, classification, and management 	<ul style="list-style-type: none"> Set short-, medium-, and long-term ESG goals, and advanced ESG TOP10 projects Improved the three-tier internal control compliance system, identified emerging risks, and formulated countermeasures 	<ul style="list-style-type: none"> Developed “dual carbon” roadmap and action plan Integrated clean technology transformation into Company strategy As an RMI¹ member for four consecutive years, adhered to OECD² and RBA³ guidelines for conflict mineral management 	<ul style="list-style-type: none"> Developed a reasonable control list and reduction plan for hazardous substances, with progressive annual implementation Conducted customer satisfaction management and enhanced Quarterly Business Review (QBR⁴) Ensured customer information security and privacy protection

1 Responsible Minerals Initiative. 2 Organization for Economic Co-operation and Development. 3 Responsible Business Alliance. 4 Quarterly Business Review.

Stakeholders	 Employees	 Partners and Industry Associations	 Public and Media
 Expectations and Demands	<ul style="list-style-type: none"> • Employee compensation and benefits • Employee training and development • Occupational health and safety • Diversity and equal opportunity 	<ul style="list-style-type: none"> • Data security and privacy protection • Supply chain human rights management • Avoid controversial procurement • Supplier management and empowerment • Industry development 	<ul style="list-style-type: none"> • Environmental protection • Social welfare • Rural revitalization
 Communication Methods and Frequency	<ul style="list-style-type: none"> • Face-to-face communication (annually) • Interviews (ad hoc) • Phone/email/internal communication software (real-time) • Feedback mailbox (real-time) • Employee activities (ad hoc) • Employee satisfaction (annually) and engagement surveys (biennially) • Union/employee representative conferences (annually) 	<ul style="list-style-type: none"> • On-site supplier audits (annually) • Supplier surveys and commitment letters (annually) • Supplier conferences (annually) • Industry seminars (ad hoc) • Industry exhibitions/forums (ad hoc) • Collaborative research (ad hoc) 	<ul style="list-style-type: none"> • Press conferences (ad hoc) • Company website/social media/media news (real-time) • Email and phone communication (real-time) • Quarterly/half-yearly/annual reports (regular) • ESG information disclosure (annually/ad hoc)
 Topic Progress	<ul style="list-style-type: none"> • Two-way communication channels, regularly conducted engagement and satisfaction surveys • Talent nurturing and career development system covering all employees, operated an online knowledge management system (KMS) • Incentive mechanisms such as the Employee Stock Ownership Plan and the TUP (Time Unit Plan, a deferred bonus incentive scheme) • Digital technology and intelligent safety management systems • Conducted regular RBA audits and drove continuous improvement, established a labor union, and supported collective bargaining by employees • EAP (Employee Assistance Program) 	<ul style="list-style-type: none"> • Supplier self-assessments and annual audits, results incorporated into performance evaluation, loop closed on time • Developed the Supplier Empowerment Process to enhance supplier capabilities • Engaged in the formulation and implementation of industry strategies to strengthen communication and collaboration • Hosted a global partner conference to build an honest, safe, and green resilient supply chain 	<ul style="list-style-type: none"> • Built the Huaqin public welfare system, actively engaged in rural revitalization, and carried out volunteer actions • Used digital carbon management tools to empower value chain carbon management • Implemented source classification and disposal of solid waste, operated an internal packaging material recycling system • Conducted water risk analysis, actively adopted water-saving equipment, and promoted water-saving awareness

Materiality Analysis

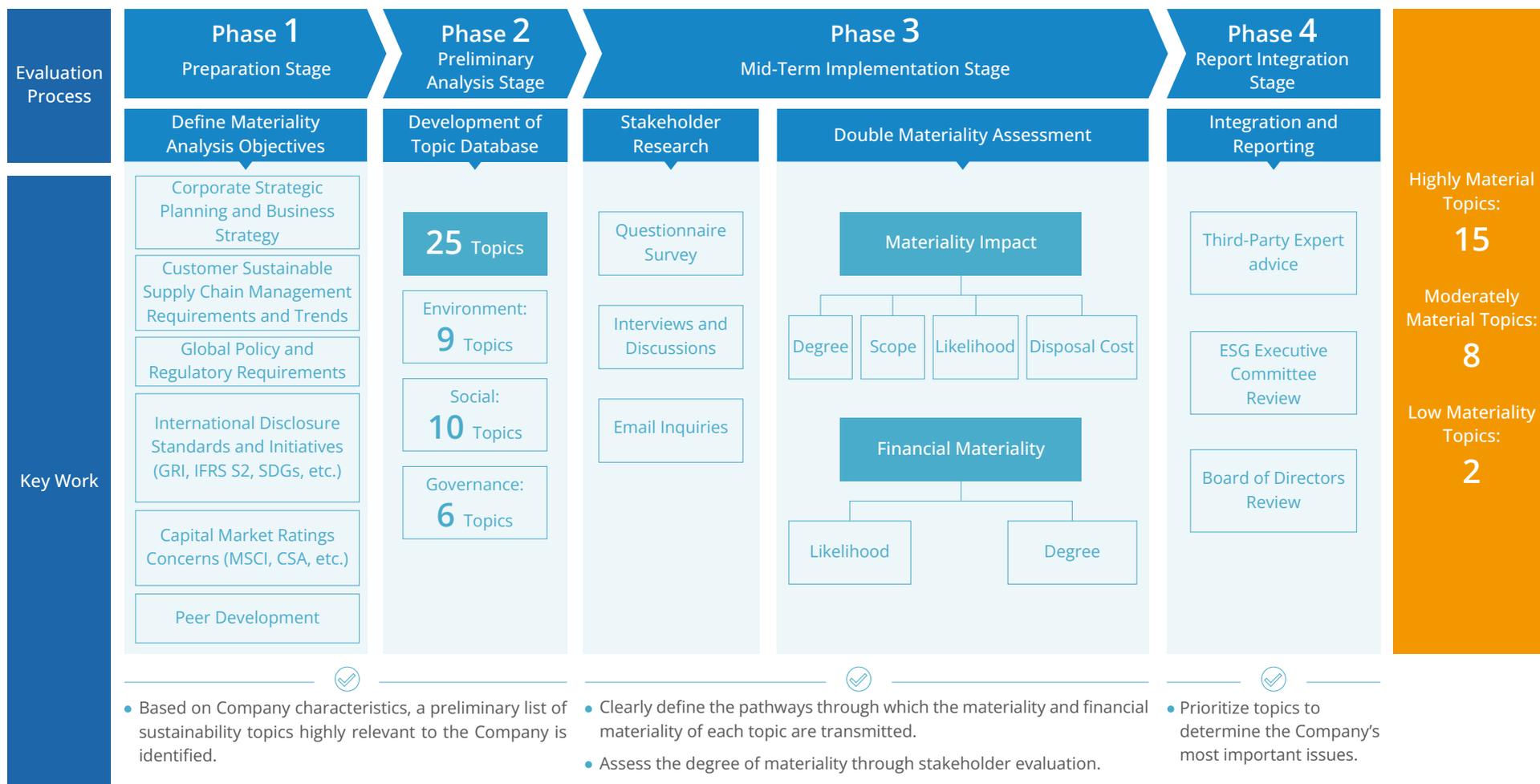
Huaqin Technology conducts research and analysis of material topics on a yearly basis and, during the reporting period, we follow the assessment methodologies outlined in *GRI 3: Material Topics 2021 from the GRI Universal Standards 2021*, *IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information*, and the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 – Sustainability Reporting (Trial)*. For the first time, the Company has established and improved a double materiality assessment process, putting stakeholder research as a foundation and incorporating a financial perspective to evaluate the impact and dependency paths of ESG factors, as well as their effects on the Company, to determine the Materiality Matrix.



1 Responsible Minerals Initiative. 2 Organization for Economic Co-operation and Development. 3 Responsible Business Alliance. 4 Quarterly Business Review.

◆ Double Materiality Assessment Process¹

🕒 Process for Conducting Double Materiality Analysis



¹ Compared to the previous year, changes in the topic matrix include: (1) Addition of pollutant management topic to enhance focus on the environmental performance of corporate production and operations. (2) Addition of controversial procurement and customer relationship topics, strengthening ESG development in collaboration with upstream and downstream value chain partners. (3) Integration of human rights, diversity, and equal opportunity topics into human rights, enabling a systematic approach to human rights management. (4) Adjustment of talent training and development topic to human resource management, expanding the scope of the topic. (5) Adjustment of community cooperation topic to community responsibility, broadening the topic's scope.

◆ Results of Materiality Assessment Impact

We publicly released a materiality survey, evaluating the impact of ESG material topics on the economic, environmental, and social aspects of the corporate value chain based on the “degree of impact” dimension. A total of 345 valid questionnaires were collected from 11 categories of stakeholders. At the same time, the Company assessed the external impact risk level of each topic based on the risk exposure of capital market rating and the perspectives of the internal expert team.

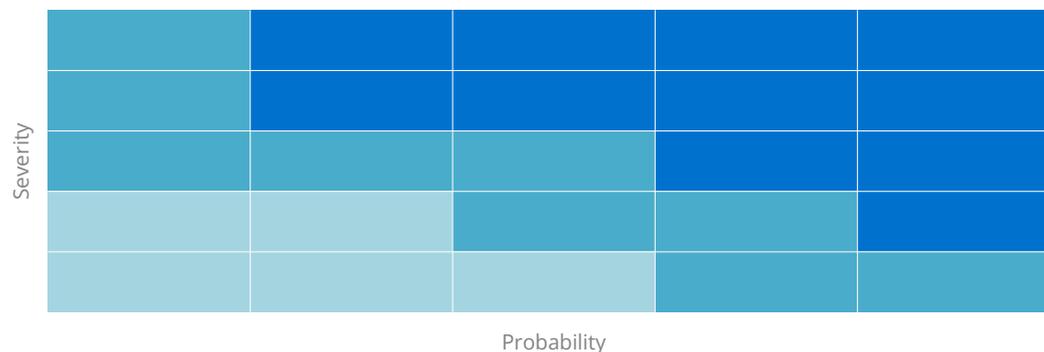


2024 Impact Materiality Assessment Matrix

◆ Financial Materiality Assessment Results

Through interviews with 15 relevant aspects, a preliminary assessment was conducted on the likelihood and severity of financial risks associated with each topic. Based on discussions by the ESG Executive Committee and third-party expert opinions, the financial materiality analysis results were determined. Topics with high financial materiality serve as important guidelines for the Company's ESG management and are prominently disclosed in the report.

Financial Materiality Topic Assessment Matrix



Probability

- 5 points – Already occurred or has an 80%-100% probability of occurring
- 4 points – Very likely to occur in the future, probability 60%-80%
- 3 points – Uncertain whether it will occur, probability 40%-60%
- 2 points – Unlikely to occur in the future, probability 20%-40%
- 1 point – Almost impossible to occur in the future, probability 0-20%



Severity

- 5 points – If it occurs, financial loss will be \geq RMB100 million
- 4 points – If it occurs, financial loss will be between RMB10 million and 100 million
- 3 points – If it occurs, financial loss will be between RMB5 million and 10 million
- 2 points – If it occurs, financial loss will be between RMB1 million and 5 million
- 1 point – If it occurs, financial loss will be $<$ RMB1 million

Material Topic	Risk Factor	Impact Stage	Affected Entity	Impact Assessment
Energy Management	Rising energy prices	Manufacturing	Operations	Increasing production costs
Green Products and Design	Increasing demand for green products	Manufacturing Product Research & Design	Customers Suppliers	R&D resource investment
Waste Management and Recycling	Improper waste disposal	Manufacturing Social Reputation	Operations	Administrative penalties Environmental remediation costs
Climate Change	Extreme weather events Stricter policies and regulations	Manufacturing	Suppliers Operations Customers	Operational disruptions Increased production costs Revenue loss
Water Conservation	Water supply restrictions in certain regions	Manufacturing Upstream Procurement	Operations Customers	Production delays
Chemical Safety	Chemical spill accidents	Manufacturing Social Reputation	Operations	Emergency response and environmental handling costs Administrative penalties
Hazardous Substance Management	Hazardous substances not meeting environmental standards	Manufacturing Customer Use	Customers End Users	Customer fines Large-scale product recalls Impact on end-consumer health Negative public opinion
Clean Technology Opportunities	Policy pressure and market trends	Manufacturing Product Research & Design	Customers Procurement and Supply Chain	Need to reserve relevant talent and develop platforms
Pollutant Management	Non-compliance with pollutant discharge standards	Manufacturing Customer Use	Operations User	Administrative penalties
Human Rights Protection	Violations of employee human rights	Manufacturing Social Reputation	Operations Government Customer Employee	Administrative penalties Customer fines Decreased employee satisfaction Negative public opinion
Human Resource Management	Limited talent development channels	Manufacturing Social Reputation	Operations Employee	Decreased employee satisfaction High staff turnover
Occupational Health and Safety	Occupational diseases and work safety issues	Manufacturing Social Reputation	Operations Employee	Production delays Administrative penalties Negative public opinion

Material Topic	Risk Factor	Impact Stage	Affected Entity	Impact Assessment
Product Quality and Safety	Product quality and reliability issues	Manufacturing Customer Use Social Reputation	Customer End Users	Customer fines Product recalls
Technology Research and Development Innovation	Failure to anticipate technological trends	Product Research and Development	Operations	Decline in core competitiveness
Industry Leadership and Cooperation	Failure to keep up with the latest standards and requirements	Partner Cooperation	Customer Business Partners	Decline in core competitiveness
Customer Relationships	Inadequate customer information protection Declining customer satisfaction	Customer Use Social Reputation	Customer	Decreased customer satisfaction Customer attrition
Sustainable Supply Chain	Instability in the supply chain Supply chain risks	Manufacturing Natural Environment Social Reputation	Manufacturing Customer	Production interruptions Rising costs
Controversial Procurement	Controversial procurement involving human rights violations Customer fines or litigations	Manufacturing Social Reputation	Manufacturing Customer	Rectification costs Customer fines Litigation costs
Community Responsibility	Negative public opinion Brand reputation damage	Social Reputation	Partner Cooperation	Negative public opinion
Risk Management	Failure to properly identify and manage potential risks	Business Operations Investors	Operations Corporate Financing	Increased likelihood of risk emergencies
Business Ethics and Compliance	Corruption and compliance issues	Business Operations Regulatory Agencies Investors	Operations	Property losses due to corruption Legal costs related to compliance issues Negative public opinion
Corporate Governance	Compliance and reasonableness of governance processes	Business Operations Regulatory Agencies Investors	Operations Corporate Financing	Barriers to financing Negative public opinion
ESG Governance	Compliance and reasonableness of ESG governance processes	Financial Institutions Investors	Corporate Financing Brand Value	Downgraded ratings Barriers to sustainable financing
Intellectual Property Protection	Infringed patents Intellectual property litigations	Market Competition	Competitors	Intellectual property litigation costs Negative public opinion
Information Security and Privacy Protection	Cybersecurity and data breaches Inadequate customer information protection	Business Operations Social Reputation	Operations Customers End Users	Business losses Customer fines Litigation costs Negative public opinion

◆ Double Materiality Assessment Results

The Company conducted an analysis of the impact materiality and financial materiality assessment results, identifying 15 highly material topics, 8 moderately material topics and 2 low material topics.

*+Positive Financial Impact / -Negative Financial Impact

High Materiality Medium Materiality Low Materiality

Financial Impact		Material Topics	Management Response Section	Operational Impact					
Monetization Indicators	Type			Revenue Growth	Customer Success	Employee Engagement	Operational Risk	Supply Chain Collaboration	Community Responsibility
Operating Costs Brand Value Market Financing	-/+	Risk Management	Scientific Governance	√			√	√	
Operating Costs Administrative Penalties	-	Human Rights Protection	Demonstrate Responsibility		√	√			
Non-operating Expenses	-	Occupational Health and Safety	Demonstrate Responsibility			√			
Market Financing	+	Corporate Governance	Scientific Governance	√			√		
Operating Net Profit	+	Technology Research and Innovation	Healthy Ecosystem	√	√			√	
Operating Costs Financial Losses	-/+	Information Security and Privacy Protection	Scientific Governance		√		√	√	
Operating Net Profit	+	Customer Relations	Healthy Ecosystem	√	√				
Non-operating Expenses	-	Hazardous Substances Management	Green and Low-Carbon		√		√	√	
Operating Costs	-/+	Intellectual Property Protection	Healthy Ecosystem		√	√	√		
Operating Net Profit Operating Costs	-/+	Sustainable Supply Chain	Healthy Ecosystem		√		√	√	
Brand Value Operating Costs	-/+	Business Ethics and Compliance	Scientific Governance		√	√	√	√	
Operating Net Profit	-/+	Product Quality and Safety	Healthy Ecosystem	√	√				
Operating Costs	-/+	Human Resources Management	Demonstrate Responsibility			√			

*+Positive Financial Impact / -Negative Financial Impact

High Materiality Medium Materiality Low Materiality

Financial Impact		Material Topics	Management Response Section	Operational Impact					
Monetization Indicators	Type			Revenue Growth	Customer Success	Employee Engagement	Operational Risk	Supply Chain Collaboration	Community Responsibility
R&D Expenses Production Costs	-	Clean Technology Opportunities	Green and Low-Carbon	√	√			√	
Operating Costs	+	Energy Management	Green and Low-Carbon		√		√		
R&D Expenses Production Costs	+	Green Products and Design	Green and Low-Carbon	√	√			√	
Non-operating Expenses	-	Controversial Procurement	Healthy Ecosystem		√		√	√	
Market Financing	+	ESG Governance	Sustainable Management Advancement		√		√	√	√
Brand Value	+	Community Responsibility	Demonstrate Responsibility			√	√		√
Non-operating Expenses	-	Waste and Recycling	Green and Low-Carbon		√		√	√	
Non-operating Expenses	-	Chemical Safety	Green and Low-Carbon			√	√		√
Operating Net Profit	+	Industry Leadership and Collaboration	Healthy Ecosystem	√				√	
Operating Net Profit Operating Costs	-	Climate Change Response	Green and Low-Carbon		√		√		
Non-operating Expenses	-	Pollutant Management	Green and Low-Carbon				√		
Production Costs Operating Net Profit	-	Water Resource Management	Green and Low-Carbon				√		

02

Scientific Governance



Establishing a fair, just, and prosperous business order is fundamental to strategic and commercial value. Huaqin Technology supports stable operations through risk management, enhances governance frameworks, implements an efficient and robust governance system, upholds scientific decision-making and compliant operations, and fosters sustainable competitiveness within the global value chain. The Company enhances organizational efficiency and operational value to **make the right things happen consistently.**

+ SDGs





Commitment

- Committed to becoming a benchmark for governance in the A-share market.



Objectives

By the end of 2028, female Board members to exceed

28%

and independent directors to constitute

33.3%

of the Board composition.

By the end of 2028, maintain zero major risks, with

90%

of risks preemptively mitigated.

Ensure

100%

coverage of business ethics training,

100%

signing rate of the *Employee Integrity Pledge*, and

100%

resolution rate of ethical complaints.

Achieve

0

incidents in major information security breaches, critical system failures, and business continuity disruptions.



Progress

Female Board members accounted for

22.2%

of the Board,

and independent directors accounted for

33.3%

Risk management and internal control training coverage rate of

95%

Annual risk assessment and classification management, formation of a risk library and risk heat map, no significant risk occurrence.

100%

signing rate of the *Employee Integrity Pledge*

Conducted independent audit investigations of corruption and fraud.

100%

resolution rate of ethical complaints.

Completed

0

incidents in major information security breaches, critical system failures, and business continuity disruptions.



Governance

- Establish a "Three Governing Bodies" operational support mechanism and implement the *Board Diversity Policy*.
- The Board oversees risk management, business ethics, and information security, with the Audit and Risk Management Committee responsible for strategic planning and goal setting.
- Operate three lines of defense for operational compliance and risk management, ensuring zero tolerance for corruption.
- The Chief Information Security Officer (CISO) leads information security initiatives, while directors of departments serve as primary accountability officers, forming a layered management system to ensure compliance and data security.



Risks and Opportunities

Risks

- Increasing regulatory requirements in overseas markets and uncertainties in the global trade environment pose compliance risks.
- Ethical violations or data breaches could lead to reputational risks.

Opportunities

- Strengthening governance and risk management enhances ESG competitiveness, attracting long-term capital investment.
- A diverse Board offers multi-faceted insights, driving technological and business model innovation.
- Upholding high standards of business ethics and robust data privacy measures strengthens brand trust.



Actions

- ESG TOP projects: ② information disclosure and stakeholder engagement, ③ risk management and internal controls.
- Host Investor Open Days, fostering transparent dialogue between company executives and investors.
- Conduct fraud risk assessments for sensitive positions, and perform quarterly self-assessments on key control measures.
- Implement tiered and segmented security controls to meet differentiated customer requirements.

Exceeded the target
 Target achieved as planned
 Ongoing effort to achieve the target

Strengthening Corporate Governance

Huaqin Technology strictly adheres to corporate governance laws and international conventions, building an effective governance mechanism, enhancing Board functions, and protecting shareholder rights. We promote Board diversity, professionalism, and independence and implement a competitive and diverse executive remuneration policy to continuously enhance efficient and comprehensive decision-making abilities.

◆ Corporate Governance Structure

The Company strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Stock Listing Rules of the Shanghai Stock Exchange*, the *Corporate Bylaws*, and other internal and external regulatory frameworks. The Company has established and operates a dual-layer governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and Senior Management (the "Three Governing Bodies and One Executive Layer"). The Company has also formulated and published governance documents, including the *Rules of Procedure for the Board of Directors*, the *Working System for Independent Directors*, and the implementation guidelines for various specialized committees. Clear distinctions are made between the powers and responsibilities of the Company's governing bodies, decision-making entities, supervisory institutions, and management, ensuring coordination and mutual oversight, thereby laying a solid foundation for standardized corporate operations. During the reporting period, the Board of Directors approved amendments to the *Corporate Bylaws* to refine the organizational structure and enhance Board effectiveness.

The Company operates under a governance mechanism comprising the General Meeting of Shareholders, the Board of Directors, and the Supervisory Board. As the highest authority, the General Meeting of Shareholders deliberates and decides on major company matters, with legal counsel in attendance to safeguard the rights of minority shareholders and ensure the legality and fairness of decisions. The Board of Directors, as the highest governing body, is responsible for convening the General Meeting of Shareholders and reporting its work to shareholders. The Supervisory Board, accountable to the General Meeting of Shareholders, independently exercises its supervisory authority in accordance with the law, overseeing the Company's financial affairs and the compliance of directors and senior management in fulfilling their duties. The Supervisory Board consists of three members, including one employee representative. To enhance corporate governance, the Board of Directors has established four specialized committees: the Strategy and Sustainable Development Committee, the Remuneration and Evaluation Committee, the Nomination Committee, and the Audit and Risk Management Committee. These committees assist the Board in improving governance standards, strengthening the scientific and effective nature of decision-making, and supporting the Company's long-term strategic objectives and value growth.

For comprehensive information on the Company's governance structure and operational mechanisms, please refer to Chapter 4: Corporate Governance in *the Huaqin Technology Annual Report 2024*.

◆ Key Performance Indicators

During the reporting period, the Company held

3
General Meetings of Shareholders

8
Board of Directors meetings

6
Supervisory Board meetings

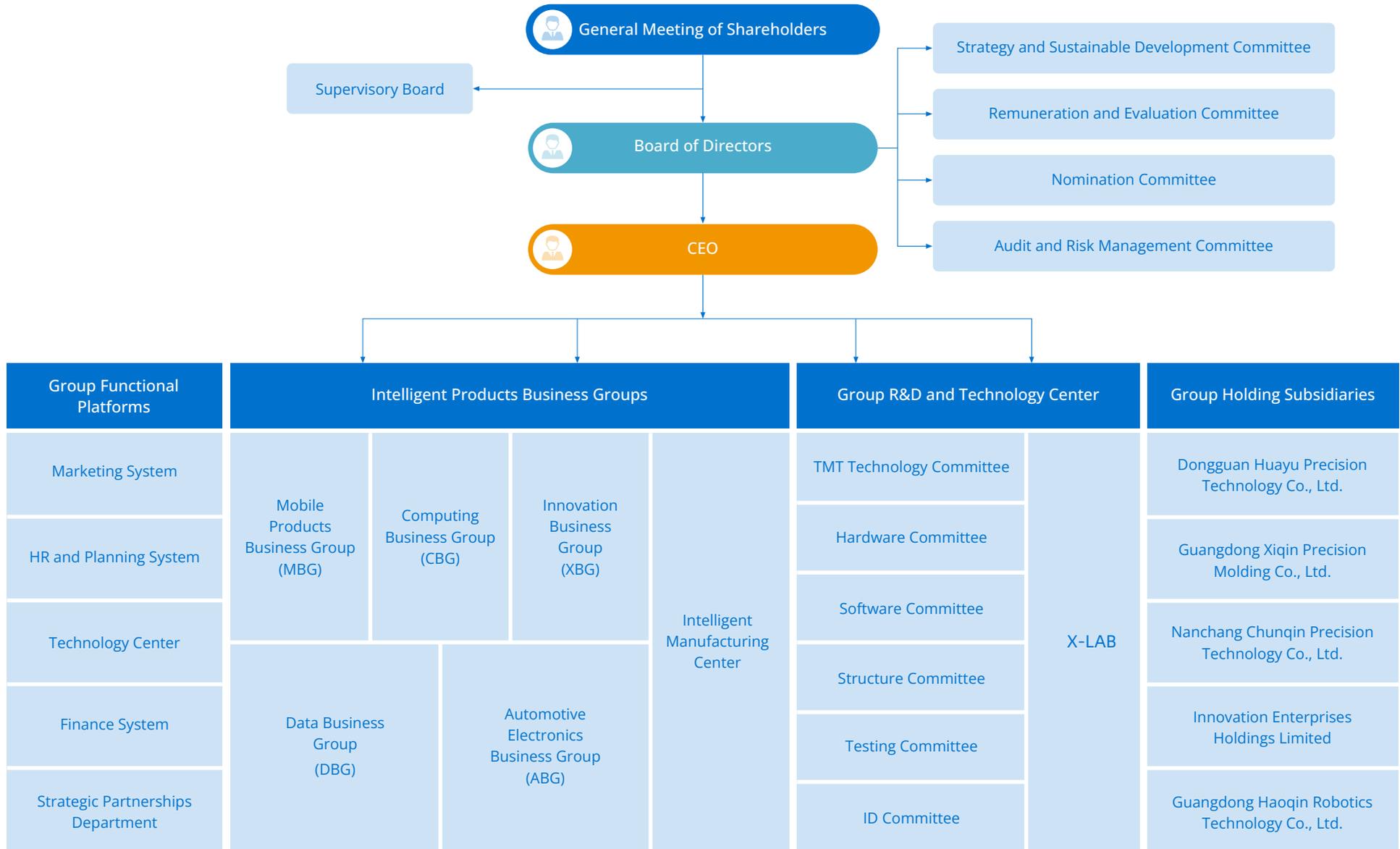
3
Remuneration and Evaluation Committee meetings

1
Nomination Committee meeting

3
Strategy and Sustainable Development Committee meetings

3
Audit and Risk Management Committee meetings

1
dedicated Independent Directors meeting



Organizational Structure

Nomination and Election of Board of Directors

The Company conducts the nomination and election of Board members through an open, fair, and transparent process, in compliance with the *Company Law, Measures for the Administration of Independent Directors in Listed Companies*, and the *Corporate Bylaws*. The Nomination Committee of the Board of Directors is responsible for formulating and improving the selection criteria and appointment procedures for Board members, based on the Company's strategic plan and operational activities, ensuring that the election process is scientific and democratic. The nomination process does not impose restrictions based on gender, age, nationality, or cultural background, but focuses on the nominee's professional background and capabilities in areas such as accounting and financial analysis, crisis and risk management, leadership, and international market vision, with a thorough evaluation of their industry experience and tenure.

Board Independence

The current Board of Directors comprises 9 members, including 6 directors and 3 independent directors, with independent directors making up one-third of the Board. The Company's *Independent Director Work System* clearly outlines the shareholding and regulatory compliance requirements for independence and specifies that independent directors can serve as independent directors in no more than three domestic listed companies. Independent directors sign an *Independent Director Candidate Declaration and Commitment* and conduct an annual self-assessment of their independence. The Board of Directors issues a special report on the independence self-assessment of incumbent independent directors each year. The chairs (conveners) of the Nomination Committee, Remuneration and Evaluation Committee, and Audit and Risk Management Committee are all independent directors, with the chair of the Audit and Risk Management Committee being a professional in accounting.

Board Diversity and Expertise

The Company is committed to considering the diversity of Board members, including but not limited to gender, age, cultural and educational background, region, professional experience, skills, knowledge, tenure, and other regulatory requirements. Board members possess rich experience across academia, industry, and business, incorporating professional perspectives from industry, finance, accounting, and risk management into the Company's operations, effectively driving business decision-making and development. During the reporting period, the Company organized multiple training sessions for directors, supervisors, and senior management, covering topics such as risk management, financial management, compliance, corporate governance, strategic planning, and ESG management, aligning with national development strategies, corporate governance requirements, and industry regulatory trends.

Conflict of Interest

To regulate related-party transactions and avoid conflicts of interest, the Company has formulated and implemented the *Related Party Transaction Management System*. According to this system, directors and connected parties who have any vested interest in related-party transactions must abstain from voting at the Board or General Meeting to ensure that conflicts of interest do not affect judgment or independence. The Company discloses the annual estimated related-party transactions a year-over-year basis, including the review procedures, related party information, estimated transaction amounts, and the objectives of related-party transactions.



Board Performance Evaluation

The Company evaluates the Board's performance in terms of compliance and effectiveness annually, with the General Meeting of Shareholders reviewing the Annual Report of Board of Directors. This process strengthens the Board's functional positioning, improves top-level institutional design, ensures its effective fulfillment of responsibilities, and enhances the quality of management development.

◆ Board Members

The Board of Directors is supported by four specialized committees: the Strategy and Sustainable Development Committee, the Remuneration and Evaluation Committee, the Nomination Committee, and the Audit and Risk Management Committee. These committees assist the Board in fulfilling its decision-making and monitoring functions. During the nomination and election process for specialized committee members, the Company comprehensively considers the industry experience, risk management expertise, and accounting or financial management background of the chairperson and members to fully leverage their professional capabilities. The Audit Committee chairperson, Yu Fang, has experience in financial risk management and teaching, while the Nomination Committee chairperson, Huang Zhiguo, has experience in corporate risk management. During the reporting period, the average attendance rate of the Board of Directors was 100%.

◆ Executive Remuneration Management

The Company has established and implemented the *Director, Supervisor, and Senior Management Personnel Remuneration and Performance Evaluation System*. This system creates a scientific and effective incentive and restraint mechanism, ensuring that the Company's directors, supervisors, and senior management fulfill their duties and obligations. The Company strictly follows the relevant regulations for listed companies and publicly discloses the annual remuneration of key management personnel. Executive remuneration mainly consists of base salary and performance-based remuneration. The Company offers long-term incentives such as equity-based incentives to qualified management personnel and key employees across the organization.

Regarding performance-based remuneration, the Company has formulated the *Huaqin Employee Performance Management System*, which grades and penalizes employees based on factors such as quality and financial data incidents, major operational issues, and other violations. This system further adjusts the remuneration to reflect individual performance. In the future, the Company will discuss and potentially implement a remuneration clawback policy. This policy would allow for the cancellation of unexercised stock options granted to senior management, the recovery of issued bonuses, or the demand for the return of cash, in cases where specific conditions are triggered. This aims to prevent losses to the Company caused by illegal, regulatory, or disciplinary violations by management members.

Name	Gender	Position	Age	Educational Background and Industry Experience	Strategy and Sustainable Development Committee	Remuneration and Evaluation Committee	Nomination Committee	Audit and Risk Management Committee
Qiu Wensheng	Male	Chairman, CEO	52	Software R&D and management in the telecommunications industry	Chairperson			
Cui Guopeng	Male	Vice Chairman	49	Software R&D and marketing in the telecommunications industry	Member			
Wu Zhenhai	Male	Director, Deputy CEO	54	Software R&D and quality management in the telecommunications industry			Member	
Chen Xiaorong	Female	Director	54	Software supply chain and human resource management in the telecommunications industry		Member		Member
Xi Pinghua	Female	Director, CFO	52	Business management and financial management				
Deng Zhiguo	Male	Director, Deputy CEO	48	Software engineering in the telecommunications industry				
Hu Saixiong	Male	Independent Director	58	Business management, software R&D, and product management in the telecommunications industry		Chairperson	Member	
Huang Zhiguo	Male	Independent Director	48	Business risk management and human resource management		Member	Chairperson	Member
Yu Fang	Male	Independent Director	50	Financial management and risk management	Member			Chairperson

Investor Rights Protection

Huaqin Technology places great importance on protecting investor rights by standardizing the procedures for convening, conducting, and voting at the General Meeting of Shareholders. The Company ensures equal treatment of all shareholders, allowing them—especially minority shareholders—to fully exercise their rights. At least one General Meeting of Shareholders is held annually, where shareholders (including their proxies) exercise voting rights based on their shares, with each share carrying one vote. Huaqin has established a strict *Fundraising Management System* to regulate the management and use of raised funds, ensuring security and efficient utilization. We also prioritizes market value management, with the Board of Directors approving the *Market Value Management System*, implementing proactive measures such as share repurchases, equity incentives, and cash dividends to strengthen market value management, safeguard investor rights and maintain investment stability.

Huaqin actively fosters two-way communication with investors through a diverse range of channels, including the investor relations section on the official website, the “Huaqin Technology Investor Relations” WeChat Subscriptions, investor hotlines and emails, the SSE e-Interaction platform, performance briefings, strategic meetings, online and offline research activities, and roadshows. These efforts ensure that investors are well-informed about the Company’s operations, financial performance, industry positioning, and sustainability strategies while addressing their concerns through in-depth discussions. The Company integrates live streaming, online Q&A, and in-person meetings in performance briefings, providing in-depth exchanges and comprehensive responses on key topics such as business growth, profit margin trends, and new product plans. During the reporting period, Huaqin Technology did not engage in any lobbying, representation of interests, or similar donation activities.

◆ Key Performance Indicators

During the reporting period, the Company held

2 investor open-day events

28 investment strategy meetings

94 reverse roadshows

25 research sessions

7 research sessions / m

3 performance briefing sessions

The Company received and responded to over

280 investor

inquiries via phone and email,

conducted

82

online Q&A sessions through the SSE e-Interaction platform,

and shared

108

market insights & industry updates and

80

company news articles via the official “Huaqin Technology Investor Relations” WeChat Subscriptions

In 2024, Huaqin hosted multiple investor open day events, where executives guided investors through on-site visits to production lines, technology showcases, and business performance updates. These events provided direct engagement with the Company’s operations and products. We also organized the “Understanding My Listed Company – Local Market Insights” Huaqin Technology special event, attracting institutional and individual investors as well as media representatives.



Case

“Co-Creating Value, Advancing Long-Term Growth” Investor Open Day

In December 2024, Huaqin Technology held its H2 2024 Investor Open Day at its Global R&D Center in Shanghai. Investors toured the newly designed multimedia exhibition hall, learning about the Company’s history, multi-business innovation achievements, strategic planning, and growth potential. The Chairman & CEO Qiu Wensheng and other senior executives attended and provided an in-depth interpretation of Huaqin’s “3+N+3” strategy and addressed investor questions comprehensively.



At the 2024 H2 Investor Open Day, Huaqin Technology’s Chairman and CEO, Mr Qiu Wensheng, officially unveiled the “3+N+3” Global Intelligent Product Platform Strategy for the first time



“Understanding My Listed Company – Local Market Insights” Huaqin Technology special event

Optimizing Risk Control

Huaqin Technology continues to optimize its risk management processes, strengthening the identification, assessment, monitoring, and response to various risks, effectively improving its risk handling and prevention capabilities. The Company aims to enhance internal control quality and increase employees' awareness of compliance, ensuring the Company's operations remain standardized and continuous.

◆ Internal Control Governance

Three Lines of Defense for Internal Control

The Board of Directors of the Company is responsible for the results of internal control management and is supervised by the Supervisory Board. The Audit and Risk Management Committee is responsible for formulating the Company's internal control construction policies, strategies, and objectives, and for reviewing, supervising, and guiding the effective implementation of internal control management. The Internal Control Committee, as a virtual organization responsible for the internal control construction and operation functions assigned by the Board, leads and drives the construction of the Company's internal control environment, guiding the establishment of the internal control system, implementing internal control environment construction requirements, and monitoring the internal control construction of all processes and business units. The Committee also makes decisions on significant related matters.

The Company has formulated the Internal Control Management System, Internal Control Framework, and Internal Audit Regulations to establish a three-tier internal control and compliance management system. This framework constructs three lines of defense for compliance while implementing mechanisms to inspect and monitor the compliant operation of all business processes. Concurrently, the Company conducts specialized training programs on internal control and risk management for senior executives and the internal compliance support teams. These initiatives aim to equip relevant personnel with enhanced capabilities in identifying critical risks and formulating response strategies within complex market environments, while fostering the sustained implementation of the internal control compliance system.



Internal Control Compliance Governance Structure

Internal Control Management Supervision

The Company regularly checks the operation of internal controls and comprehensively evaluates their effectiveness. The Change Management Department, in collaboration with operational platforms and business departments, serves as the first line of defense, responsible for process optimization, self-assessment, and self-checking. The Quality Management Department serves as the second line of defense, responsible for formulating test plans, reviewing the compliance of key business control activities, issuing evaluation reports, and supervising rectifications. The Information Security and Internal Control Department's Internal Audit and Monitoring Group serves as the third line of defense, responsible for auditing sensitive positions, performing audits for resigners and reassignments, conducting anti-fraud investigations, and cooperating with case investigations. This department also regularly reports the operational results to the Internal Control Committee and issues an annual internal control self-assessment report approved by the Board.

The Information Security and Internal Control Department and the Quality Management Department develop annual audit plans based on management system requirements, conducting special business audits and managing the audit findings through a closed-loop process. Audits cover critical operations, such as business ethics, information security, and quality management. The results and progress of these audits are reported quarterly to the Audit and Risk Management Committee.

◆ Key Performance Indicators

During the reporting period, the Company completed

12 internal audit projects

identifying

13 major non-conformities **62** critical non-conformities

all of which were corrected according to the audit recommendations.

◆ Risk Management

The Company has established an internal risk framework and process based on the COSO ERM-2017 *Enterprise Risk Management Framework* and the *Basic Norms for Internal Control of Enterprises*, covering the five elements of the internal environment, risk assessment, control activities, information and communication, and internal supervision. These elements are integrated into the management and business processes. Through continuous assessment, the Company ensures that internal controls operate effectively to achieve the Company's strategic and operational objectives.

The Company operates a systematic risk management process, conducting annual risk assessments and classification management. This enables precise identification of both internal and external risks. The Company categorizes risks into significant, medium and low risks based on the likelihood of occurrence (1-5) and the severity of impact (1-5), creating a risk database and risk heat map. By integrating environmental changes and the Company's actual conditions (including incorporating risk standards into product and service development), the Company formulates risk assessment methods and operational guidelines, promoting the dynamic optimization of risk management. The Information Security and Internal Control Department, through executive-level interviews, identifies critical company-level risks, breaks them down to the responsible departments, and tracks their progress. They conduct quarterly self-inspections and corrective actions. The Quality Management Department reviews critical control points, while random audits are conducted on general control points. The Company's financial evaluation and performance system includes risk management-related metrics, and regular training on risk management principles is provided to employees, along with periodic risk management education for all non-executive directors.



Huaqin Technology's Risk Management Process

Emerging Risk Category	Risk Definition	Risk Scenario	Response Strategy
 <p>Economic Risk</p>	<p>Uncontrollable rise in product prices due to unstable market trends</p>	<p>Factors such as upstream capacity supply, adjustments in suppliers' business strategies, or other similar issues may cause significant fluctuations in the prices of key raw materials or result in raw material capacity constraints, supply shortages, or even a halt in supply. These situations could potentially negatively impact the Company's operational conditions and profitability.</p>	<ul style="list-style-type: none"> • Establish strategic partnerships with upstream module and chip manufacturers, maintaining multiple independent suppliers for each material throughout different stages of the product lifecycle. • Innovate collaboration models and adopt digital management methods to enhance risk resilience for critical materials and improve the responsiveness and quality of the overall supply chain. • Leverage the Company's authority in material selection and specification to introduce cost-competitive suppliers in response to potential risks.
 <p>Geopolitical Risk</p>	<p>Economic, political, and/or technological competition between geopolitical powers, leading to bilateral tensions</p>	<p>Due to political factors, some countries may engage in targeted international trade protectionism by raising tariffs, restricting imports and exports, and strengthening trade barriers. This could result in limited supply of certain raw materials for the Company and affect the demand for its products from downstream customers due to the increase in tariffs.</p>	<ul style="list-style-type: none"> • Conduct quantitative assessments of geopolitical risks based on the Company's business markets, and establish a risk early-warning mechanism. • Adhere to a "multi-site manufacturing + flexible production and delivery" model, deploying overseas manufacturing bases through equity investment to lay the foundation for a global smart hardware manufacturing platform. • Build a globalized supply chain system by investing in high-quality upstream suppliers to achieve upstream-downstream synergy, actively promote the localization of key raw materials, and continuously enhance risk resilience in both product exports and raw material imports.

Integrity and Compliance Management

Integrity and compliance are the cornerstone of Huaqin’s long-term development and sustainable operations. We proactively build and enhance our compliance system, strengthen the culture of integrity and anti-corruption, and deepen business ethics management. By fostering a clean, upright working environment and a fair, transparent cooperation platform, we lay a solid foundation for sustainable growth.

◆ Compliance Culture Building

We adhere to the bottom line of operating with integrity and compliance, competing fairly in the market and ensuring our business activities meet local regulatory requirements. The Company continuously promotes a culture of compliance and internal control to enhance all employees' compliance consciousness.

<div data-bbox="109 608 319 778" data-label="Section-Header"> <h3>Corporate Culture and Values Development</h3> </div> <ul data-bbox="329 603 1071 786" style="list-style-type: none"> • "Integrity" is one of our six core values. All employees adhere to the principles of "holding the bottom line, speaking the truth, and getting things done." • Issued the <i>Huaqin Minimum Requirements</i> to prohibit any behavior that violates compliance, ethics, or harms others' interests. • Issued the <i>Huaqin Principles</i>, declaring the "Contractual Principle" as non-negotiable. Any violations will be held accountable. 	<div data-bbox="1101 639 1310 810" data-label="Section-Header"> <h3>Management and Evaluation of Leadership Personnel</h3> </div> <ul data-bbox="1321 579 2041 858" style="list-style-type: none"> • Published <i>Five Minimum Requirements for Managers</i> to prohibit abuse of power, harming others' interests or reputations, and engaging in activities that could compromise impartiality. • Value assessments are mandatory during promotions of management staff, with a one-vote veto for violations. • Pre-appointment talks, integrity warning discussions, and audits before resignation are mandatory for managers. • Managerial performance reports include a "Cultural Reflection" section requiring self-assessment and action plans aligned with company values.
<div data-bbox="109 959 319 1098" data-label="Section-Header"> <h3>Supply Chain Compliance</h3> </div> <ul data-bbox="329 842 1071 1217" style="list-style-type: none"> • Require suppliers to sign the <i>Supplier Integrity and Self-Discipline Commitment</i> and update the <i>Huaqin Affiliate Supplier Commitment Letter</i> annually. • Issue the <i>Supplier Social Responsibility Code of Conduct</i>, requiring suppliers and partners to comply with the Company's integrity management regulations and the anti-corruption laws of the countries where they operate. • Strengthen suppliers' compliance awareness and self-management capabilities through activities such as Annual Supplier Conferences, the promotion of reporting channels, supplier interviews, and sending integrity self-discipline requirement emails during major holidays. • Promote compliance policies to suppliers through the SRM platform, ensuring that all suppliers using the SRM system participate in self-inspection and self-correction activities. 	<div data-bbox="1101 991 1310 1129" data-label="Section-Header"> <h3>Compliance Training and Awareness</h3> </div> <ul data-bbox="1321 882 2041 1225" style="list-style-type: none"> • Compliance and anti-corruption training is organized for new employees, management, and employees in sensitive positions to ensure they understand violation handling, reporting channels, and incentive policies. • Organize the Company's and each system's Internal Control and Compliance Month, including compliance knowledge promotion, distribution of internal control manuals, and company-wide compliance exams. • Operate the "Frequent Internal Control" communication platform, regularly share case warnings, compliance reminders during holidays, and periodically release internal control knowledge articles and posters. • Violation penalties are publicized through bulletins, emails and other channels.
<div data-bbox="109 1262 319 1401" data-label="Section-Header"> <h3>Company-Wide Compliance Requirements</h3> </div> <ul data-bbox="329 1257 1071 1417" style="list-style-type: none"> • The <i>Employee Handbook and Huaqin Integrity Management Policy</i> outline standards of ethical behavior, anti-bribery rules, and conflict of interest policies. • The <i>Employee Disciplinary and Violation Management Guidelines</i> establish clear classifications of violations and disciplinary actions, implementing a zero-tolerance policy for violations, including warnings, termination, and other penalties. • All employees are required to sign the <i>Integrity and Self-Discipline Commitment</i> and the declaration of affiliation is implemented for management cadres and sensitive positions. • A <i>Gifts and Cash Gifts Registration Form</i> is established to standardize the management and auditing of gifts. 	

◆ Key Performance Indicators

In 2024, the Company achieved

100%

business ethics training coverage for new employees (including interns, part-time employees, and on-site service providers).



Case

Internal Control and Compliance Month - Diverse Activities to Enhance Compliance Awareness

Every September is Huaqin's Compliance Culture Month, aiming at promoting the compliance culture and fostering a strong atmosphere of integrity across the Company. During this month, senior management practices and advocates the core values of honesty, while various activities, training sessions, and exams are organized to ensure employees fully understand the obligations and responsibilities they need to adhere to, embedding the compliance culture into their daily behaviors. The participation rate in the Compliance Month knowledge exam reached 99.66%, with a pass rate of 99.25%, which not only tested employees' mastery of compliance knowledge but also reinforced the widespread understanding of the compliance culture within the Company.



Executive Endorsement of Internal Control Compliance

◆ **Business Ethics Management**

The Company has elevated business ethics to the highest level of management. The Board of Directors and its Audit and Risk Management Committee are responsible for oversight and management, while the Internal Control Committee is responsible for decision-making regarding cases of business ethics and corruption. The Security and Internal Control Department is responsible for executing investigations into anti-corruption and anti-fraud matters.

We are committed to clearly adhering to the highest ethical standards in all business dealings, insisting on integrity-based operations, ensuring transparency, preventing conflicts of interest, combating money laundering, fraud, and unfair competition, protecting identities, upholding non-retaliation policies, and safeguarding privacy. Together with our employees and partners, we aim to maintain transparent, healthy, and sustainable business collaborations. We have established and strictly implemented global policies such as the *Internal Control Management System and Integrity Management System*. During the reporting period, we revised the *Business Ethics Management System*, adding requirements for fair competition and prohibition of collusion. The Company prohibits manipulation, concealment, misuse of privileged information, misrepresentation of material facts or other unlawful trading practices for improper gain. The Company has also joined the "Integrity Sunshine Alliance" and, together with several well-known enterprises, has created an integrity blacklist.



Business Ethics Assessment and Auditing

To ensure the effective implementation of business ethics standards, the Company has taken a series of measures:

- Clearly defined responsibilities and reporting lines for each department, with dedicated positions for inspection teams and audit experts in the Information Security and Internal Control Department. The Company conducts independent audits every three years, covering all business lines to investigate disciplinary violations, corruption, and fraudulent activities. No major business ethics risk events occurred in 2024.
- Regular fraud risk assessments for sensitive positions, annual risk identification, design of control measures, and quarterly self-inspection and rectification.

◆ Complaints and Whistleblower Protection

Huaqin places great importance on the protection of whistleblowers. The *Code of Conduct for Investigators* outlines clear procedures for communication, appeals, and resolution. Multiple accessible reporting channels are available to all stakeholders, including independent hotlines, Lark, email, and face-to-face communication with investigators. Reports are managed by designated personnel to ensure timely and effective processing and are accepted and treated equally, no matter whether they are real-name or anonymous. We are committed to strict confidentiality. Any retaliation against whistleblowers will result in severe disciplinary action. If the disciplined individual disagrees with the decision, they may file an appeal to the Internal Control Committee in accordance with the *Huaqin Employee Handbook*. The Committee will complete the review within 10 working days of receipt and, depending on the situation, may uphold, modify, or revoke the original decision. For violations of business ethics, the Company strictly follows relevant regulations in handling such incidents and requires the responsible department to implement corrective and preventive measures to effectively maintain business environment and uphold ethical standards.

Whistleblowing Channels:

Email: report@huaqin.com

TEL: +86 18516617679 (independent hotline with dedicated personnel)



◆ Key Performance Indicators

During the reporting period,

100%

of business ethics-related reports were addressed.

0

lawsuits or major penalties resulting from unfair competition.

0

cases of conflict of interest

0

money laundering, insider trading

0

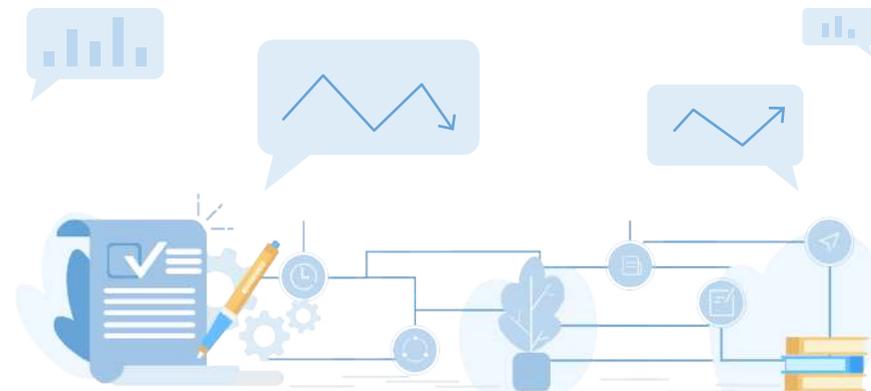
harassment, or discrimination

◆ Tax Compliance Governance

The Company adheres to principles of compliance, transparency, and effective tax management. We strictly follow the tax laws and regulations of each country, ensuring timely filing and payment of taxes. We reject the misuse of tax planning and are committed to not utilizing tax structures that lack genuine commercial substance. Transfer pricing is conducted according to the arm's length principle, and we maintain a comprehensive tax risk management framework to ensure the transparency and timely resolution of tax-related matters.

The Company has established a professional tax team and tax information management standards, maintaining good communication with tax authorities and conducting regular self-assessments to identify and address risks. In major decisions, we fully consider the tax impact and commit to not using tax havens for unreasonable or aggressive tax avoidance planning. We continue to learn about the "Two-Pillar" policy and steadily carry out related preparation work.

The Company also analyzes tax policies, applies R&D deductions and high-tech enterprise qualifications, and makes reasonable use of government subsidies and incentives for energy-saving projects, R&D investment, equipment upgrades, and digital transformation. This supports tax structuring for business development and addresses changes in international tax policies, such as the global minimum tax (OECD Pillar II) impact assessment and implementation, ensuring the accuracy and transparency of financial reporting.



Data Security Management

Network and data security form the cornerstone of building digital trust. Huaqin Technology has always viewed information security as fundamental to its survival, establishing a comprehensive information security protection system. We safeguard the information security of our customers and stakeholders through all-round, multi-level, and three-dimensional management and technical means.

◆ Information Security Management

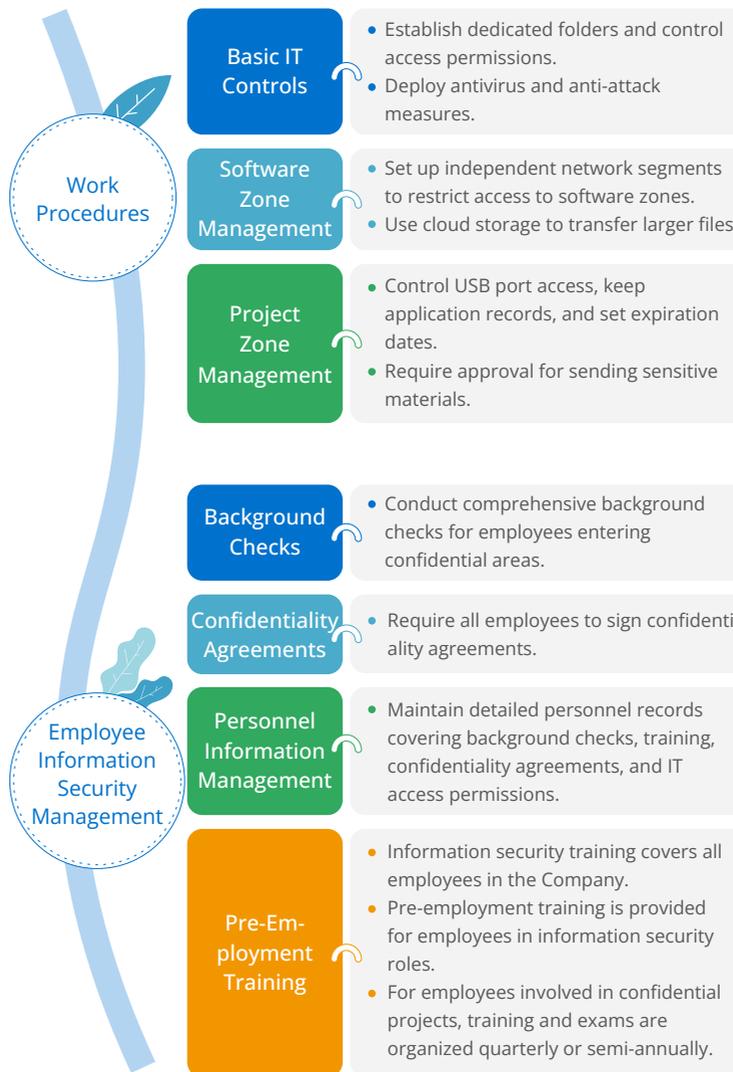
Huaqin Technology has obtained ISO 27001 certification for its information security management systems. Based on the standards, we have developed and implemented operational documents such as the *Basic Information Security Strategy*, the *Information Security Manual*, and the *Information Security Organizational Management Standards*. Additionally, we invite third party certification body to conduct periodic reviews to standardize the Company's information security, confidentiality requirements, and privacy protection practices. We regularly conduct internal audits of our own business and key suppliers' information security. Any identified violations are promptly addressed, and improvements are implemented to ensure the effectiveness of our information security measures.

Information Security Management Structure

The Board of Directors, as the highest decision-making body for information security, is responsible for the overall management. Audit and Risk Management Committee is in charge of formulating the Company's information security strategy and addressing significant security incidents. The Company has appointed a Chief Information Security Officer who is responsible for the construction and operation of the information security system. The Information Security and Internal Control Department manages and coordinates the Company's information security efforts, ensuring customer information security requirements are met. At the execution level, each department has designated information security officers responsible for implementing the strategic goals of information security, overseeing the execution of related objectives, and ensuring daily supervision and inspections.

Information Security Management Measures

To ensure data security and compliance during business operations, the following information security management requirements have been implemented.



◆ Key Performance Indicators

During the reporting period,

Information Security Month activities covered

5 regions, with **9** onsite events held.

Information security training for all employees achieved a

100% participation rate.

12 phishing simulation exercises were conducted, involving

59,814 participants.

12 outstanding teams and

35 individuals were recognized

The Company has established and implemented the *Supplier Information Security Management Standards* and conducts regular supplier information security checks to ensure the reliability and compliance of supplier information security practices, collaboratively safeguarding business operations.



Information Security Continuity Plan

The Company has established internal procedures such as the *Information Security Incident Management Program*, *Penetration Testing Process Standards*, and *Vulnerability Fixing Standards*. Through regular drills and continuous improvements, we ensure the effectiveness of our information security management system.

Information Security Continuity Management Plan

Based on business impact analysis and risk assessment results, the Company has developed a comprehensive management strategy for information security continuity, outlined in the Information Security Continuity Plan. This plan includes preventive measures, emergency response protocols, disaster recovery procedures, and post-recovery actions, aiming at reducing the possibility and impact of risks, as well as ensuring the rapid restoration of systems and services.

Preventive and Preparatory Measures

The Company establish disaster backup centers, equipment redundancy, deploy security products, conduct data backups, and ensure personnel and material support. Additionally, we implement early warning technologies and communication safeguards to ensure business continuity.



Information Security Drills and Emergency Plans

An annual drill plan is established, and business continuity organizations are formed. Various drill methods, including tabletop and simulation exercises, are used to verify the feasibility of technical solutions and the correctness of response processes.

Information Security Vulnerability Remediation

After identifying vulnerabilities, tests are conducted to assess and validate them. Based on the severity level, fixes are prioritized. Regular penetration testing is performed to ensure the security and stability of the information systems. Penetration tests are scheduled as a priority before significant events, with external and internal network penetration tests both conducted quarterly.

Customer Privacy Protection

The Company strictly adheres to regulations such as the *Personal Information Protection Law* and the *Data Security Law* and has formulated the *Personal Information Security Protection Management Program* to manage information security risks comprehensively. We are committed to protecting the privacy rights of customers and other stakeholders. The *Responsible Marketing Policy* also clearly stipulates requirements for customer privacy protection, including the purpose, methods, and scope of collecting, using, and disclosing clients/consumer personal information, emphasizing the need for clients/consumer consent before collection. The relevant data and privacy protection policies apply to all lines of business. Additionally, we extend responsible marketing and customer privacy protection requirements to our supply chain management, demanding suppliers maintain strict confidentiality of personal information and comply with privacy and information security regulations throughout all stages of information handling.

Key Performance Indicators

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

0



03

Green and Low-Carbon



Huaqin Technology actively participates in environmental governance, making green and low-carbon development a key approach to enhancing its core competitiveness. The Company has established and operates a green supply chain and green manufacturing system throughout the product lifecycle, integrating green concepts into every decision. By taking action to implement the "dual carbon" strategy, fulfilling its responsibility as a supply chain leader, **thinking clearly, making bold commitments, and delivering on promises**, Huaqin drives the entire value chain toward carbon neutrality and creates green value for society.

+ SDGs



Commitment

Identify and respond to the challenges and opportunities brought by climate change, take multiple measures to reduce greenhouse gas emissions, and promote the enhancement of the operational resilience of both the Company and its value chain.

Objectives

Achieve carbon emissions peak in Company operations by 2030 and carbon neutrality by 2050.

Reduce carbon emission intensity by an average of 3% per year from 2023 to 2030 (with 2023 as the baseline year).

3%

Reach a 40% clean energy substitution rate by the end of 2028.

40%

Save a total of 500 million kWh through energy-saving measures in Company operations from 2024 to 2028.

500 million kWh

Ensure

100%

participation in low-carbon training and achieve

10%

low-carbon flights for business travel by the end of 2026.

Maintain zero violations, zero anomalies, and zero accidents in hazardous substances and chemical management.

0

Achieve a 98% responsible disposal and reuse rate for solid waste by the end of 2026.

98%

Reduce water consumption per capita water usage by an average of 5% per year from 2023 to 2028 (with 2023 as the baseline year).

5%

Progress

Carbon greenhouse gas (scope 1 + Scope 2) emission intensity saw a year-on-year decrease of

16.29%

The proportion of clean electricity reached

15.11%

A total of 101.3 million kWh of electricity was saved through energy-saving technical upgrades.

101.3 million kWh of electricity

Held 2 low-carbon training sessions per month, with a total of

18,000 participants, and

54.84%

of business flights were low-carbon.

There were 0 violations, anomalies, or accidents related to hazardous substances and chemical management.

0

Achieved a **98.5%** recycling rate for solid waste, and **100%** compliant disposal of hazardous waste.

The per capita water consumption in 2024 decreased by

6%

compared with that in 2023.

Governance

- The Board of Directors and the Strategy and Sustainable Committee lead decision-making, while the ESG Executive Committee guides the implementation of environmental management and low-carbon transformation through the EHS and carbon neutrality modules. This includes promoting the establishment of environmental, energy, and greenhouse gas management systems at the R&D and manufacturing centers, and achieving the corresponding ISO certification.

Risks and Opportunities

Risks

- Green and low-carbon standards are continuously rising, requiring sustained investment in R&D resources to overcome challenges in clean technology.
- The adoption of advanced energy-saving equipment, the development of green technologies, and participation in environmental public welfare activities require additional financial investment.
- There are differences among partners in carbon reduction efforts, making coordination difficult, which may hinder efficient carbon reduction across the value chain.

Opportunities

- Efficiently track green and low-carbon development policies and incentives launched by governments worldwide and actively seek policy support.
- Timely capture customer demands, launch more products that meet environmental standards, participate in the formulation of industry standards, and seize opportunities in the industry transformation.

Actions

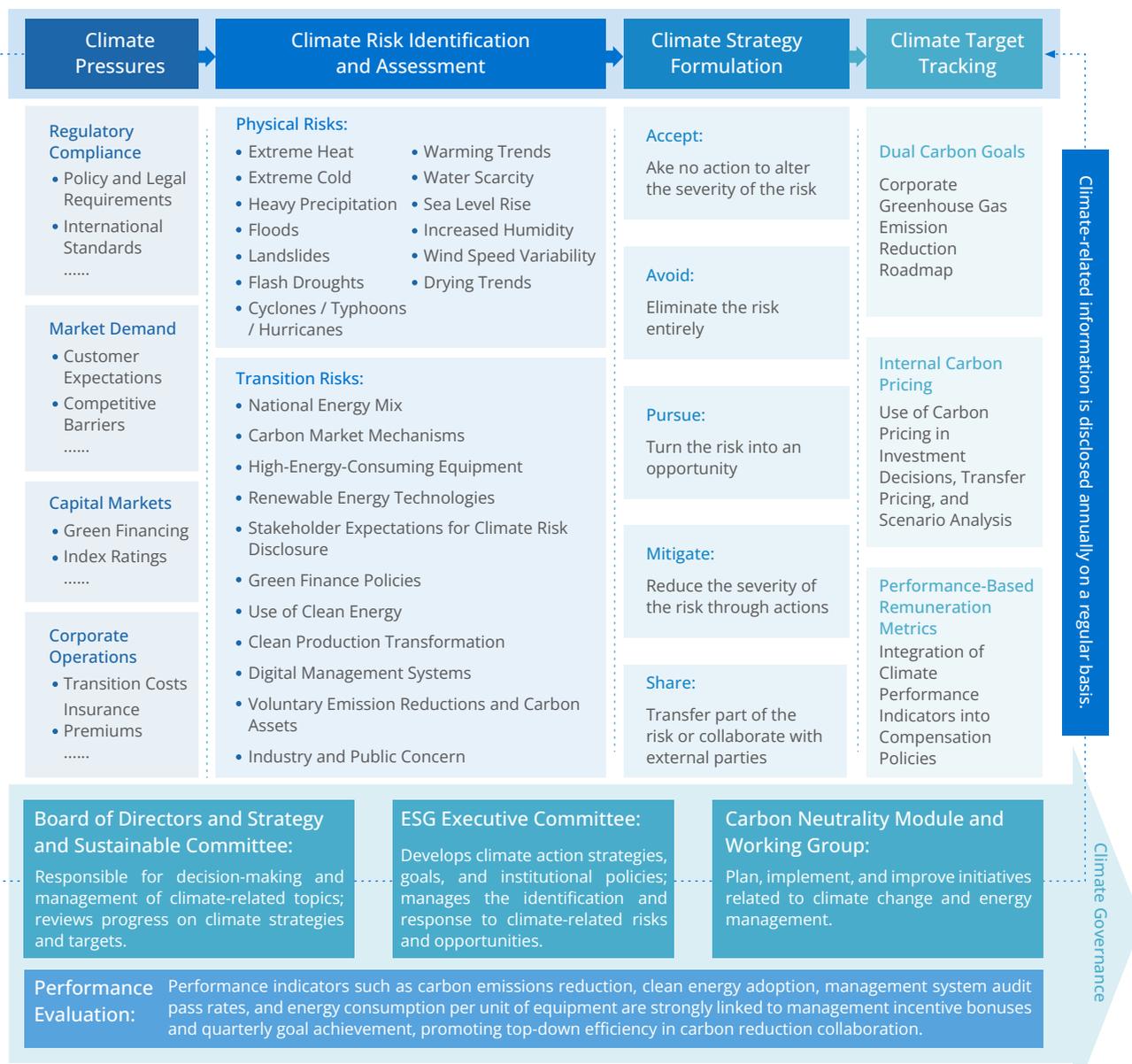
- ESG TOP10 projects: : ④ Clean Transformation, ⑤ Resource Efficiency Improvement, ⑥ Climate Risk Management, ⑦ Green Operations, ⑧ Hazardous Substances and Chemicals
- Develop the "Dual Carbon" roadmap and action plan, implement carbon reduction in manufacturing and operations annually.
- Build digital carbon management tools to empower supply chain carbon management.
- Develop the "Dual Carbon" roadmap and action plan, implement carbon reduction in manufacturing and operations annually.
- Implement water risk analysis, actively adopt water-saving equipment, regularly check water-saving performance, and promote water-saving awareness daily.
- Develop a reasonable hazardous substances control list and phase-out plan, with actions to reduce some substances starting in 2024, including banning 7 substances and limiting the use of 4 substances.

Climate Change Response

Huqin Technology actively practices the concept of green development, integrating climate change response into the Company's strategy and decision-making. By referencing the IFRS S2 disclosure recommendations and international cutting-edge decarbonization methodologies, the Company has set "zero-carbon" strategic goals, identifying and addressing the challenges and opportunities posed by climate change. Multiple measures are being taken to reduce greenhouse gas emissions and enhance climate resilience.

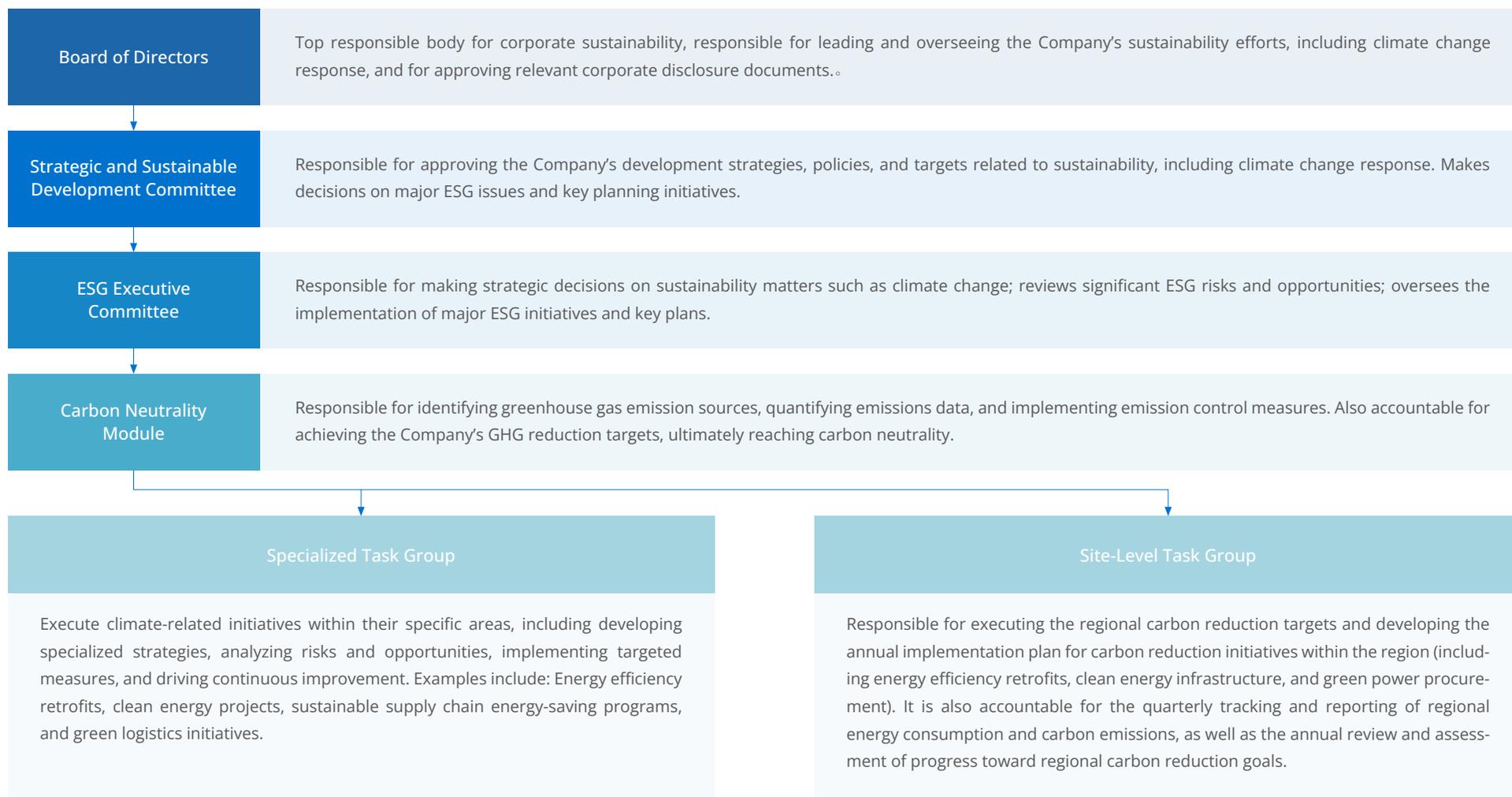
◆ Climate Governance

The Company maintains a high level of sensitivity and foresight regarding climate issues, actively identifying climate risks and exploring ways to maintain business continuity under various climate scenarios. At the same time, the Company explores potential opportunities brought by climate change based on industry, region, and business model. Using the four pillars suggested by the IFRS S2 disclosure recommendationst, the ESG Executive Committee leads and the ESG Office collaborates with relevant departments for discussion and evaluation. Climate risks and opportunities arising from regulatory compliance, market demand, capital markets, and internal and external operational climate are identified. Based on the COSO framework, climate risk response strategies are formulated from five dimensions, "accept, avoid, pursue, reduce, and share." These strategies are integrated into the Company's existing risk framework, collaboratively setting climate-related performance goals, action plans, and management mechanisms. The Company will disclose progress on climate actions annually and track and ensure the results of climate governance in the long term.



1 The COSO framework is developed by The Committee of Sponsoring Organizations of the Treadway Commission. It is a framework for enterprise risk management, specifically designed to apply risk management to environmental, social, and governance (ESG) related risks. This framework is used for managing ESG risks in organizations.

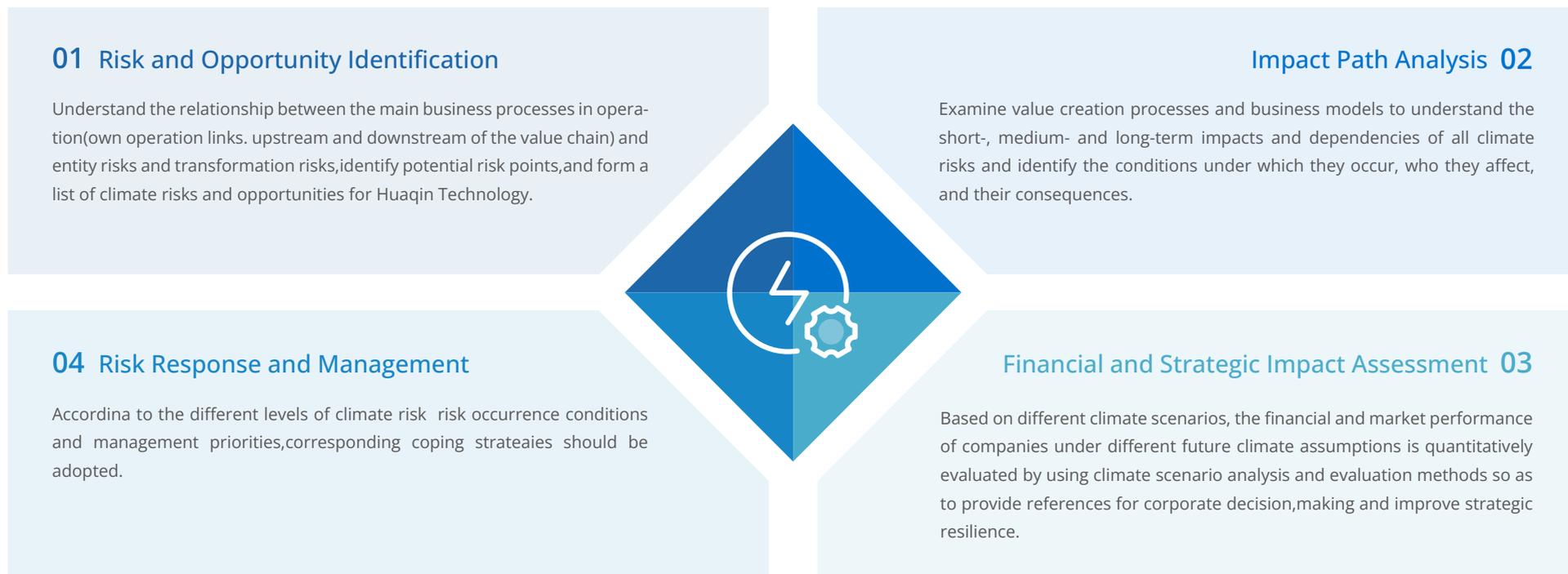
The Company integrates climate governance into the ESG governance framework, clearly defining the responsibilities of the board and management. This covers all aspects of operations, research and development, and production manufacturing, and is systematically extended to the supply chain, ensuring the orderly advancement of climate change-related matters and the achievement of goals. Among the highest decision-making body (the Board of Directors), some board members have experience in green investment and financing, as well as energy management. All board members receive training on climate governance issues and expert advisory suggestions to enhance leadership in climate governance.



Climate Governance Mechanism

◆ Climate Risk Management

The Company aligns with its production and operation to identify climate risks and opportunities across its own operations and the upstream and downstream value chain. The Company conducts materiality assessments and short-, medium-, and long-term trend analyses for identified projects. By incorporating qualitative climate scenario analysis into strategic planning and business plans, the Company ensures targeted decision-making, risk prevention, and efficient management. This approach strengthens the Company’s resilience and stability in the face of climate change challenges.



The Company follows the IFRS S2 recommendation framework and employs two Representative Concentration Pathways (RCPs)² from the Intergovernmental Panel on Climate Change (IPCC): for scenario analysis. This helps identify potential threats of acute flood risks and chronic water shortages in its operational locations for the short and medium term (current to 2030) and long term (2030 to 2050).

Through conducting a physical climate risk analysis on manufacturing centers in China³ and overseas.⁴ The Company has been found that, compared to acute risks, the manufacturing process is more susceptible to disruptions from chronic water shortages.

² RCP4.5 (low-carbon scenario, 1.6°C–2°C) and RCP8.5 (high-carbon scenario, 4.1°C and above).

³ The eight manufacturing centers in China included in the physical climate analysis for the first time are Nanchang First Manufacturing Center, Nanchang Second Manufacturing Center, Dongguan First Manufacturing Center, Dongguan Second Manufacturing Center, Dongguan Third Manufacturing Center, Huayu Precision, Xiqin Precision, and Chunqin Precision. The overseas manufacturing center included in the physical climate analysis is the Vietnam Manufacturing Center.

Risk/Opportunity Type	China				Overseas			
	Short-term		Long-term		Short-term		Long-term	
	RCP4.5	RCP8.5	RCP4.5	RCP8.5	RCP4.5	RCP8.5	RCP4.5	RCP8.5
Acute Risks								
River Flooding	Low Risk	Low Risk	Low Risk	Low Risk	No Risk	No Risk	No Risk	No Risk
Coastal Flooding	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk
Chronic Risks								
Water Shortage	Medium-Low Risk	Medium-Low Risk	Medium-Low Risk	Medium-Low Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk



Overview of Flood Risk and Water Shortage Risk Exposure Assessment for Selected Assets

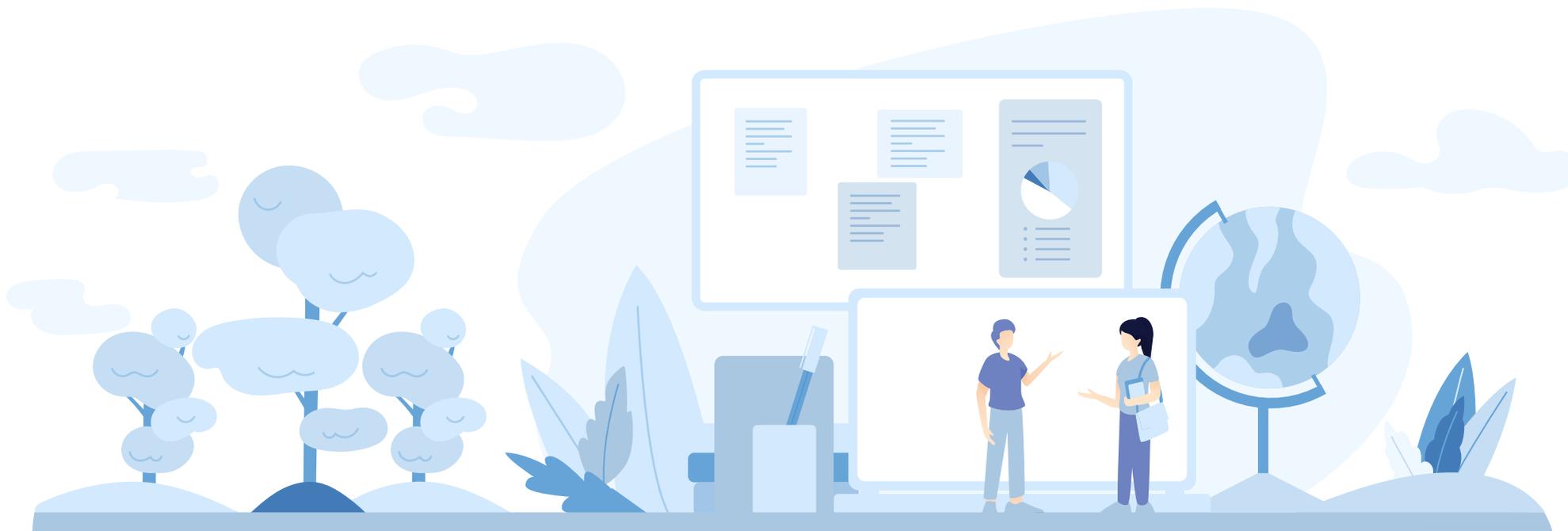


Climate Risk Category	Risk/Opportunity Factors	Operational Impact	Response Measures
Compliance Requirements	Global environmental regulations, information disclosure requirements	Increased Costs, Increased Expenditure	<ul style="list-style-type: none"> • Optimize energy structure and increase the share of renewable energy. • Develop projects for renewable energy such as photovoltaics. • Carry out energy-saving transformations and enhance energy efficiency. • Operate regular carbon emission data management systems. • Develop carbon management digital tools.
Carbon Pricing Mechanisms	Carbon pricing, Supplier management costs, Low-carbon subsidies and incentives, Carbon market transactions	Increased Expenditure	<ul style="list-style-type: none"> • Promote ISO 14064 verification, and regularly track progress toward dual carbon goals. • Build carbon asset trading capabilities. • Explore rational paths for implementing internal carbon pricing.
Market Preferences	Green product development, Carbon footprint investigation requirements	Increased costs	<ul style="list-style-type: none"> • Research and develop low-carbon green products and solutions, stock up on clean technology solutions. • Control carbon emissions throughout the product lifecycle. • Collaborate with value chain partners for carbon reduction.
Raw Material Costs	Supply chain operational cost changes	Increased costs, Reduced revenue	<ul style="list-style-type: none"> • Avoid risks from relying on a single supplier, ensuring smooth supply. • Empower and manage suppliers and collaborate with value chain partners for carbon reduction
Clean Technology Transition	Clean technology R&D costs, Clean technology market opportunities	Increased costs, Reduced revenue	<ul style="list-style-type: none"> • Prioritize pilot projects for core technologies that align with business strategy (e.g., data server liquid cooling, clean energy vehicle parts). • Increase R&D investment and enhance innovation incentives. • Apply for clean technology-related patents.
Investment and ESG Rating	ESG Rating, Green Financing	Increased Financing Costs	<ul style="list-style-type: none"> • Improve ESG management and practices. • Enhance information disclosure quality. • Strengthen external communication and promotion.
Supply Chain Public Opinion	Supplier Carbon Reduction Cooperation	Increased Costs, Increased Expenditure	<ul style="list-style-type: none"> • Strengthen supplier carbon empowerment and management requirements. • Operate supplier regular carbon emission data management systems. • Develop supplier carbon management digital tools.

Transition Risk Identification and Response

Climate Risk Category	Risk/Opportunity Factors	Operational Impact	Response Measures
Extreme Heat/Drought	Equipment Operational Failure, Equipment Maintenance Costs, Employee Protective Measures	Increased Costs	<ul style="list-style-type: none"> • Preparation for emergencies, regular emergency drills. • Stock up on supplies, medicines and labor protection, and reduce operating hours in extreme weather. • Increase equipment inspection and maintenance frequency and prepare cooling systems. • Maintain and repair apparatus, equipment, fire and domestic pools, drainage pumps, etc. • Pay attention to weather warnings and seek support and rescue from government departments when necessary. • Implement temporary shutdown or work from home policies for employees.
Severe Cold or Extreme Snowfall	Equipment shutdown, Operational disruption, Production safety risks	Increase Costs	
Intense flooding	Operational disruption, Equipment damage, Production safety incidents	Increase Costs, Asset impairment	

Physical Risk Identification and Response



◆ Climate Action Strategy

The Company integrates climate resilience into its business strategy and sustainable development goals, guided by its "zero-carbon" strategic target. Based on past carbon audit results and considerations of business and strategic development, the Company has developed a set of short-, medium-, and long-term goals, a roadmap, and 9 key emission reduction strategies in three categories to steadily achieve its climate commitments.



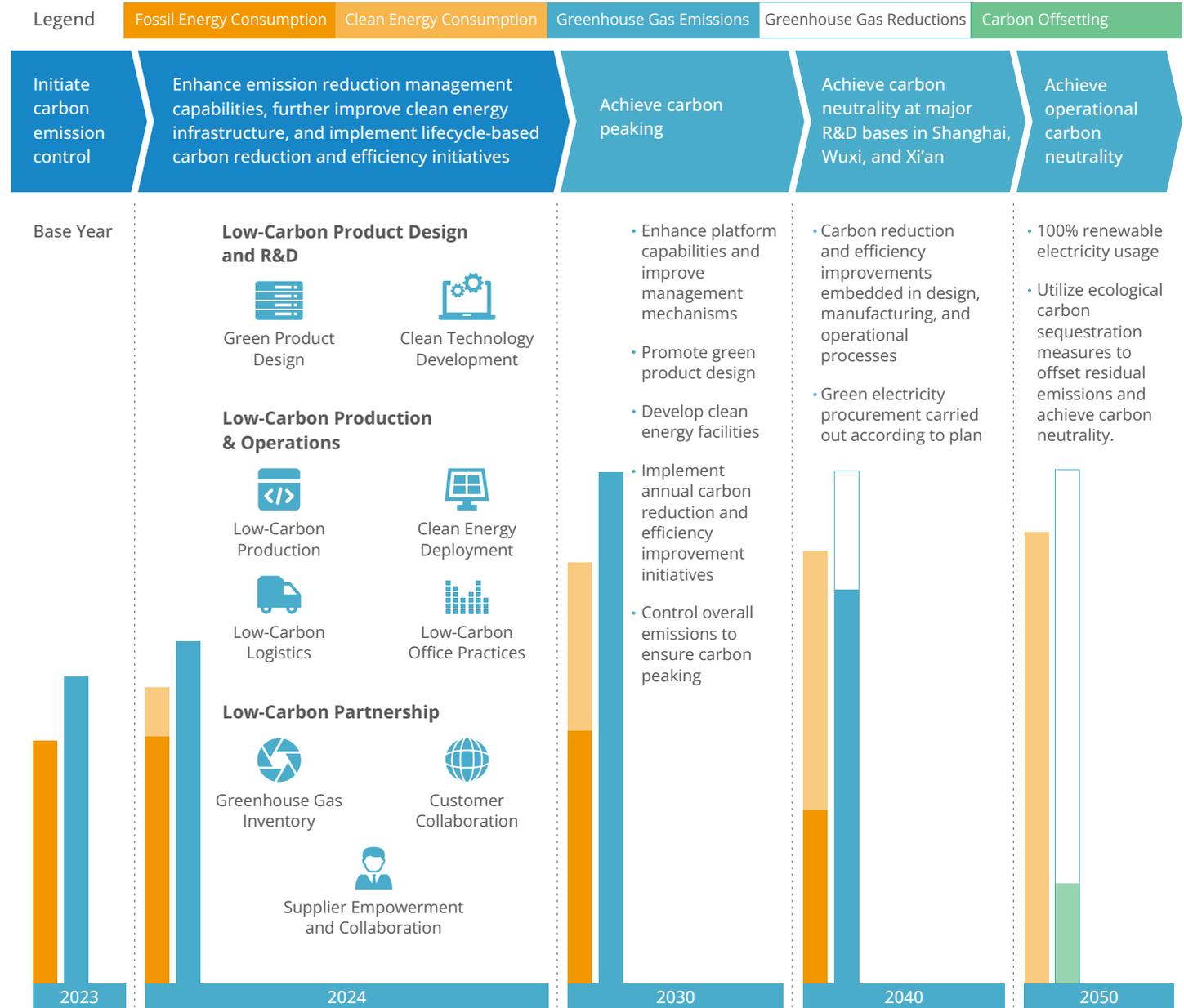
Zero-Carbon Strategic Target

Achieve carbon peak in its own operations by 2030; Achieve carbon neutrality in the Company's three major R&D centers in Shanghai, Wuxi, and Xi'an by 2040; Achieve overall operations carbon neutrality by 2050.



Carbon Emission Reduction Target

With 2023 as the baseline year, reduce carbon emission intensity by an average of 3% annually through 2030.





Case

Participation in the 2024 ICT Industry High-Quality Development Forum, Sharing Low-Carbon Development Practices

On October 17, the 2024 ICT Industry High-Quality Development Forum was successfully held in Nanchang. At the invitation of the client, Zhu Ronghui, a member of the Company's ESG Executive Committee, delivered a speech titled "Exploring Green Opportunities for Carbon Reduction, Advancing Towards a Zero-Carbon Future." During the forum, he shared the Company's sustainable development strategy, dual-carbon goals, performance execution, and collaborative projects with customers, offering insights and experiences on Huqin Technology's green development approach to over 300 attendees.



◆ Indicators and Goal Progress

We have developed and implemented the *Greenhouse Gas Control Management System*, establishing the *Greenhouse Gas Emission Source Identification Table* and *Greenhouse Gas Emission Management Ledger*. In accordance with the GHG Protocol greenhouse gas accounting system, we consistently track and calculate over 20 emission sources within the Company's operational scope.

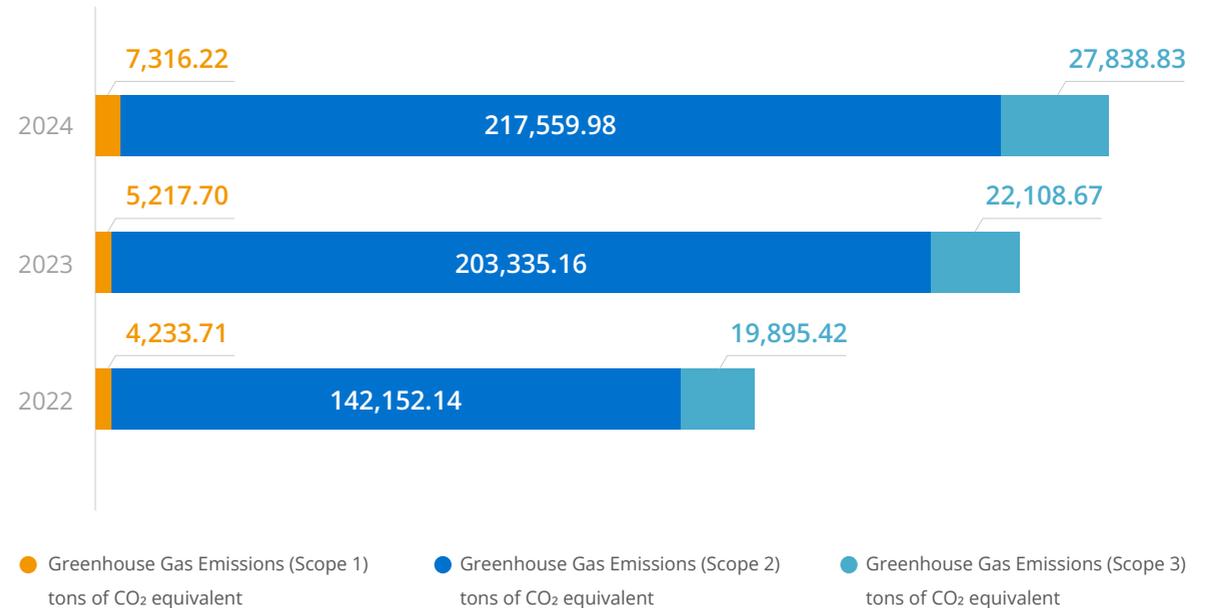
◆ Key Performance Indicators

During the reporting period,

The Company's greenhouse gas emissions were **252,715.03** tons of CO₂ equivalent.

The greenhouse gas emission intensity was **2.30** tons of CO₂ equivalent per ten thousand RMB.

| Greenhouse Gas Emissions Progress (Based on market)¹



¹ For details, refer to the explanations of data scope, calculation methods, and emission factor selection in the key performance table.

Green and Low-Carbon Operations

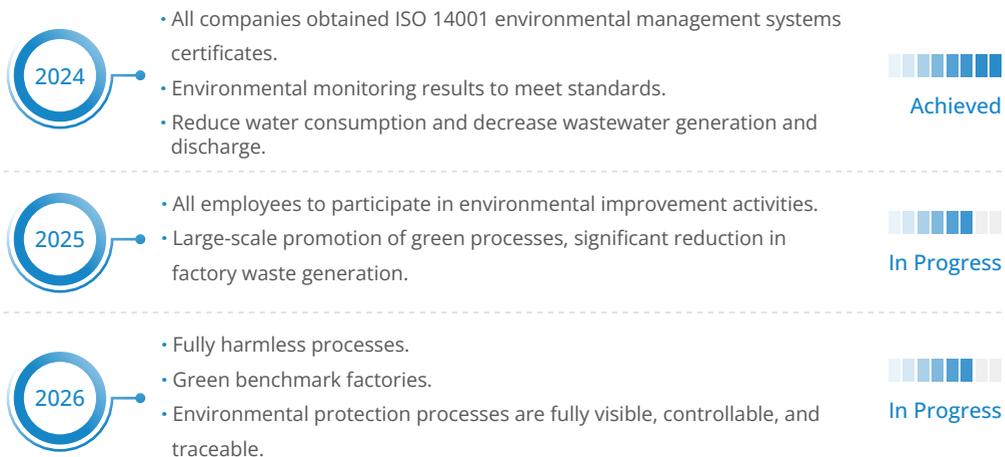
Huajin Technology upholds the environmental management policy of "green and environmentally friendly, maintaining sustainable development" and pursues a development model of "low consumption, low pollution, and high efficiency." The Company operates under the "EHS 2026" plan, with a focus on minimizing negative environmental impacts.

◆ Environmental Management

The Company's Board of Directors oversees the formulation of environmental management policies and goals, making decisions on significant issues. Environmental responsibilities are implemented at every level and department, ensuring strict compliance with environmental and clean production requirements in all global operational locations. During the reporting period, all of the Company's R&D and manufacturing centers passed the ISO 14001 Environmental Management System certification.

"EHS 2026" Plan Progress

Progress



◆ Key Performance Indicators

During the reporting period,

Total environmental investment **RMB33.74 million**

◆ Energy Management

The Company has developed and implemented the *Energy Management System*, clearly defining energy management objectives and principles. An energy management mechanism has been established, led by the Energy Efficiency Leadership Group, with the general managers of each manufacturing center responsible for the efforts. Specialized operational roles coordinate the activities, and various departments participate in regular COE seminars. We focus on improving energy efficiency and have introduced energy-saving technical transformations and the replacement of high-energy consumption equipment across all operational sites to reduce energy consumption and emissions from the source. At the same time, we focus on the substitution of clean energy, with initiatives like solar power installation and green electricity procurement, actively moving towards decarbonization. During the reporting period, Nanchang No. 1 Manufacturing Center and Nanchang No. 2 Manufacturing Center Company received ISO 50001 Energy Management System Certification.

Energy-saving Transformation

The Company prioritizes energy usage efficiency. Based on its business characteristics, we have set a target to save 500 million kWh of electricity in five years. We carry out energy-saving projects every year across four main areas: equipment replacement and upgrading, system optimization and transformation, energy management and control, and green office and energy-saving advocacy. During the reporting period, the Company invested RMB15.23 million, with 316 new energy-saving projects implemented. The electricity saved from these new projects was 22.12 million kWh, and the total electricity saved through energy-saving technical transformations throughout the year was 101.3 million kWh.



Project Type	Project Description	Number of Projects (Count)	Electricity Saved in 2024 (10,000 kWh)	Equivalent CO ₂ Emissions Reduction (Tons of CO ₂ equivalent)
 Equipment Replacement and Upgrade	Replacing high-energy-consuming equipment with innovative, energy-efficient devices such as transformers, pumps, chillers, and air compressors.	101	310.66	1,383.40
 System Optimization and Upgrades	Upgrading automatic control systems to achieve automation and optimization of equipment, such as central air conditioning systems, air compression systems, and building automation technologies.	13	348.08	1,437.40
 Energy Management and Control	Implementing energy management systems and energy-saving audits to identify and stop energy waste, ensuring fine-tuned control over energy usage.	198	1,254.20	6,084.17
 Green Office and Advocacy	Promoting green and energy-saving behavior in the office with full employee participation, such as turning off lights and air conditioning on a set schedule.	4	299.48	1,615.68
Total		316	2,212.42	10,520.65

New Energy-saving Technical Transformation Projects in 2024



Case

Air Compressor Waste Heat Recovery Project at Dongguan Third Manufacturing Center

The Company has continuously promoted the optimization of air compressor systems. During the reporting period, we completed the air compressor waste heat recovery project at the Dongguan Third Manufacturing Center. Prior to the upgrade, the plant used heat pumps to heat cold water. As production capacity increased in the park, the electricity consumption for heating water will continue to increase to 100,000 kWh per month. To address this, we modified 10 air compressor units and connected them to the dormitory hot water system to recover and utilize waste heat, thereby reducing electricity consumption. The theoretical annual electricity savings from this project are approximately 1,000,000 kWh.





Clean Energy

The Company is actively advancing the use of clean energy by implementing deploying solar photovoltaic projects and gradually reducing its reliance on traditional energy sources through the acquisition of the Green Electricity Certificate.

Photovoltaic Facilities

Three distributed photovoltaic projects were newly established at the South China R&D Center, Dongguan Second Manufacturing Center, and Dongguan Third Manufacturing Center



Green Power Certificates

Regularly assessed customer clean electricity requirements, planned green certificate purchases in advance, and purchased a total of 56.5601 million kWh of green certificates for four manufacturing centers.

◆ Key Performance Indicators

During the reporting period,

Clean electricity usage amounted to

79.7245 million kWh

accounting for

15.11%

There were

8 distributed photovoltaic projects

with a total installed capacity of

28.48 MW

Self-generated and self-consumed photovoltaic electricity

23.1644 million kWh



South China R&D Center Photovoltaic Project



Dongguan Second Manufacturing Center Photovoltaic Project



Dongguan Third Manufacturing Center Photovoltaic Project

◆ Water Resource Management

The Company's main production processes and manufacturing operations do not involve large-scale industrial water usage. All water is sourced from municipal supply. We strictly adhere to local laws and standards in all operational locations, regularly assessing and managing water resource risks. We avoid large-scale water extraction in areas under water stress and adopt various methods such as optimizing water-use fixtures, installing water-saving devices, and strengthening water management to improve water efficiency. We also responsibly handle wastewater and waste liquids.

Water Risk Analysis	<ul style="list-style-type: none"> Use the WRI (World Resources Institute) Aqueduct water risk tool to identify water risks across all manufacturing centers. Based on the assessment results, develop targeted control plans.
Water Management	<ul style="list-style-type: none"> Conduct regular inspections, promptly replace aging water supply pipelines, install water-saving faucets, manage the valve opening levels for public water facilities, and standardize pipeline water pressure in water-use scenarios to firmly prevent continuous water flow.
Water-Saving Equipment	<ul style="list-style-type: none"> Domestic Water Use: Public areas adopt automatic water-saving devices, prioritize water-efficient appliances, implement reclaimed water systems for direct drinking water, and promptly fix leaks, spills, and drips. Production Water Use: Focus on the efficiency of cooling towers and key water-consuming equipment, and study feasible retrofit plans for water conservation.
Recycling and Reuse	<ul style="list-style-type: none"> Adopt recycled water processes for injection molding, gradually replacing traditional semi-closed systems with fully enclosed PCW (Process Cooling Water) systems to reduce water evaporation in cooling towers. Monthly average water savings were 10% to 25%.
Regular Audits	<ul style="list-style-type: none"> Establish an audit system. Install water metering devices at all operation points and build a dedicated operations and maintenance team of engineers to conduct regular inspections.
Awareness and Training	<ul style="list-style-type: none"> Enhance employee awareness of water conservation through training sessions and water-saving posters.



Case

Huayu Precision Water Balance Test



Water Balance Test Report

Huayu Precision established a dedicated water-saving leadership team to manage water resources. In the production process, it deployed three major water-saving systems: a cleaning water reuse system, a water curtain reuse system, and a spray circulation water system. In daily operations, it implemented employee water-saving awareness programs and a water resource waste monitoring and evaluation mechanism, creating a refined, full-scenario control across both production and daily use.

To scientifically validate the effectiveness of water-saving measures, Huayu Precision conducted a systematic water balance test during the reporting period. Monitoring data showed that the average daily water intake was controlled at 903.00 m³/day, with 85,693.00 m³/day of water reused, resulting in an overall water reuse rate of 98.96%. The indirect cooling water circulation system was particularly outstanding, with an average daily water usage of 77,531.43 m³/day and a reuse rate of 99.66%, significantly exceeding the requirements of the *Water Conservation Management Standard for Cooling Towers in Civil Buildings*. Moving forward, the Company will continue to improve based on the analysis of this water balance test and promote the reuse of concentrated water to enhance water resource utilization efficiency.

The Company's primary wastewater is domestic sewage, with a small amount of process wastewater generated at three precision manufacturing centers. Each year, we commission accredited third parties to conduct wastewater monitoring, tracking indicators such as Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Suspended Solids, Ammonia Nitrogen, and Total Phosphorus to ensure compliance with laws and regulations, and to prevent possible water pollution. During the reporting period, the Company had no violations related to water intake and usage.

Industrial Wastewater

- Increase the reuse rate of wastewater from air compressor dehumidification and discharge from central air conditioning cooling towers to reduce overall wastewater discharge.
- Operate wastewater treatment facilities and reclaimed water utilization systems
- Transfer wastewater and liquid waste that cannot be treated internally to qualified third-party agencies for responsible disposal.

Domestic Wastewater

- Physically separate production activities from domestic water facilities and implement strict process controls; prohibit washing oil drums at domestic water faucets.
- Collect food waste and wastewater from the canteen in designated containers and transfer them to qualified third parties for resource recovery.
- Entrust professional third-party agencies with compliance monitoring to ensure the entire process aligns with environmental regulations and sustainable development requirements.
- Domestic wastewater must undergo sedimentation and pre-treatment to meet discharge standards before being connected to the municipal sewage system.

◆ Emissions Management

The Company strictly complies with environmental protection laws and emission standards in all regions of operation, carrying out standardized disposal of emissions. We have established management systems and reduction targets for waste and pollutants, regularly monitored various emission indicators, and continuously improved waste disposal and pollution control capabilities to effectively reduce the negative impact of production and operations on society.

Waste Management

We have established and implemented the *Waste Management Specification*, strengthening control over various aspects such as the selection of disposal vendors, waste classification, waste recycling and reuse, and waste reduction. For non-recyclable solid waste, scientific and reasonable treatment methods are adopted to ensure minimal environmental impact.



General Solid Waste

Classification: Identified and categorized in designated waste rooms according to the *Solid Waste Identification Standards*.

Disposal: Entrusted to qualified third-party organizations for responsible disposal (recycling, reuse, thermal treatment, etc.)

Record: Maintained waste management logs, recording categories, quantities, transportation methods, and disposal organizations.

Audit: Conducted periodic visits to third-party organizations to trace and verify disposal paths of general waste.



Hazardous Waste

Classification: Categorized in a designated hazardous waste room by designated personnel in accordance with the *National Hazardous Waste Catalogue* with clearly labeled containers for each type of hazardous waste.

Storage: Establish dedicated storage facilities for hazardous waste to prevent leakage and contamination of soil and water.

Disposal: Entrusted to qualified third-party organizations for responsible storage, transfer, and disposal.

Evaluation: Conducted comprehensive assessments of the environmental impact of hazardous waste and eliminate potential pollution. Regular evaluations of hazardous waste management progress.

◆ Key Performance Indicators

During the reporting period,

Total comprehensive utilization of waste: with a recycling rate of

42,304.33 tons

98.5%

Number of chemical management violations, anomalies, and accidents:

0

During the reporting period, the Nanchang First Manufacturing Center and Nanchang Second Manufacturing Center obtained the UL 2799 Platinum Certification for Zero Waste to Landfill. Of them, 100% of waste were transferred, and 7% was processed through thermal treatment for energy recovery, reducing the environmental negative impact of end-of-life waste.



Pollution Control

We strictly comply with the laws and standards of our operating locations, conducting full-process monitoring and control of pollutants. We hire accredited environmental monitoring agencies to regularly monitor air pollutants and noise pollutants, with each manufacturing center conducting at least one monitoring per year. During the reporting period, all pollution control facilities operated normally, and no related violations or illegal incidents occurred.

Air Pollution Control

- Ensure that all exhaust gas treatment facilities meet emission standards, and regularly clean and maintain the exhaust system and its treatment devices.
- Use dedicated purification devices to treat kitchen fumes, regularly clean and maintain the purification devices.
- When using volatile hazardous chemicals like anhydrous ethanol plate-washing solvents, immediately seal containers after use and minimize evaporation.

Noise Pollution Prevention

- Conduct soundproofing and noise-reduction upgrades in aging workshops to reduce noise interference with the surrounding environment, and regularly maintain relevant facilities to ensure the continued effectiveness of protective measures.
- Provide employees with protective measures, strictly control noise levels within the factory boundary, reduce potential adverse effects on employee health, and ensure production safety.
- Prioritize low-power equipment and noise-reducing devices to lower noise sources and overall noise levels.
- Regularly maintain all machines according to equipment maintenance manuals and maintenance schedules to ensure optimal operation and reduce additional noise caused by aging or malfunctions.

◆ Green Office

The Company promotes the concept of green office and low-carbon lifestyle, encouraging employees to participate in paperless office practices, low-carbon business travel, and commuting. We lead the way in green office and lifestyle by implementing actions such as WeChat publicity, public announcements, and regular bi-monthly low-carbon-themed training sessions.



Low-carbon and Environmental Protection Publicity through Channels such as Official Accounts and Offline Promotions

◆ Key Performance Indicators

During the reporting period,

A total of low-carbon special training sessions were conducted

every **2** months

attracting

18,000 participants

Case

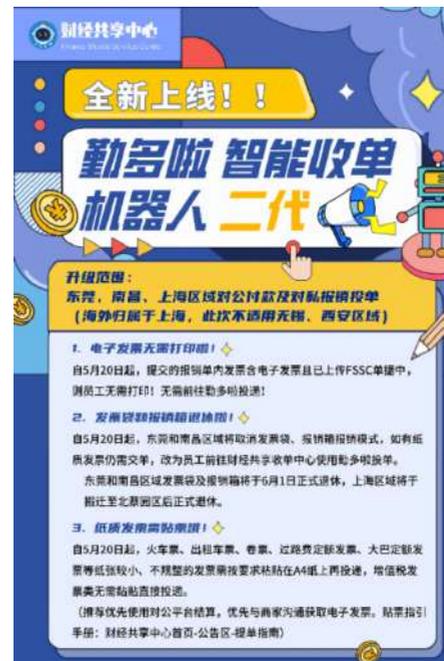
Innovative Green Travel Points Program to Encourage Employees to Travel Sustainably

The Company actively explores innovative mechanisms for green office and operations. In 2024, we launched a low-carbon flight intelligent labeling system in the travel system to encourage employees to choose low-carbon flights when the price is the same. At the same time, we incorporated employees' green accounts into the Company welfare platform, linking travel behavior and travel choices to points to encourage low-carbon office and living practices. During the reporting period, the proportion of travel mileage using low-carbon flights was 54.84%.

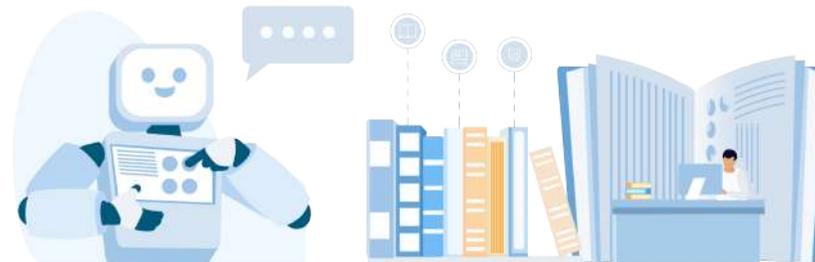


Case

Qinduola Smart Electronic Reimbursement System Fully Launched to Upgrade Paperless Office



In 2024, the Company launched the Qinduola smart document receiving robot in Shanghai, Nanchang, and Dongguan, supporting the self-service collection of all payment documents in the financial shared service center system. Using this system, no printed electronic invoices or paper forms are required for reimbursement documents. The system operates 7*24 for immediate submission and review, improving reimbursement efficiency while effectively supporting paperless office operations. An average of 7,798 sheets of paper are saved each month, resulting in a reduction of 730 kilograms of CO₂ emissions annually.



Green Technologies and Products

Huaqin Technology strategically focuses on clean technology transformation. In line with business and strategic development needs, we deeply invest in areas such as energy efficiency improvement, industrial automation, and green material application. We continuously allocate resources to advance green product and technology development, providing consumers with sustainable green products and solutions.

◆ Green Products

The Company has developed a green product policy, "Create green products, comprehensively control hazardous substances, and enhance the environmental competitiveness of our products." We integrate green design concepts into the entire product lifecycle and enforce high standards in hazardous substance management, aiming to reduce the carbon footprint and environmental impact throughout the product lifecycle.

Hazardous Substance Management

The Company follows domestic and international regulatory requirements and standards such as RoHS, REACH, WEEE, POPs, TSCA, and California Proposition 65, establishing a comprehensive hazardous substance control system. We have developed and continuously improved the *Hazardous Substance Control Standards and Huaqin HSF Inspection Control Operating Standards*. These standards are strictly implemented throughout the product lifecycle, including product design, material procurement, material inspection, process control, and sales. During the reporting period, all five manufacturing centers passed the QC 080000 Hazardous Substance Process Management certification.

Select materials according to environmental standards, eliminating hazardous substances that do not comply with regulations.

Provide customers with detailed product material composition information to help them understand the safety and compliance of the products.



Establish a strict cooperation mechanism with suppliers. Issue hazardous substance standards through the SRM system, requiring suppliers to comply with relevant laws and identify and manage the use of hazardous substances.

Strengthen supervision of the production line, conduct hazardous substance testing on incoming materials, and prevent hazardous substances from entering the production process.

Iteration of Hazardous Substance Control Standards

The Company continuously tracks regulatory requirements, industry standards, international conventions, and customer expectations, and regularly updates its *Hazardous Substance Control Standards*. During the reporting period, the standards were updated to version 8.4, which includes 103 banned substances, 337 restricted substances, and 19 declared substances.

Newly Banned Substances (14)

- Selenium and its compounds
- Sulfur hexafluoride (SF₆)
- Trimethyl phosphate (TMP)
- rel-1,3,5-Tris[(2R)-2oxiranylmethyl]-1,3,5-triazine-2,4,6 (1H,3H,5H)-
- 2-Naphthylamine hydrochloride
- Isopropanol
- 1,3-Butadiene
- Galaxolide (HHCB)
- 1,4-Dioxane
- Acetaldehyde
- Acrylonitrile
- C.I. Pigment Violet 29 (PV29)
- 2,2',4,4'-Tetrabromodiphenyl ether (BDE 47)
- 2,4,6-Tris-tert-butylphenol (2,4,6-TTBP)

Newly Restricted Substances (7)

- Bismuth and its compounds
- Magnesium
- Thallium and its compounds
- Limonene
- 2-Ethylhexyl diphenyl phosphate
- Trimethyl phosphate
- Phenyl mercury

Planned Restricted Substances (9)

- Melamine
- N-Ethyl-2-pyrrolidone
- Substituted diphenylamine (SDPA)
- Phosphate acid (1,1-dimethylpropyl) phenyl diphenyl ester
- Isodecyl diphenyl phosphate
- (Di-tert-butylphenyl) phenyl phosphate
- Triethyl phosphate
- Nanomaterials
- Cobalt

Phase-out Plan for Hazardous Substances

To reduce environmental pollution and minimize systemic health risks, the Company has established and continuously updated a list of substances to be eliminated, along with implementation plans for their reduction at the source.

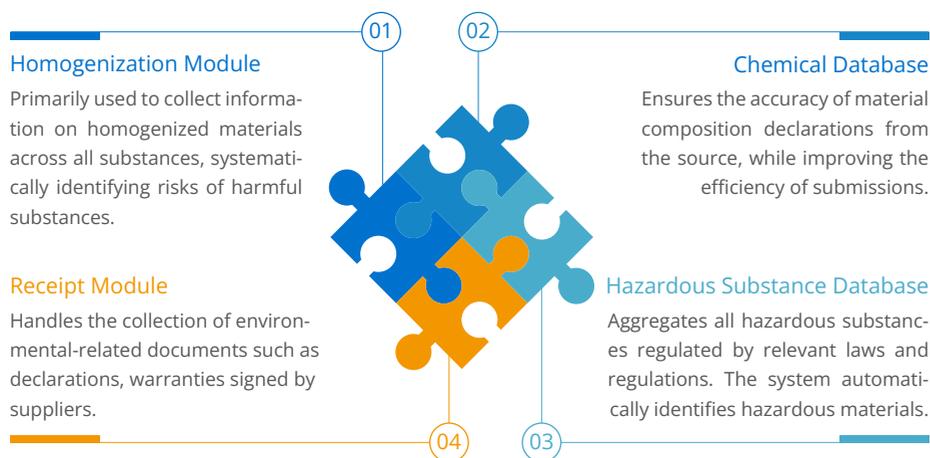
Reduction Dimensions	Reduction Cycle	Reduction Content	Hazardous Substances	Applied Materials/Products
 Proactively Hazardous Substances-free raw material substitution	Ongoing	In some projects, leaded copper alloys are replaced by lead-free copper alloys in structural materials, reducing the lead content in products that are exempt from regulations. In 2024, over 51KK lead-free copper nuts were used, reducing lead usage by 38.34 kg.	Lead	Copper nuts
 Hazardous Substance Investigation and Phase-out	2024	Investigate the use of mineral oils in packaging inks of current products, confirm compliance with the second-phase requirements of the French mineral oil regulation effective in 2025, and promote the adoption of optimized ink formulations by two suppliers.	Mineral oil	Packaging ink
 New Substance use survey for Regulation Update	Ongoing Updates	Investigate the use of SVHC in all current products as per the latest EU REACH SVHC list. Completed three batches of investigations covering a total of 7 newly added SVHC substances, confirming product compliance with regulatory requirements.	New SVHC	All product in mass produce stage

2024 Hazardous Substance Reduction Plan Implementation Status



Supplier Hazardous Substance Process Management

The Company requires all partners to strictly comply with the *Supplier Environmental Management Specifications* and *Product Environmental Labeling Specifications*, accurately identifying and controlling potential hazardous substances in different materials. This aims to enhance the environmental compliance of materials from the source, mitigating risks to the environment and human health. The Company has established a supplier environmental compliance declaration signing and management mechanism, independently developed an environmental module for the quality management systems, and dynamically updates suppliers on hazardous substance regulations and Company control requirements. This ensures that materials do not contain prohibited substances, minimizing hazardous substance risks from the source.



Environmental Modules Function in Quality Management System

In hazardous chemicals management, the Company has developed and implemented the *Chemical Management Specifications* and the *Chemical Import Risk Assessment Form*, and established a chemical source control team, which operates according to the principle of "systematic promotion of source restriction and prohibition, process control, and end treatment." We conduct quarterly assessments and special audits on chemical management compliance, record potential hazards, and set deadlines for corrections. We also organized regular chemical leakage drills to enhance emergency response capabilities. During the reporting period, we completed the substitution of key regulated substances in the industry as planned, and no incidents related to the handling or use of hazardous chemicals occurred.

◆ Key Performance Indicators

During the reporting period,

100% of chemical managers are certified

Eco Product Design

The Company is committed to optimizing eco-friendly product design while ensuring quality and safety. We collaborate with customers and suppliers to develop sustainable, environmentally friendly products.



Raw Material Management

- Implement responsible sourcing by prioritizing environmentally friendly raw materials and collaborating with suppliers to develop high-quality recycled materials.
- Reduce hazardous substances in products, continuously promoting their reduction and replacement.

Product Design Management

- Complying with regulations and customer requirements, we implement product planning and design that prioritize energy and resource conservation, sustainability improvements, and environmental safety while utilizing post-consumer recycled plastics, bio-based raw materials, and pre-consumer recycled aluminum.

Eco Product Management Process

Product Manufacturing Management	<ul style="list-style-type: none"> Enhance energy efficiency per unit, improve internal circulation and reuse of materials such as pallets, and optimize production processes to increase energy and resource efficiency.
Packaging & Logistics Management	<ul style="list-style-type: none"> Reduce plastic use in packaging, implement lightweight designs, and develop 100% recyclable packaging solutions. Replace paper manuals with electronic labels/instructions for certain products. Optimize transportation routes through the “One-Click Vehicle Dispatch” digital logistics system, saving 25,000 km in mileage. Deploy clean energy logistics vehicles, covering 9,301 km. Implement paperless warehouse deliveries, saving an average of 5,233 paper documents per month.
Product Usage Management	<ul style="list-style-type: none"> Develop energy-saving technologies to reduce product energy consumption, with multiple products achieving EPEAT, Ten-Ring, and TCO certifications. Improve product reliability and repairability, enabling consumers to extend product lifespan through maintenance and refurbishment.
End-of-Life Waste Disposal	<ul style="list-style-type: none"> Provide disassembly information for certain products, including steps, tools, and techniques, to support the feasibility of end-of-life waste recycling. Products certified under the WEEE program have an average recyclability rate of 85%.

Eco Product Management Process

Green Product Certification	New Certifications in 2024
EPEAT Certification	24
ENERGY STAR	32
TCO Certified (Sustainable Products)	12
WEEE Certification	20
EU Energy Efficiency	46
China Energy Conservation Products Certification (CECP)	15
China Environmental Labeling (Ten-Ring)	9
China Energy Label (CEL)	14

2024 Green Product Certifications

◆ Key Performance Indicators

During the reporting period, Huayu Precision and Xiqin Precision achieved a

100%

internal reuse rate for recovered packaging materials.

Case Researching the Feasibility of Eco-Friendly Materials to Reduce Environmental Impact Across the Product Lifecycle

In response to increasingly stringent policies and growing customer expectations, we launched a specialized initiative to develop and implement high-performance post-consumer recycled (PCR) plastics in our products. As a cost-effective and environmentally friendly material, PCR’s raw material properties play a crucial role in balancing product quality and sustainability. We conducted a thorough analysis comparing modified PCR materials with virgin plastics, identified potential performance risks, developed specialized solutions to address potential performance risks, and established recommendations and management processes for the application of modified PCR materials. By the conclusion of the initiative, we successfully mass-produced projects incorporating over 35% high-performance PCR materials, achieving a 26% reduction in carbon emissions compared to virgin plastic products.

Case Implementing a Product Carbon Footprint Assessment Mechanism to Support Customers in Developing Low-Carbon Products

Following the ISO 14067:2018 standard Greenhouse Gases – Carbon Footprint of Products – Requirements and Guidelines for Quantification, the Company, led by the Carbon Neutrality Module Product Environmental Working Group, has established a comprehensive product-level carbon footprint assessment process. This includes the development of key material carbon footprint evaluation procedures and inventories, enabling the identification of emission sources and activity levels across the full product lifecycle, from cradle to grave. During the reporting period, we conducted or assisted in carbon footprint assessments for 17 products, with 4 products successfully achieving carbon-neutral certification.

◆ Clean Technology

The Company proactively seizes opportunities in clean technology, actively expanding into areas such as new energy vehicle products, data center, high-performance computing, and industrial automation to deliver clean products and solutions for society.

◆ Key Performance Indicators

During the reporting period, we continued to increase investment in clean technology. Areas involved include enhancing energy efficiency, green manufacturing, and extending product lifespan. We plan to increase our R&D investment in clean technologies by 2% annually over the next five years.

Cleantech-related R&D investment
RMB **83.8132** million

170
new cleantech-related patent applications

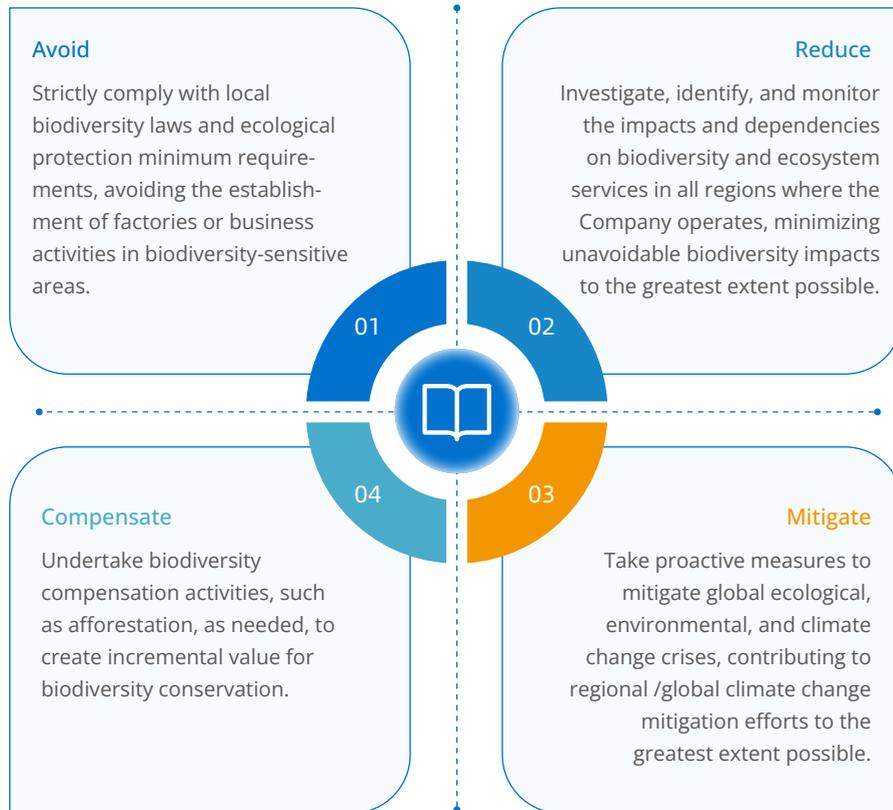
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authorized

Field	Energy Efficiency Improvement			
Clean Technology Solutions	<p>New Energy Vehicle Products</p> <p>The Company develops comprehensive solutions to enhance energy efficiency in new energy vehicles, improving energy utilization, extending driving range, and supporting the industry's transition to zero-carbon energy.</p>	<p>Advanced Cooling Technology</p> <p>The Company employs high-efficiency cold plate/immersion liquid cooling technologies, significantly enhancing energy efficiency, achieving both performance optimization and energy savings.</p>		
Product Description	<p>Intelligent Driving Domain Controller</p> <p>Featuring high energy efficiency, a fanless passive cooling design, reduced energy consumption, lower costs, and noise reduction, providing users with a more comfortable and quieter driving experience.</p>	<p>Server Node-Level Single-Phase Cold Plate Liquid Cooling Design</p> <p>The first universal CPU + memory liquid cooling solution launched on the BHS platform. Featuring a lightweight design, it successfully reduces CPU cold plate weight by 40%. By integrating heat pipe thermal plates, PI films, and pads, it meets the liquid cooling needs of memory modules with different spacing requirements.</p>	<p>High-Performance Computing Server with Liquid Cooling</p> <p>The 6U 16GPU server adopts a modular design, supporting multiple generations of liquid-cooled GPU cards and Intel EGS/BHS CPU platforms. It is compatible with various DPU models, enabling cross-platform integration, effectively reducing energy consumption and improving efficiency.</p>	<p>PC Dual Actuator Booster Fan</p> <p>The innovative combination of axial and centrifugal fan characteristics in one fan can realize improved fan PQ performance at the same noise level, which improves the cooling performance of the whole machine and reduces the thickness of the whole machine.</p>

Field	Energy Efficiency Improvement			Recyclable Products
<p>Clean Technology Solutions</p>	<p>High-Efficiency Power Supplies and Switches</p> <p>The Company leverages high-efficiency, energy-saving power supply and switch technologies, combined with high-reliability network equipment, to significantly enhance data center energy efficiency, reduce power loss, and meet the dual demands of high performance and green energy savings.</p>	<p>Low-Carbon and Energy-Efficient Products</p> <p>Focusing on power consumption optimization and energy efficiency improvement, we leverage software-hardware co-innovation to develop high-performance products with extended battery life and low energy consumption.</p>	<p>Industrial Automation</p> <p>From AIoT smart devices to industrial automation control electronics, including precision automation fixtures, mechanical automation equipment, and components.</p>	<p>Recyclable Products</p> <p>Exploring opportunities for reclaiming and reusing waste materials, implementing technological improvements in products to reduce raw material consumption.</p>
<p>Product Description</p>	<p>Titanium CRPS 2000W Server Power Supply</p> <p>This standard redundant power supply is designed to comply with the Intel x86 architecture, supporting global power grid input. It meets the 80 PLUS Titanium 96% conversion efficiency requirements and complies with the 2024 EU compliance requirements for server power supplies.</p> <hr/> <p>DC-DC Power Supply</p> <p>Utilizing light-load efficiency and automatic phase-off technologies, this power supply achieves ultra-high DC-DC conversion efficiency. The innovative vertical power delivery technology significantly reduces energy loss in transmission lines, ensuring efficient energy utilization.</p>	<p>Long-Storage POS Products</p> <p>Self-developed power consumption debugging program to achieve high efficiency and high precision power consumption, together with the software version of the automated current detection program, to create a stable and reliable long endurance core technology products.</p>	<p>Robot Product Development and Expansion</p> <p>During the reporting period, we incorporated “robotics” into our overall strategy and have begun research and development on industrial and humanoid robots.</p>	<p>Application of Recyclable Materials in Products</p> <p>Multiple mobile products incorporate a high proportion of PCR particles and recycled aluminum in their casings, along with a removable battery design to enhance product life.</p>

Biodiversity Conservation

Huaqin Technology recognizes the essential role of ecosystems in supporting its operations and growth, integrating biodiversity conservation, an emerging topic into its sustainability management. The Company has formulated the *Biodiversity Conservation and Zero Deforestation Policy*, committing to the sustainable use of forest resources, minimizing negative impacts on biodiversity, and implementing an “Avoid-Reduce-Mitigate-Compensate” approach to biodiversity conservation. None of the Company’s manufacturing and research and development centers are within the scope of the ecological protection minimum requirements, and none have a significant impact on the ecosystem and biodiversity.



Biodiversity Conservation Process



Case

Huaqin Public Welfare Forest Building an Ecological Civilization Together

Huaqin Technology supports the global tree-planting initiative and continued the “Huaqin Public Welfare Forest” project in Minqin County, Gansu Province in 2024. The project established 550 acres of windbreak and sand-fixation forest, planting 36,850 saxauls and sweetvetch shrubs in a 9:1 mix. By the end of the reporting period, the survival rate reached 92.6%.

During implementation, the project provided 307 labor workdays, increasing local farmers’ income by RMB 181,200. Based on an estimated 32.3 kg of carbon sequestration per mature saxauls tree annually, the project is expected to reduce carbon emissions by approximately 952.204 tons per year. This initiative helps with local wind and sand control, supports ecological industrialization exploration, and contributes to the ecological security of the Hexi Corridor.

Huaqin will continue to collaborate with stakeholders to advance biodiversity conservation, contributing to ecological civilization development.



Huaqin Public Welfare Forest

04

Demonstrate Responsibility

The growth, well-being, and value fulfillment of dedicated individuals are the core drivers of a company's sustainable development. Huaqin Technology is committed to creating a diverse growth environment where **the harder you work, the happier you will be**, fostering an open and trusting organizational culture, and building a safe, dignified, and meaningful workplace, striving to be a role model in corporate social responsibility.

+ SDGs





Commitment

- Respecting the human rights of all employees, strictly prohibiting the employment of child labor, forced labor, discrimination, harassment, and bullying, adhering to the principle of equal pay for equal work regardless of gender, and upholding a “100% safety, zero hazards” goal to create an inclusive, diverse, healthy, safe, and dynamic workplace.
- Incorporating “Model in Social Responsibility” as one of the Company’s three core development goals, actively supporting charitable initiatives and giving back to society.



Objectives

Provide employees with competitive remuneration, benefits, and a platform for value realization, aiming to achieve Employer Brand Certification by the end of 2026

100% collective agreement coverage for all employees

100%

By the end of 2028, ensure that

100%

of employees receive an average of **20** hours of training annually

By the end of 2028, achieve intrinsic safety,

0 accident **0** fire/explosion incident

0 occupational disease/contraindication

Actively participate in community development and contribute to community growth



Progress

Optimized the human resources management system, earned eight employer awards and prepare for the Employer Brand Certification

The coverage of collective agreement has achieved

100%

Built an organization-wide Knowledge Management System (KMS), with an average training time of

18.46¹ hours per employee

No occurrences of fire/explosion accidents, occupational diseases, or work-related fatalities

0

Invested RMB **1.1165** million in the community, with

1,869 Company volunteers



Governance

- Established a trade union in accordance with the law to protect employees’ rights and interests
- Set up an EHS Committee to develop relevant systems and enhance intrinsic safety capabilities
- Established the Huaqin Care Fund and operate the Huaqin Public Welfare System



Risks and Opportunities

Risks

- The risk of neglecting employee rights protection, leading to legal disputes and damage to the Company’s reputation
- The risk of insufficient investment in employee development and training, leading to decreased employee stability
- The risk of neglecting occupational health and safety management, which may lead to higher accident rates and continued employee turnover
- The risk of neglecting community investment, which may harm the Company’s image in the local community and lead to negative public opinion

Opportunities

- Attract and retain top talent, improve production efficiency, and reduce recruitment costs
- Enhance employee well-being, improve organizational effectiveness, and support high-quality business operations
- Active community engagement helps demonstrate the Company’s sense of social responsibility, enhancing its reputation and influence



Actions

- ESG TOP10 projects: @ Employer Brand Development Project
- Established a comprehensive benefits system for all employees, create two-way communication channels between employees and the Company, and regularly conduct engagement and satisfaction surveys
- Established a tiered talent development system for all employees
- Explored and implement digital technologies and intelligent safety management systems
- Built the Huaqin public welfare brand, actively engage in rural revitalization, and carry out charitable volunteer activities

Exceeded the target
 Target achieved as planned
 Ongoing effort to achieve the target

¹ Due to the statistical methodology, only training related to employee career development is included, excluding statistics on occupational health and safety training, etc.

Talent Attraction and Retention

Huaqin Technology upholds its employer value proposition: Enjoy (the Harder You Work, the Happier You Will Be), Grow (Own Your Development), and Inspire (Success Comes from Overcoming Challenges). The Company respects and protects the rights of all employees, fosters an open, fair, and equitable work environment, and continuously improves employee care and benefits. By maintaining clear communication channels for employee feedback, Huaqin provides platforms and opportunities for talents across different regions, industries, and disciplines, empowering them to maximize their potential.

◆ Human Rights

Huaqin strictly adheres to labor standards and complies with the laws and regulations of all its operating sites worldwide. The Company follows key international labor conventions and initiatives, including the *Universal Declaration of Human Rights*, the *International Labour Organization (ILO) Core Conventions*, the *UN Guiding Principles on Business and Human Rights*, the *Responsible Business Alliance (RBA) Code of Conduct*, the *Global Sullivan Principles*, and the *Social Accountability 8000 (SA8000)*. Huaqin has developed and implemented stringent policies such as the *Juvenile and Child Labor Protection Policy*, *Anti-Discrimination and Anti-Harassment Policy*, and *Prohibition of Discrimination and Forced Labor Management Policy*. The Company establishes and operates an human rights protection mechanism featuring "identification—prevention—monitoring—mitigation and remediation" and strictly prohibits child labor, forced labor, and human trafficking, ensuring equal treatment and respects all individuals while maintaining zero tolerance for any form of discrimination, harassment, or bullying.

During the reporting period, we formulated and publicly released the *Huaqin Technology Human Rights Policy* and the *Huaqin Technology Anti-Discrimination and Anti-Harassment Policy*. These policies apply to the operations, products, and services of the entire group and its subsidiaries. Additionally, Huaqin requires its suppliers and business partners to uphold these commitments.

Theme	Management Principles	Risk Mitigation Measures
 <p>Respect for Human Rights</p>	<ul style="list-style-type: none"> • Respect all local laws, religious cultures, and historical contexts in operational locations, ensuring the protection of fundamental human rights 	<ul style="list-style-type: none"> • Conduct empowerment training to ensure employees are aware of these matters • Establish open and transparent channels to encourage employees to report potential or actual violations • Take immediate corrective action upon receiving complaints and provide protection and support for affected individuals
 <p>Fair Employment</p>	<ul style="list-style-type: none"> • Uphold fairness, justice, openness, and equality in recruitment, ensuring equal employment opportunities to candidates regardless of ethnicity, race, region, nationality, social class, or political affiliation • Ensure equal pay for equal work 	<ul style="list-style-type: none"> • Conduct self-checks in recruitment processes to ensure no discriminatory conditions or statements • Regularly assess the gender pay gap within the same job level and implement corrective measures • Safeguard female employees' rights and provide support for them

Human Rights Management Principles

Theme	Management Principles	Risk Mitigation Measures
 <p>Prohibition of Child Labor</p>	<ul style="list-style-type: none"> • Strictly comply with national laws and International Labour Organization (ILO) standards, prohibiting child labor and effectively safeguarding employees’ legitimate rights and interests • If child labor is identified, immediate assistance and corrective actions will be taken 	<ul style="list-style-type: none"> • Adhere strictly to local regulations during recruitment, and conduct strict age checks • Whenever child labor is identified, terminate employment per labor laws and assist in returning the individual to his or her guardian for compulsory education
 <p>Prohibition of Forced Labor</p>	<ul style="list-style-type: none"> • Do not employ any form of forced, bonded (including debt bondage) or indentured labor, prison labor, enslaved individuals, or trafficked persons • Do not transport, harbor, recruit, transfer, or receive such labor or services through threats, coercion, force, abduction, or deception • Do not restrict employees’ personal freedom, withhold identification documents, or require employees to pay deposits, recruitment fees, or any other charges to the employer or agent 	<ul style="list-style-type: none"> • Sign employment contracts in accordance with the law, clearly defining employment terms and conditions • Conduct empowerment training to ensure employees understand these matters • Establish and communicate clear resignation policies and procedures • Upon receiving any report, take immediate corrective actions and provide protection and assistance to the affected individuals
 <p>Diversity and Anti-Discrimination</p>	<ul style="list-style-type: none"> • Strictly prohibit any form of discrimination, including but not limited to discrimination based on race, color, gender, gender identity, sexual orientation, marital status, language, age, nationality, religion, political opinion, citizenship, ancestry, physical or mental disability, pregnancy, illness, or any other legally protected characteristics 	<ul style="list-style-type: none"> • Ensure that recruitment and other employment practices are free from discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, nationality, marital status, or gender identity • Upon receiving a related complaint, conduct an immediate investigation, implement corrective actions, and provide protection and support for the affected individuals
 <p>Opposition to Harassment, Corporal Punishment, Bullying, and Other Inhuman Behavior</p>	<ul style="list-style-type: none"> • Prohibit any form of gender-based violence, sexual harassment, sexual assault, corporal punishment, mental or physical coercion, bullying, public humiliation, verbal abuse, or any threats of such behavior 	<ul style="list-style-type: none"> • Eliminate all forms of harassment, discrimination, corporal punishment, and bullying, and enforce penalties for such behavior in accordance with the <i>Employee Handbook</i> • Provide open and transparent channels for employees to report potential or actual incidents of such behavior • Upon receipt of a related complaint, immediately conduct an investigation and provide protection and support to the affected individuals

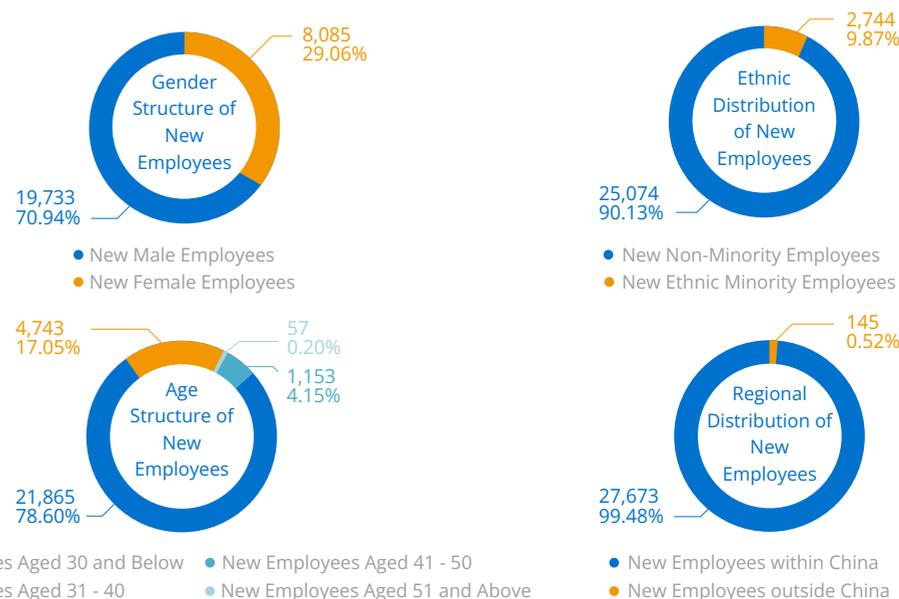
Theme	Management Principles	Risk Mitigation Measures
 Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> Respect the rights of all employees to voluntarily form or join a union, engage in collective bargaining, and peacefully assemble, or to refuse participation in such activities 	<ul style="list-style-type: none"> Legally facilitate the establishment and operation of unions or other forms of employee organizations Upon receipt of a complaint, immediately conduct an investigation and provide protection and support to the affected individuals
 Working Hours and Basic Protection	<ul style="list-style-type: none"> Strictly comply with the laws and regulations of the country or jurisdiction where operations are conducted regarding compensation, social security, working hours, and other requirements, providing employees with remuneration and benefits that meet legal standards, including minimum wage, overtime pay, paid leave, and other legally mandated benefits 	<ul style="list-style-type: none"> Prohibition of forcing employees to participate in work or related meetings or activities during non-work hours Continuously monitor employees' working hours through attendance systems and timesheet reports Implement wage audits to ensure compliance with wage payment regulations and the implementation of equal pay for equal work Upon receipt of the complaint, immediately conduct an investigation and provide protection and support for the affected individuals

Human Rights Management Principles

Fair Employment

The Company adheres to the principles of fair, just, and transparent talent selection and recruitment. We have developed and implemented policies such as the *Recruitment Management System* and *Recruitment Channel Management Guidelines* to standardize and streamline the recruitment process. The core criteria for recruitment are the professional abilities and technical skills of applicants, ensuring that any candidate who meets the job requirements has an equal opportunity for an interview.

To align with our development strategy and business needs, we actively expand diverse recruitment mechanisms, such as the "Future Sequoia" graduate recruitment program, local recruitment, internal referrals, and internal transfers. We also build and optimize our talent pool to attract outstanding talent domestically and internationally. In 2024, the Company intensified its glocalization efforts, hiring 145 overseas employees. As of the end of this reporting period, the Company had 3,729 foreign employees, accounting for 6.4% of the total workforce, representing a significant increase from 2023.



Rights Protection

The Company has legally established a trade union and reached an agreement with employees based on laws and regulations, signing a collective contract. The contract covers working hours and paid leave, health and safety, protection of female employees, insurance and benefits, occupational skills training, labor contract management and layoffs, discipline and rewards, contract duration and modifications, and other related clauses. During the reporting period, the Company developed the *Employee Retirement Management Guidelines*, further clarifying the management and protection of retired employees' rights and benefits.

We have established a comprehensive human rights protection audit system, implementing regular risk assessments and due diligence management measures. We operate a triple audit mechanism, which includes internal audits, client audits, and third-party audits. Through these audits, we conduct a comprehensive identification and evaluation of human rights risks, identifying and preventing potential impacts on human rights. During the reporting period, four of our manufacturing centers received RBA VAP certification, and any non-conformances discovered during audits have been incorporated into corrective action plans (CAP), with specific and effective measures in place. We will complete the required improvements within the specified time frame.

◆ Key Performance Indicators

During the reporting period,

The labor contract signing rate was

100%

The annual collective agreement employee coverage rate was

100%

0

No human rights violations were found

Democratic Communication

The Company has established a diverse and transparent democratic communication mechanism, formulated and implemented the *Employee Communication Management System*, and created two-way communication channels with employees. The Company organizes interviews and discussions, listens to employees' voices, addresses these concerns, and ensures that every employee understands and participates in the Company's development plans, promoting harmonious development between the Company and its employees.



Two-way Communication Channels with Employees

Company HR Feedback Channels

- Email: ssczx@huaqin.com
- Hotline: 4008913788 -- 1 (Human Resources Complaints and Suggestions)
- Offline Service Center: Feedback can be provided at local Shared Service Center (SSC)

Union Feedback Channels

- Employees communicate with employee representatives, who gather feedback and forward it to union members.
- Union members contact relevant departments to address the issues and provide timely feedback to employee representatives.
- Responses are provided within 3 days, ensuring closure.

Employee Service Desk (Lark)

The Lark Service Desk integrates the HR, Administration, Finance, and IT platforms, providing all employees with consulting services on various questions such as HR processes, business travel, expense reimbursement, and IT system equipment. Employees can also provide feedback on any related suggestions and issues via the desk. In 2024, the service desk handled over 590,000 inquiries, more than 220,000 of which were resolved by human support.

Huaqin Internal Forum

In 2020, the Company has independently built the Huaqin Internal Forum, continuously improving platform functions based on employee feedback. In 2024, the platform updated to its version 2.5. The forum is not only a platform for employees to anonymously raise concerns and offer suggestions but also serves as a communication hub for employee interactions, a space for the Company to share policy information, executive voices, and employee stories.

Employee Representative Assembly

The Company has developed and implemented the *Union Management System* to encourage employee participation in democratic management and supervision. Every year in the fourth quarter, the Employee Representative Assembly is held to summarize the completion of union work and Company performance for the year. The assembly includes dedicated sessions for directly listening to employee feedback and addressing any concerns. Any unresolved issues raised during the meeting are monitored by the union and the responsible departments until they are fully resolved.

Satisfaction and Engagement Surveys

The Company conducts an annual employee satisfaction survey and a biennial employee engagement survey to gather feedback on various topics, including association activities, employee benefits, and settlement support. Relevant metrics are tracked quarterly and managed through a closed-loop system to continuously monitor and improve the quality of employee services

◆ Key Performance Indicators

During the reporting period,

the employee satisfaction rate achieved through channels such as the Lark Service Desk was

97.6%

Complaint Feedback

Various feedback channels are provided, including face-to-face interviews, employee suggestion boxes, grievance helpline, and dedicated email. We commit to keeping the information, clues, and materials provided by whistleblowers confidential and ensure that whistleblowers are protected from discrimination, coercion, job transfer, or any other disadvantageous impacts. We also guarantee the employees' rights to be informed, participate, express opinions, and supervise. All complaints will be resolved within 3 days, and if there is no timely response or if the handling outcome is unsatisfactory, employees can continue to submit complaints until the issue is fully resolved.

Annual Executive Meeting

Each year, the executive team holds a meeting with managers, allowing senior management to communicate directly with frontline managers about Company strategies and plans, and to listen to their concerns and provide solutions.

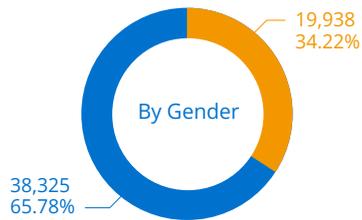
◆ Employee Care

The Company is committed to creating an inclusive and warm workplace atmosphere with a sincere and open attitude. We continuously improve the employee welfare system and enhance the happiness and sense of belonging of all employees through various cultural activities and thoughtful infrastructure development.

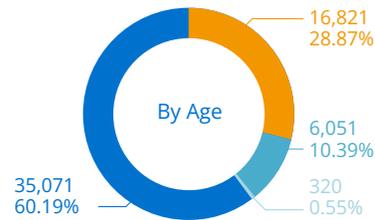
Inclusive Workplace Culture

The Company fosters an equal and inclusive working environment, offering employment opportunities to individuals from diverse countries, regions, ethnicities, and people with disabilities. We strive to bring together outstanding talents with different backgrounds and experiences. In 2024, the Company launched a disability employment program, creating job opportunities for approximately 181 people with disabilities.

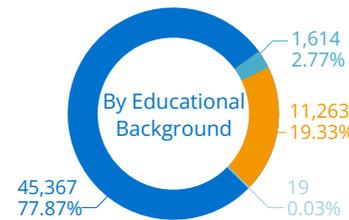




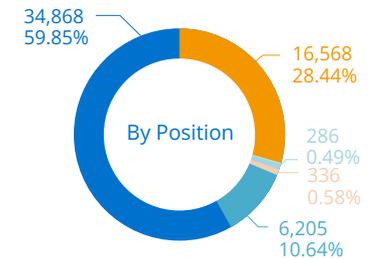
- Number of Male Employees
- Number of Female Employees



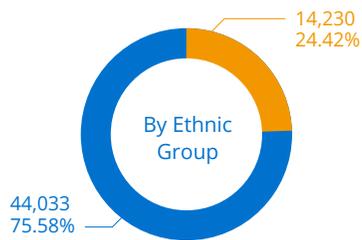
- Number of Employees Aged 30 and below
- Number of Employees Aged 31 to 40
- Number of Employees Aged 41 to 50
- Number of Employees Aged 51 and above



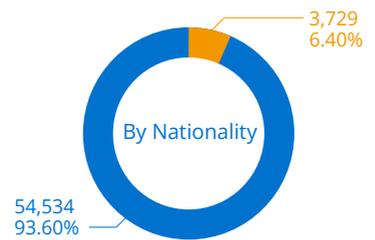
- College and Below
- Bachelor's Degree Holders
- Master's Degree Holders
- Doctoral Degree Holders



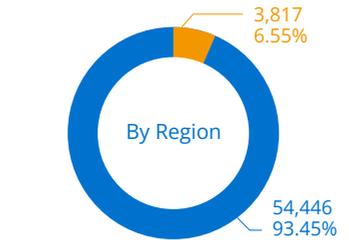
- Production Staff
- Technical Staff
- Administrative Staff
- Sales Staff
- Financial staff



- Minority Employees
- Non-minority Employees



- Number of Chinese Nationality Employees
- Number of Foreign Nationality Employees



- Number of Employees within China
- Number of Employees outside China



◆ Key Performance Indicators

As of the end of the reporting period,

The Company employs a total of

58,623 employees

Employees come from

7 countries and regions

and represent

33 ethnic groups

In STEM (Science, Technology, Engineering, and Mathematics) related positions, women represent

28%

In management positions in revenue-generating functions (such as sales), women represent

26%

The number of employees with disabilities is

181



Case

Creating a Friendly and Inclusive Workplace

The Company respects the cultural and customs differences of employees from various nationalities, regions, and backgrounds, and strives to create a warm and comfortable work and living environment, providing convenience for employees' work, life, and commuting.

- All research and development and manufacturing centers are equipped with dedicated breastfeeding rooms to provide a private and warm space for breastfeeding employees.
- We have established various accessible facilities, such as ramps, restrooms, and wide flap gates, to ensure smooth and convenient passage for all individuals.
- The Company offers convenient living measures such as commuter buses, dormitories, and staff apartments, providing special accommodation for married employees to enhance their living convenience and happiness.
- A diverse range of restaurants are available, respecting and supporting the dietary and living habits of minority employees.
- Facilities such as libraries, basketball courts, and cafes are provided to meet employees' leisure and entertainment needs.



Modern Employee Cafeteria



Multifunctional Sports Field

Employee Welfare and Care

The Company has developed and implemented the *Welfare Management System* and the *Care Fund Management System* to ensure that employees and their families receive the necessary support and care through a comprehensive welfare system. In addition to basic benefits such as the five social insurances and housing fund, as well as statutory holidays, we provide all employees with health benefits, care benefits, holiday benefits, benefits based on years of employment, and various living subsidies. For employees working abroad, we tailor the welfare offerings in accordance with the local legal requirements and cost of living standards.

◆ Key Performance Indicators

Employee insurance, retirement and pension coverage is **100%**

Employee commercial insurance investment amounts to **RMB 5.8 million**

Employee marriage and maternity bonuses amount to **RMB 744,900**

Employee major illness assistance fund investment amounts to **RMB 720,000**



Case

Employees' Children Are Well Taken Care of, and the Summer Care Program Effectively Supports Employees in Balancing Work And Life.

To ease the pressure on employees in taking care of their children during summer vacation, the Company has successfully launched the "Employees' Children" summer care program in multiple sites, including Shanghai, Xi'an, Wuxi, Dongguan, and Nanchang since 2021. The program features a "diverse and fun" approach, hiring professional teachers and offering special courses to provide a safe, healthy, and enjoyable environment for children while helping employees reduce the burden of summer childcare. In 2024, the Company organized a total of 11 summer care sessions, providing thoughtful summer care services for nearly 400 employees' children.





Basic Benefits

- Pension Insurance, Medical Insurance, Unemployment Insurance, Work Injury Insurance, Maternity Insurance
- Housing Provident Fund and Supplementary Housing Provident Fund
- Statutory Holidays such as Marriage Leave, Bereavement Leave, and Annual Leave
- Flexible Working Hours, with unused annual leave allowed to be carried over to the following year until the end of October



Health Benefits

- In addition to the five insurances and one fund, the Company provides all employees with annual accident insurance and commercial medical insurance
- For employees traveling abroad, an Overseas Business Travel Insurance Plan is provided, covering accident insurance, medical insurance, personal property protection, and trip cancellation coverage
- Annual association activities and free optional health checkups available at any time during the year



Women's Care

- A dedicated Mother and Baby Room for female employees
- Women's Day benefits and celebration activities
- "Unique Her Power" annual themed event
- Employees' children summer daycare program to address childcare needs during the holiday period
- Hosting various interactive activities for female employees, such as themed lectures, tech salons, DIY workshops, and leadership forums



Holiday Benefits

- Various holiday-themed activities and benefits, including: Chinese New Year Gift Packs, Dragon Boat Festival Activities, and Exquisite Mooncake Gift Boxes
- Hosting events like singles networking, group weddings, and family days to share happy moments



Living Subsidies

- Meal allowances, transportation subsidies, business travel allowances, high-temperature allowances, and other welfare subsidies
- In accordance with the *Notice on Certain Tax Policies Regarding Individual Income Tax* issued by the Ministry of Finance and State Administration of Taxation, foreign employees are provided with individual income tax subsidies



Care Benefits

- Official employees can apply for wedding gifts and maternity gifts when they marry or give birth
- A Major Illness Care Fund and Major Accident Assistance Program are available, offering consolation money to provide timely assistance
- A "Long Service Award" is provided to employees who reach specific years of service, along with exclusive leave

Employee Welfare System

Physical and Mental Health Management

The Company has been implementing the Employee Assistance Program (EAP) for a long time, organizing professional resources to provide guidance, training, and counseling to support employees and their family members in addressing psychological and behavioral issues. During the reporting period, the Company's EAP module was launched on the Huaqin Knowledge Management System (KMS), offering psychological counseling, health counseling, and other information related to employees' physical and mental well-being to help them manage stress and enjoy a relaxed life.





Case

Building a Healthy Park, South China R&D Center and Implementing Multiple Measures to Safeguard Employee Well-Being

The South China R&D Center actively promotes the establishment of a “Healthy Unit” in accordance with Guangdong Province’s initiative, mobilizing various resources to create an environment that fosters a healthy lifestyle and a joyful work atmosphere for employees. summer care services for nearly 400 employees’ children.

Health Knowledge Popularization

Organizes health management interest groups to regularly share knowledge on healthy living, balanced diets, and exercise habits.

Encouraging Healthy Habits

Distributes waist measuring tapes, body measurement tools, and oil control spray bottles to help employees improve their lifestyle and adjust cooking methods.

First Aid and Prevention Lectures

Conduct first aid and disease prevention knowledge training (such as dengue fever prevention lectures, depression and mental health seminars, etc.), empowering employees with health management knowledge.



“Tree Hole Mailbox” Employee Support Program

Female Employee Support

The Company has established a Female Workers’ Committee within the trade union, committed to providing equal employment and career development opportunities for all female employees. The Company strictly adheres to local regulations regarding women’s rights protection, maternity leave, and breastfeeding leave across its global operations. Through facilities and programs such as “mother’s rooms,” Female Power Forums, and female employee empowerment trainings, the Company offers tangible support for female employees in both their professional and personal lives.



Special Women’s Day Celebration – Huaqin Cultural Monthly Women’s Day Column

The Company has launched the “Her Incredible Power” cultural feature column, where female colleagues from different fields share their personal experiences and insights on career growth. This initiative highlights the unique wisdom and strength of women, inspiring more female employees to showcase their talents and achieve their potential in management, technology, manufacturing, operations, and other fields.

Fostering an Inclusive Culture

The Company prioritizes corporate culture development and employee well-being by organizing diverse cultural and association activities. These initiatives cultivate an atmosphere of trust, inclusivity, and mutual respect among employees, strengthening cohesion and a sense of belonging.

Employee Cultural Activities

The Company regularly hosts a variety of cultural and team-building activities, such as outdoor team-building activities, anniversary celebrations, R&D Day, and family carnivals, enriching employees' professional and personal lives. Additionally, we curate internal cultural publications, including *Qin Weekly* and *Role Model Spotlights*, and facilitate cultural discussions. During the reporting period, we launched the “*Qin Report*” *Cultural Monthly*, which is distributed both online and in print to communicate the Company's core values and latest updates to employees and clients.



“Qin Report” Cultural Monthly



Huaqin Technology 19th Anniversary Celebration



1024 R&D Day



Parent-Child Carnival

◆ Key Performance Indicators

During the reporting period, the Company published

1,610 cultural articles

organized Company-wide cultural events (covering all R&D and manufacturing centers)

3 events

organized cultural seminars (covering all R&D and manufacturing centers)

3 seminars

Employee Club Activities

The Company has established 33 employee interest clubs, including sports and arts and crafts clubs, across five regions: Shanghai, Wuxi, Xi'an, Nanchang, and South China. The total membership stands at 8,590. In 2024, these clubs organized 1,900 events, engaging over 3,500 employees.



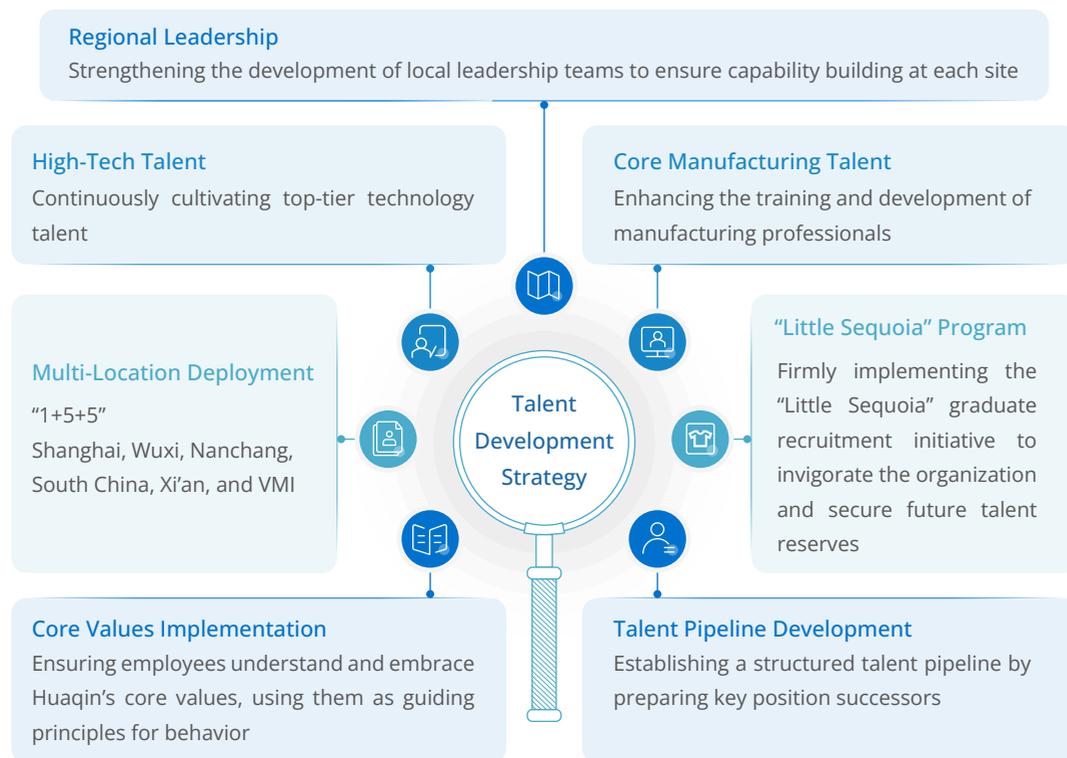
Employee Club Activities

Talent Development and Growth

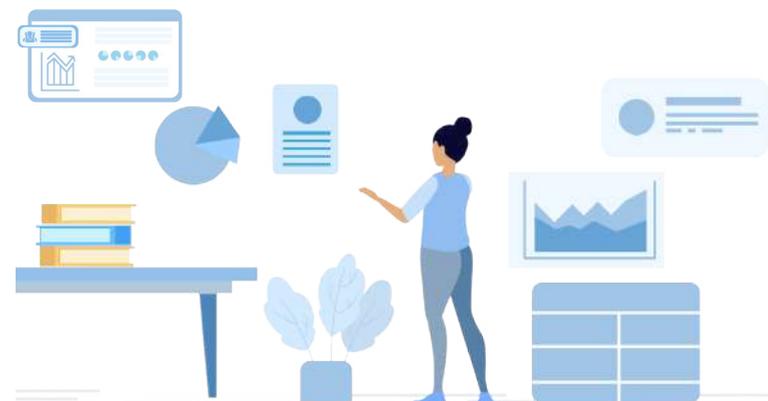
Huaqin Technology is committed to building a learning-oriented organization with a strong talent pool and a continuous influx of skilled professionals. The Company refines its talent selection, utilization, development, and retention mechanisms, strengthens diverse career advancement pathways, and establishes a comprehensive talent cultivation and development system for all employees. Through a scientific, fair, and reasonable remuneration structure, employees at all levels are effectively motivated, enabling both corporate and individual value creation.

◆ Talent Development Strategy

The Company formulates and regularly reviews its talent development strategy, aligning with annual business goals and operational plans. Progress is periodically assessed, labor market trends are analyzed, and recruitment strategies are updated accordingly. Talent selection is conducted transparently and fairly through multiple channels, including campus recruitment, social recruitment, internal referrals, and industry-academia collaborations.



Talent Development Philosophy



◆ Employee Promotion and Development

The Company values the development of talent pipelines. The Chairman, the SVP of HR and Administration, and the HR department collaborate with managers from various departments to discuss talent pipeline strategies every year. The Company formulates and implements the *Organization and Position Management Policy* and offers equal and transparent career advancement opportunities for all employees. The Company has established three primary career tracks: management, professional, and operational lines, with a total of 6 major job families. The Company encourages employees to continuously improve in their specialized fields, while also implementing the Internal Talent Mobility Program to provide career opportunities for horizontal development across tracks and professions. This supports employees in becoming versatile talents through a zigzag career path.



Three Primary Career Tracks and Six Major Job Families

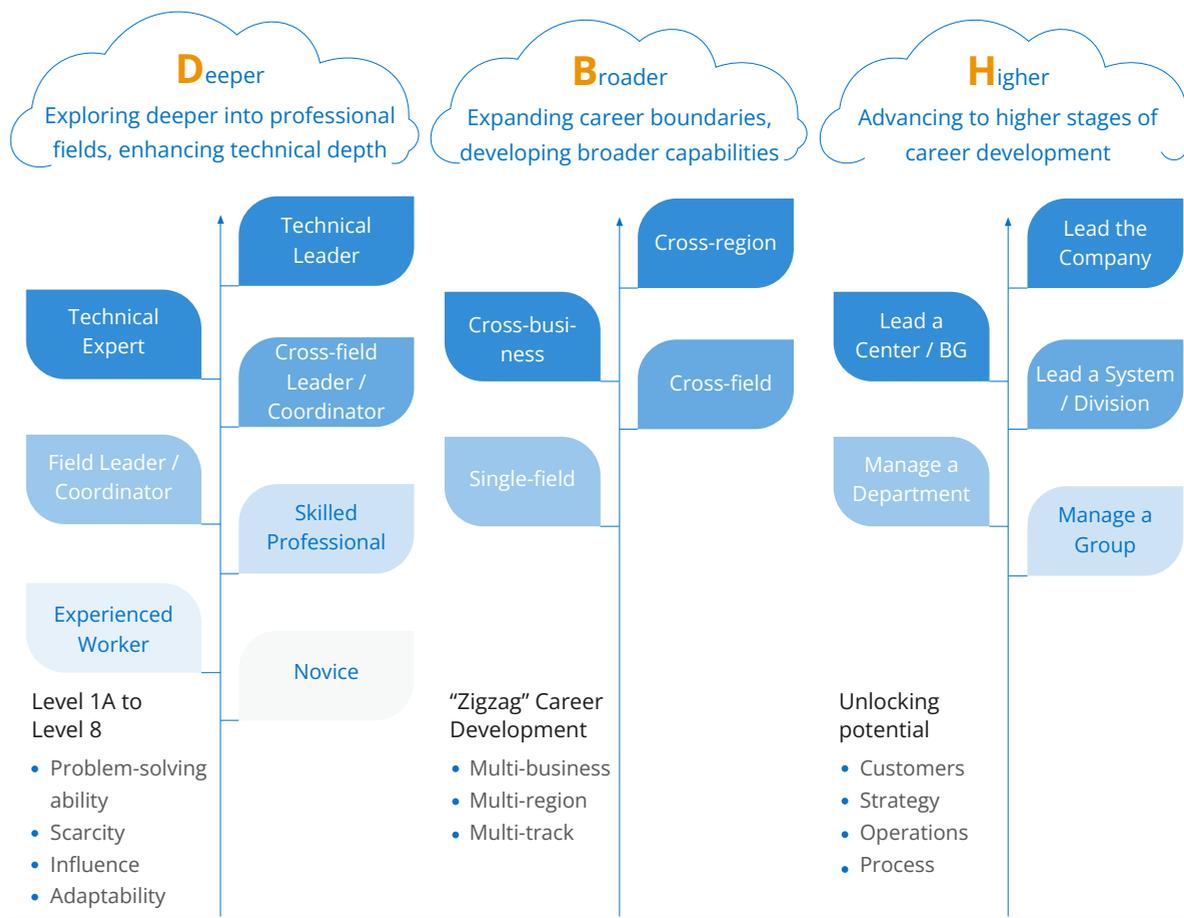
During the reporting period, the Company optimized the professional career track, extending it upwards to Level 8 (Leader), responsible for leading core technical innovations and applications in various fields and driving Company decisions. Additionally, new levels were introduced: 3A (Field-leading Core Talent) and 4A (Cross-field Leading Core Talent), to support outstanding employees in progressing quickly and receiving more promotion opportunities.

◆ **Key Performance Indicators**

During the reporting period, the proportion of employees who were promoted was

18%

remaining roughly the same as the previous year.



◆ Employee Evaluation and Incentives

The Company has established a remuneration management system and performance management mechanism that covers all employees, regularly implementing scientific salary adjustment strategies and establishing an appeal process to ensure performance fairness.

Compensation and Incentive Systems

The Company commits to ensuring that the wages it pays are 100% higher than both the living wage and the statutory minimum wage in each of its operating locations and has developed and implemented systems such as the *Employee Compensation Management System* and *Operational Family Compensation Management System*. These systems, based on the legal minimum wage standards of each operational region, consider factors such as job position, region, and industry levels, and are regularly reviewed to provide employees with competitive salaries and rewards that meet their living needs.

The Company's compensation consists of fixed wages and various allowances and subsidies, with a combined incentive model that includes short-term bonuses and long-term stock-based incentives. This model aims to acknowledge employees' outstanding performance and contributions in their daily work, stimulate their internal potential, and encourage employees to actively leverage their strengths.

Since 2015, the Company has allocated TUP annually to core employees, based on that year's performance and the three-year rolling growth of operating earnings per share. This allows core talents to share in the benefits of the Company's growth and development without any financial contribution from them.

Fixed Salary

Base Salary



Performance-Based Compensation

Quarterly Performance Bonus
Annual Comprehensive Bonus



Allowances and Subsidies

Length of Employment Allowance
Employee Care Allowance
Other Allowances and Subsidies

Long-Term Incentives

TUP
Employee Stock Ownership Plan
Equity Incentives

The Compensation and Incentive Structure



Huaqin Technology Employee Stock Ownership Plan: Incentivizing Employees to Grow Together with the Company

To establish a long-term incentive mechanism, attract and retain talented individuals, and align the interests of shareholders, the Company, and its core team, Huaqin Technology has developed a mid- and long-term compensation and incentive policy:

- Core employees hold 26.85% of the Company's initial shares through the employee stock ownership platform.
- After listing in December 2023, the Company first launched *Huaqin Technology 2023 Restricted Stock Incentive Plan*. In February 2024, the Company first granted 1.549395 million restricted shares to 134 incentive recipients (adjusted to 2.169155 million shares after the 2023 equity distribution).
- In August 2024, the Company conducted a reserved grant of the 2023 restricted stock incentive plan, granting 411,483 restricted shares to 33 incentive recipients.
- In March 2025, the Company first launched *Huaqin Technology 2025 Restricted Stock Incentive Plan* and granted 2.588177 million restricted shares to 340 incentive recipients.



We have established the Huaqin Technology Honorary Incentive System, which selects and recognizes outstanding individuals and teams on a quarterly or annual basis, sharing the Company's achievements with employees. Among these, the "Top Ten of Huaqin" is the highest-level team honor, awarded by the executive office to teams that have made outstanding contributions in customer value creation, innovative technology research and development, and lean management. In 2024, the Company invested RMB18.75 million in Company-wide honorary incentives.

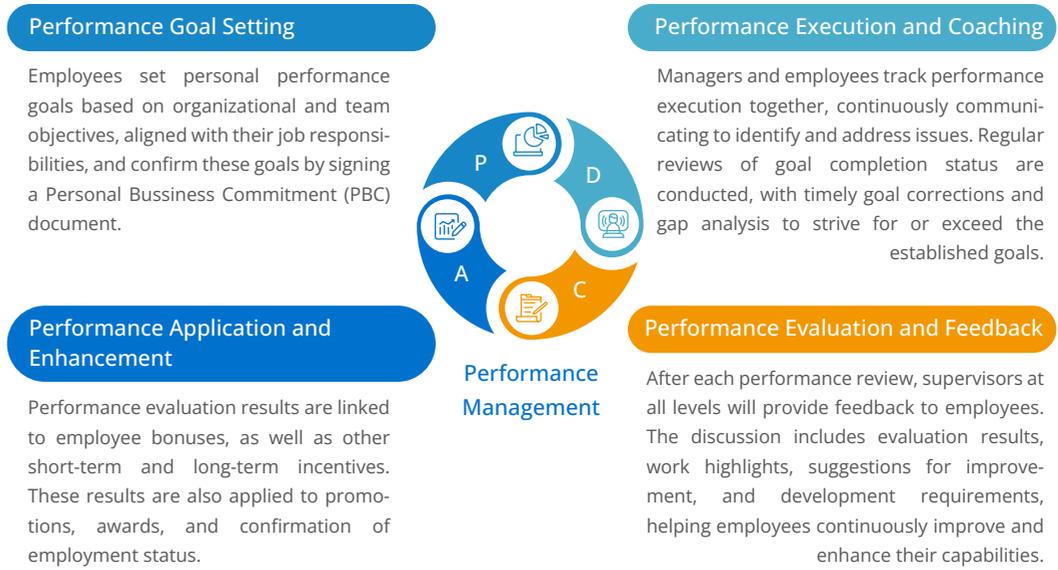


Outstanding Individual 	Outstanding Teams 
<ul style="list-style-type: none"> • Star Employee • Outstanding Team Leader • Patent Innovation Award • Customer Success Star • Huaqin Star • Cultural Pioneer 	<ul style="list-style-type: none"> • Top 10 Business Contributors • Star Project Award • Top 10 Technical Experts • Product Technology Innovation Award • Manufacturing Technology Innovation Award • Top 10 "Operational Excellence" Talents • Committee Management Award • Outstanding Department • Outstanding Team

Honorary Incentive System

Performance Evaluation and Appeal

The Company strictly adheres to the principles of "objectivity and fairness," and has established and implemented the *Employee Performance Management System* and the *Performance Management System for O-class Employees* to assess all employees' performance (for those with more than 30 workdays of attendance per quarter). Following the "Plan → Do → Check → Action (PDCA)" cycle management process, the Company has built a closed-loop management mechanism that includes setting performance goals, performance execution and coaching, performance evaluation and feedback, and performance application and improvement. Additionally, to ensure fairness and equity in performance results, the Company has also developed the *Performance Appeal Management Process* and established a smooth channel for employee performance appeals.



Employee Performance Management Process

If employees have doubts or objections regarding their performance evaluation results, they can schedule a performance discussion with their direct supervisor through the HR performance system in accordance with the Process. If the issue remains unresolved, employees can continue to appeal via the system or email by contacting the performance team. The Company's HR system will actively intervene to analyze the issue, and the relevant organizational Administrative Teams (AT) will evaluate the performance appeal. A timely response will be provided to the employee, ensuring that their concerns are addressed fairly and promptly.

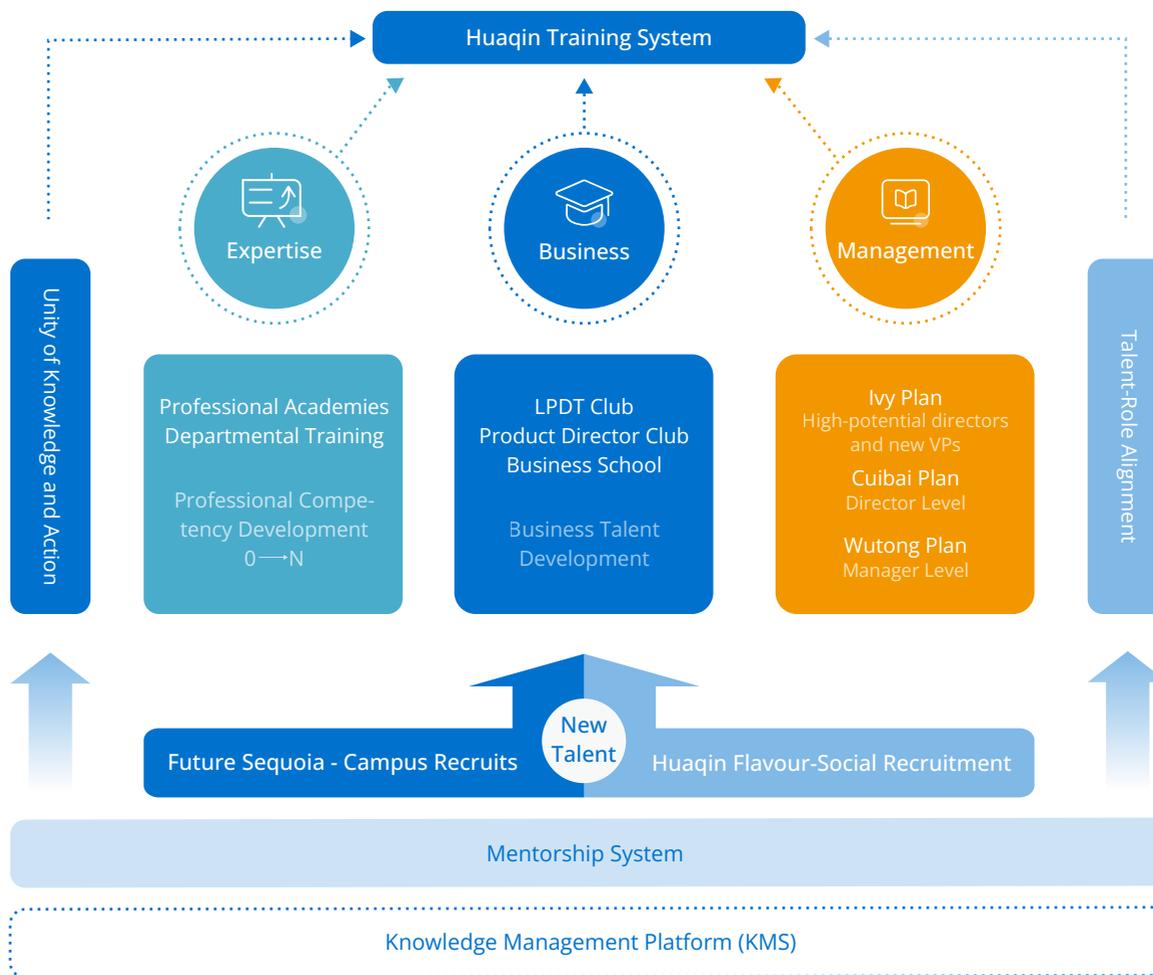
◆ Employee Empowerment and Training

The Company places great emphasis on talent development and empowerment, creating a digital learning platform to help every employee acquire knowledge, accumulate experience, unlock personal potential, and enhance their ability to solve complex problems, contributing to the comprehensive and sustainable development of talent.

Comprehensive Training System

Based on the talent development pathway, the Company has established a tiered talent development system that covers all employees, with clear categories and levels. The system is supported by a team of managers and internal/external experts who serve as instructors. We have built a fully integrated and intelligent KMS platform, which reserves a wealth of online and offline learning resources, enabling employees at different job positions and career stages to achieve substantial growth.

We have four main training lines: Newcomer Line, Professional Line, Management Line, and Business Line. The system operates both an online KMS learning platform and offline empowerment programs. We firmly believe that every employee has the potential to become a leader in future management and expert fields. Through professional academy construction, internal trainer development, sharing of internal best practices, and the introduction of high-quality external courses, we continuously broaden learning scenarios and improve the quality of empowerment.





Newcomer Training

Future Sequoia Program
This program is aimed at campus recruits, known as “Little Sequoia.” It includes a training period and a practical work phase, helping them transition into the workplace through cultural courses, team-building exercises, and hands-on manufacturing training. During the reporting period, the total training hours amounted to 45,264.

Huaqin Flavor Training
Targeted at external recruits, this program includes both online essential knowledge and offline cultural and process empowerment, supporting the understanding of Company culture, systems, business, processes, etc. During the reporting period, the total training hours amounted to 34,752.

Mentorship System
Each new employee is paired with a professional mentor who creates a tailored development plan, helping them integrate into the Company and quickly become familiar with their work through the “pass on, help, guide” approach.



Professional Training

Professional Academies
Establishing and operating 25 professional academies, focusing on solving key challenges in professional fields, knowledge accumulation, and sharing.

Departmental Training
Organized and planned by business departments, providing empowerment and practical training for professional skills related to specific roles.



Business Training

Mainly targeted at LPDT, marketing directors, high-potential individuals, and core representatives, including courses on business thinking, goal management, etc., to cultivate the core capabilities of elite teams in the business field. During the reporting period, the total training hours amounted to 1,120.



Management Training

Ivy Plan
Targeting high-potential directors and new VPs, an 18-month empowerment program to nurture outstanding senior management talent. During the reporting period, the total training hours amounted to 1,656.

Cuibai Plan
Including a beginner class for new directors and an advanced class for all mid-to-senior management, based on competency models and strategic development, to support role competency and leadership development. During the reporting period, the total training hours amounted to 11,016.

Wutong Plan
Including a beginner class for new managers and an advanced class for all managers, based on competency models, focusing on self-awareness, supporting role transition for new managers, and assisting frontline managers in building teams and achieving results. During the reporting period, the total training hours amounted to 12,928.5.



Case

“Future Sequoia Program” Helps Fresh Graduates Become Their Best at Huaqin

The “Future Sequoia” fresh graduate recruitment program is a key talent strategy for the Company. We conducted the “Future Sequoia Program” annually, offering customized cultural courses and team-building activities. This initiative helps “Little Sequoia” fresh graduates enhance their professional skills, understand Huaqin’s culture, and learn about business development. It facilitates their smooth transition into the Company and aids in their growth into the organization’s core strength. In 2024, the “Future Sequoia Program” covered 943 fresh graduates and offered 29 courses. Based on the global strategy and business needs, the Company specially designed the “Vietnam Sequoia Program.” 19 Vietnamese “Little Sequoia” came to the Nanchang manufacturing center, where they participated in special training courses, seminars, and other activities to better understand Huaqin’s corporate culture, lean manufacturing system, and career development. This program provided new overseas employees with an international perspective and fresh energy for their career growth.



2024 “Future Sequoia Program” Participants Group Photo



2024 “Vietnam Sequoia Program” Participants Group Photo



Case

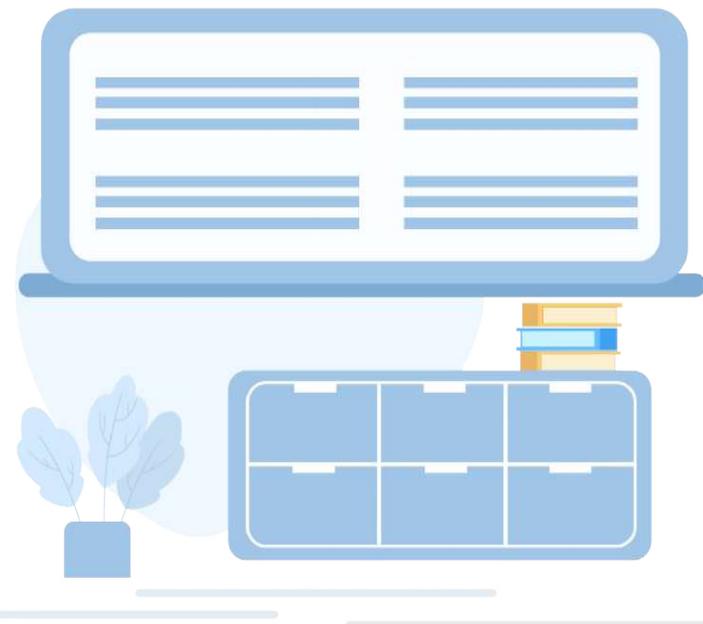
The “Dream Fulfillment Program” Supports Employees’ Educational Advancement

In 2024, the Company continued to implement the “Dream Fulfillment Program” in Dongguan and Nanchang, a school-enterprise cooperation project aimed at improving the academic qualifications of all employees in the manufacturing sector. Employees who meet the requirements can complete their educational advancement for free, with the Company covering the tuition fees. During the reporting period, a total of 144 employees registered and enrolled for the academic enhancement program.



Knowledge Management System

To fully utilize 20 years of accumulated knowledge and experience while promoting knowledge sharing and efficient circulation among employees, the Company launched its knowledge management initiative in 2015. By 2022, it had established an integrated KMS (Knowledge Management System) platform covering all employees, domains, and aspects of the business. In 2024, we further advanced multi-scenario knowledge applications and value creation through initiatives such as “KM + Learning and Development,” “KM + AI,” and “KM + Smart Knowledge Teams.” We successfully built a comprehensive KMS “Learning Ecosystem,” driving both knowledge management and organizational learning in parallel, thereby forming a closed-loop digital talent development system. During the reporting period, the KMS platform added over 15,200 new pieces of knowledge, with total views exceeding 770,000.



◆ Key Performance Indicators

In 2024,

Employee training coverage reached

100%

Total employee training hours amounted to

417,446.60 hours

Total investment in employee training was

RMB **15.6798** million

with an average of

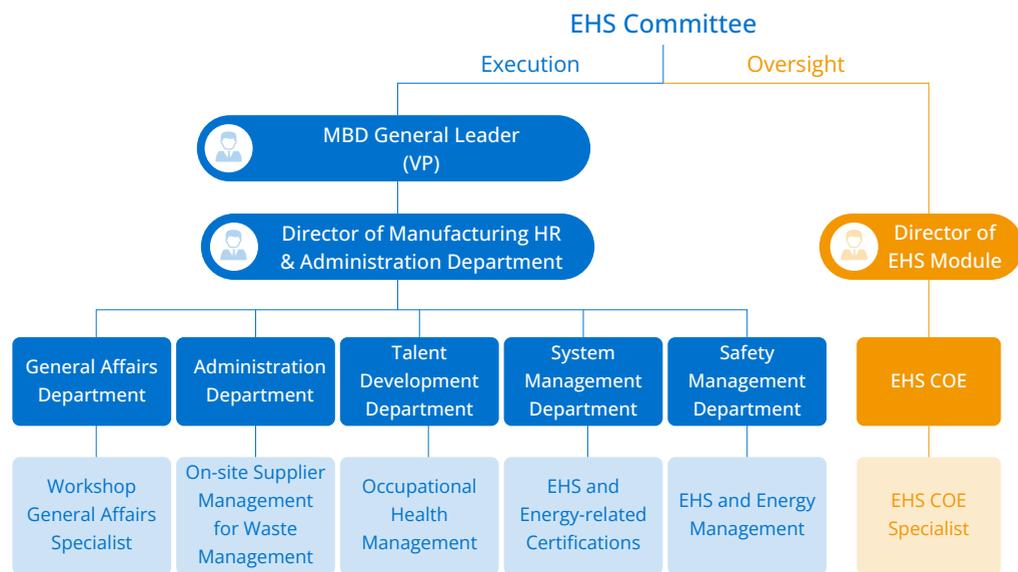
18.46 hours per employee

Occupational Health and Safety

Huaqin Technology adheres to the principle of “safety first, prevention-oriented, and comprehensive management,” enhancing safety management and building a robust occupational health and safety system. The Company implements proactive risk prevention measures and fosters a strong safety awareness among employees, safeguarding their health and safety.

◆ Safety Production Management

The Company established management procedures such as the *Safety Committee Responsibility Standards* and formed and operated the EHS Committee to implement standardized safety management. In accordance with the *Safety Production Responsibility Standards* and *Environmental, Health, and Safety (EHS) Management Policy*, the Company enforces a comprehensive safety production responsibility system.



Digital Empowerment in EHS Management

The Company leverages digital solutions such as the cloud-based electronic patrol checkpoint system and real-time monitoring devices in high-risk areas to enhance safety management. These smart systems mitigate issues associated with traditional manual inspections, such as record inaccuracies, difficulties in data tracking and analysis, and slow response times, effectively preventing safety incidents. Additionally, the Company utilizes Virtual Reality (VR) and Augmented Reality (AR) models to conduct interactive safety training and promote a strong safety culture, improving employees’ ability to handle emergency situations.

Digital Systems/ Technology Applications	Application Scenario	Management Enhancement
Cloud-based Electronic Patrol Checkpoint System	<ul style="list-style-type: none"> Daily Inspections 	<ul style="list-style-type: none"> Automated patrols Smart alerts Optimized patrol routes
Real-time Monitoring Devices for High-risk Areas	<ul style="list-style-type: none"> High-risk Areas Such as Chemical Plants and Construction Sites. 	<ul style="list-style-type: none"> Real-time monitoring in high-risk areas Remote supervision
VR and AR Technology Models	<ul style="list-style-type: none"> Employee Training 	<ul style="list-style-type: none"> Interactive safety training Instant feedback on safety knowledge and skills

In 2024, the Company conducted a digital management assessment among seven business modules, covering 47 sub-businesses, which include the EHS operating system, the Three Simultaneities management, environmental protection module, occupational safety module, fire safety module, occupational health module, and issues related to stakeholders. Additionally, a three-year plan for 2025-2027 was developed, aiming to gradually explore the application of AI technology and drive the transformation from informatization to a lean, systematized, and efficient smart safety management platform.

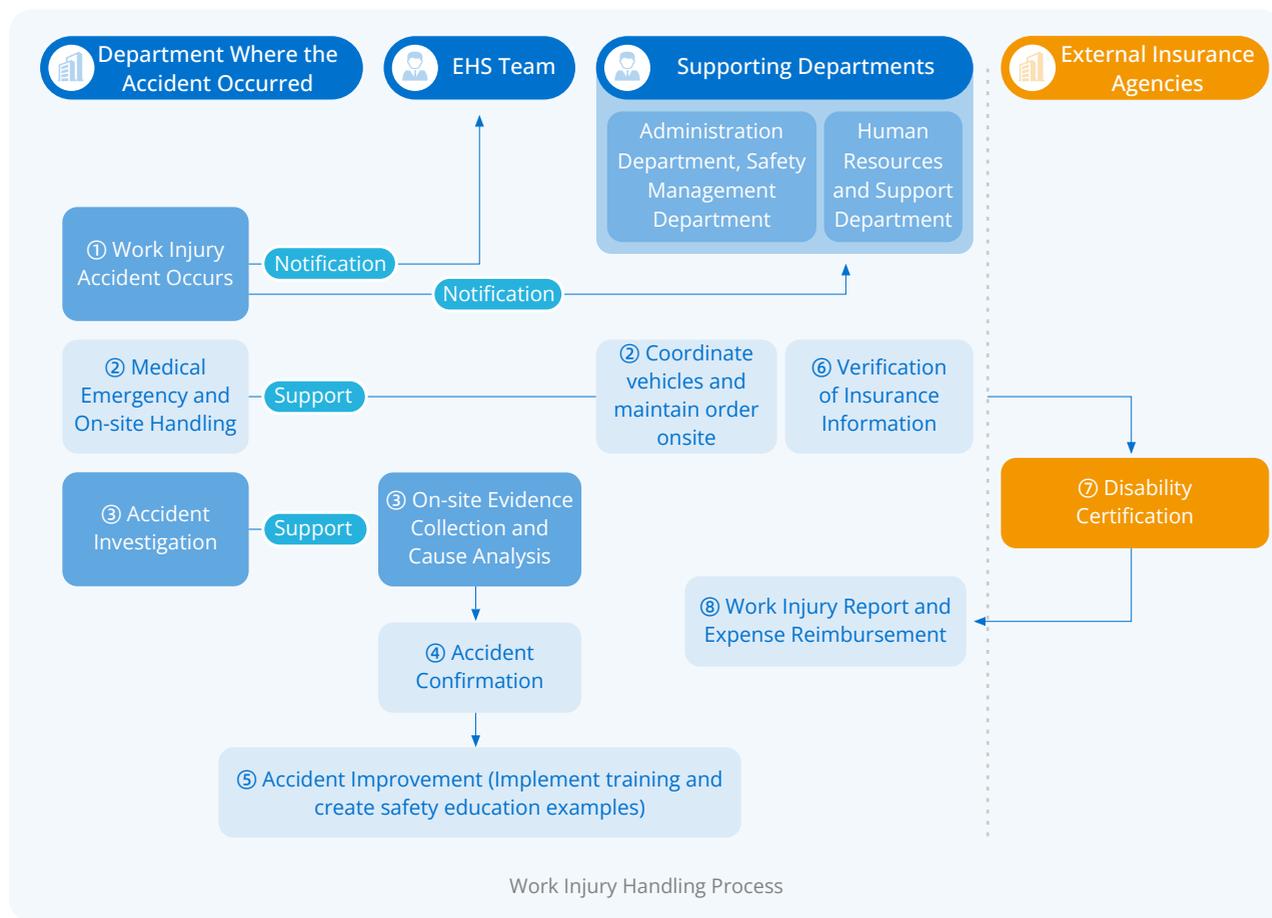
<p>Pain Points and Key Business Digitalization 2025</p> <ul style="list-style-type: none"> EHS system operation * 1 <ol style="list-style-type: none"> Digitization of EHS Training Fire safety management * 2 <ol style="list-style-type: none"> Remote Monitoring of Fire Alarm Systems Remote Monitoring of Fire Pipeline Pressure 	<p>EHS Information Management Platform 2026</p> <ul style="list-style-type: none"> Develop a comprehensive EHS information management system Smart fire safety control dashboard Digitization of fire safety equipment and maintenance inspections 	<p>Smart Safety Management Platform 2027</p> <ul style="list-style-type: none"> AI-powered visual monitoring and early warning system <ol style="list-style-type: none"> AI monitoring of flames and smoke AI monitoring of fire exit blockages AI monitoring of fire control room staffing AI monitoring of employee protective gear compliance Infrared thermal imaging for battery area monitoring
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◆ Occupational Health Management

The Company continuously improves its occupational health and safety management systems to prevent and control occupational hazards to the greatest extent, ensuring the safety and health of its employees. As of the reporting period, all manufacturing bases and three R&D centers have obtained ISO 45001 Occupational Health and Safety Management Systems certification.

Work Injury Management

The Company has developed the *Emergency Plan for Production Safety Accidents* and the *Work Injury and Occupational Disease Incident Management Regulations*. These procedures ensure proactive preparation with emergency plans, reinforced safety awareness, quick and effective responses during incidents, and prompt rectification and ongoing communication afterward to minimize the risk of injury and property damage. For employees injured at work, the Company offers paid work injury leave, reimburses medical expenses, and provides compensation for work-related disabilities, ensuring that injured employees receive timely medical treatment and financial compensation.



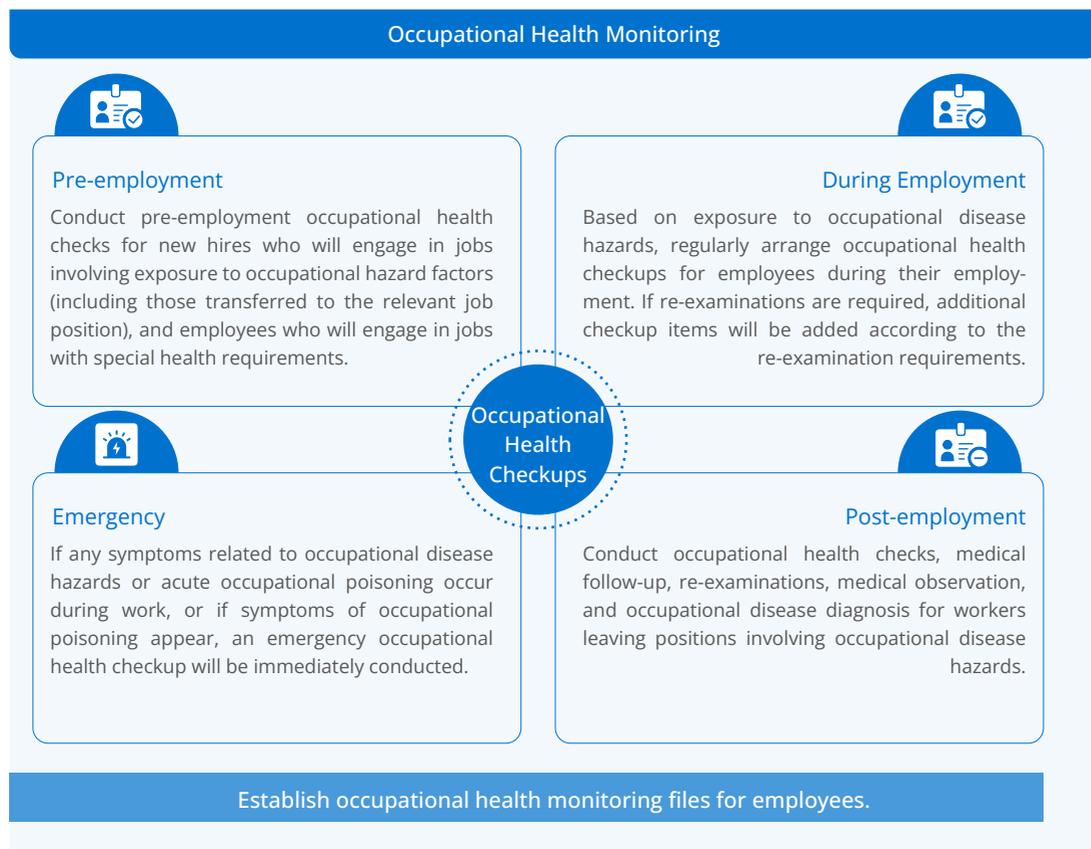
Simulated Fire Extinguishing Experience Area



Ankang Cup Work-Related Injury Prevention Knowledge Competition

Occupational Disease Prevention

The Company has developed a series of management regulations and systems, including the *Occupational Disease Hazard Detection and Evaluation Management Regulations*, *Occupational Disease Hazard Warning and Notification Regulations*, *Occupational Disease Hazard Project Reporting Regulations*, *Labor Occupational Health Surveillance and Records Management Regulations*, *Occupational Disease Hazard Emergency Rescue and Management Regulations*, and *Occupational Health and Safety Operations Regulations*. These procedures aim to continuously improve various occupational disease prevention and management measures, including occupational health check-ups and detection of occupational disease hazards. These efforts strengthen the prevention and control of occupational diseases, providing multiple layers of protection for employees' health and rights.



Occupational Disease Prevention Measures

Safety Hazard Prevention

The Company has established management standards such as the *Hazard Identification and Control Regulations and Risk Assessment* and *Control Management Guidelines*. A long-term mechanism for the identification and elimination of safety hazards has been created. The Company enforces safety responsibilities through a four-level structure: “EHS module – Safety Production Manager – Department Heads – Safety Officers.” This system ensures continuous enhancement of safety hazard identification, risk recognition, and control across subsidiaries, enabling the timely identification and elimination of safety hazards in production processes, thereby safeguarding employee safety and health.

Hazard Identification

Regularly conduct hazard identification and classify hazards by their level, implementing a graded and categorized management approach.

Risk Assessment and Control

Classify potential hazards, assess the likelihood of harm and the severity of consequences, and implement risk grading and control measures.

Continuous Improvement

Regularly carry out daily production safety inspections, special safety inspections, and comprehensive safety inspections across all departments.

Safety Inspections

Regularly conduct daily production safety inspections, special safety inspections, and comprehensive safety inspections across all departments.



◆ Key Performance Indicators

During the reporting period, the Company achieved

Fire Safety:

0 fire or explosion incidents

Occupational Health:

0 cases of occupational diseases

Industrial Safety:

0 fatalities in work-related accidents

External Audits:

0 violations

◆ Safety Capability Building

The Company strengthens the environmental and safety training in accordance with the *Environmental, Health, and Safety (EHS) Education and Training Management Standards*. Based on the characteristics of each employee’s role, the Company collaborates with third-party training organizations to develop a blend of online and offline training courses, expanding employees’ knowledge and skills related to safety production. The Company regularly conducts a variety of safety culture campaigns through methods such as safety production slogans, posters, videos, Safety Month events, safety knowledge competitions, and safety-themed speeches. These activities continuously promote safety concepts and standards, fostering a strong safety culture within the organization.



Environmental Protection Training

Three-level Safety Education Training for New Employees, Transferred Employees, and Employees Returning to Work

New employees, transferred employees, and employees returning to work must participate in a series of training sessions covering topics such as legal knowledge, company environmental health and safety policies, rules and regulations, basic safety knowledge, environmental health and safety risks and coping strategies, emergency knowledge, and typical accident case studies.

Occupational Health Training

Training for Main Responsible Personnel and Safety Production Management Personnel

Main responsible personnel and those in charge of safety production must attend safety production education training organized by externally accredited professional institutions and obtain qualification certificates.

Basic Firefighting Knowledge Training

Training for Personnel in Special and Hazardous Occupations

Personnel in special occupations must participate in external training and obtain qualification certificates.

Other Training

Safety Training for Other Relevant Parties and External Personnel

External construction personnel, visitors, and other external individuals must participate in safety awareness education and must be accompanied by designated personnel when entering production or experimental areas.



EHS Education and Training Categories

The Company has established the *Emergency Response Plan* and the *Production Safety Accident Emergency Response Plan*, creating an emergency organization structure. The structure includes teams such as the “Disaster Relief Group,” “Security and Safety Group,” “Medical Rescue Group,” and the “Logistics Support Group.” These teams work collaboratively according to the requirements of emergency response plans, specialized emergency plans, and on-site handling procedures to manage emergency situations. The Company regularly conducts emergency drills to enhance employees’ emergency response speed, minimizing personal injuries caused by safety production accidents. These drills also aim to continuously improve safety risk management and emergency handling capabilities.

Community Communication and Responsibility

While driving the continuous progress of the Company, Huaqin Technology actively assumes social responsibility and is committed to working with all sectors of society toward a brighter future. Since the establishment of Huaqin Public Welfare in 2011, the Company has consistently focused on five key areas, including “Grant-aided Education, Environmental Protection and Carbon Reduction, Health Assistance to the Disabled, Assistance to the Poor and the Weak, and Disaster Relief Support.” The Company has made a cumulative investment of RMB12.6136 million in external public and has operated 43 welfare projects in total, and the number of beneficiaries has exceeded 78,200, giving back to society through tangible actions.

Through funding for early diagnosis and intervention, Huaqin helps children suffering from congenital diseases receive treatment and improvement, ensuring they are afforded the dignity of life.

Health and Disability Assistance

Environmental Protection and Carbon Reduction

In alignment with carbon neutrality goals, Huaqin supports the development of "Photovoltaic + N" series, water resource projects in support of environmental pollution control, green development, and water resource protection, advancing ecological construction and environmental preservation.

Educational Support

By assisting the development of small rural schools, supporting vocational education, and advancing special education and early childhood education, Huaqin promotes the development of education in impoverished regions, fills educational gaps, and fosters educational diversification.



Huaqin Public Welfare System

Assisting the Disadvantaged

By providing support to vulnerable groups in economically underdeveloped areas of central and western China, or through contributions to related public welfare organizations, Huaqin helps tap into local intrinsic potential to promote industrial, ecological, and cultural revitalization.

Disaster Relief Support

In the event of major natural disasters, Huaqin mobilizes as many resources as possible to provide essential living support for affected communities.



Industry Revitalization | Huaqin Public Welfare Coffee Project Supports Coffee Farmers' Income and Circular Economy

The Company has established the “Public Welfare Coffee” benefit program, where each cup of coffee is sold for RMB 2.00, and all proceeds are directed to public welfare projects. In 2024, we made an initial investment of RMB 130,000.00, which was donated to coffee farmers in Nujiang Prefecture, Yunnan, to support them in improving their coffee cultivation production models and enhancing productivity, thus promoting local coffee production. By the end of the reporting period, the Company had replaced all internal coffee beans with those from Yunnan's support program for coffee farmers. Additionally, the Company has implemented a coffee grounds recycling initiative, investing RMB 66,200 to create the first Company-branded public welfare coffee gift box, integrating public welfare concepts with the Company culture and promoting the development of the circular economy.



Huaqin Technology Public Welfare Coffee Program

◆ Key Performance Indicators

During the reporting period, the investment in public welfare projects amounted to

RMB **1.1165** million

The number of Company volunteers reached

1,869 volunteers

Average volunteer activity hours per person

34.53 hours

Among these, investment in rural revitalization

RMB **592,300**

benefiting

14,799 individuals



Case

Aid to the Underprivileged | Five-cities Collaborative “Warm the Sunset with Love, Light the Hope with Heart” Elderly Care Activity

During the Double Ninth Festival, Huaqin Technology volunteers jointly conducted an elderly care activity titled “Warm the Sunset with Love, Light the Hope with Heart” across five cities: Dongguan, Nanchang, Shanghai, Wuxi, and Xi’an. The volunteers provided various daily necessities, including food, household items, and medical supplies, totaling RMB49,700, to elderly residents in local nursing homes. At the nursing homes, the volunteers engaged in heartfelt conversations with the elderly, accompanied them in writing large characters and doing handicrafts, bringing not only material assistance but also warmth and emotional support to their lives.



Volunteer Collaboration Across Five Locations for Elderly Care Activity



Case

Health and Disability Support | Caring for Children with Autism, Protecting “Children of the Stars”

The Company continues to run the “Qin Communication” program to support children with autism, helping them enhance self-awareness and social skills through art therapy and scenario-based teaching. The initiative aims to assist these children in gradually adapting to social environments. The Company organizes various social activities, such as supermarket “adventures,” fruit parties, and cinema visits, with financial support and volunteer participation, encouraging children with autism to step outside of school and integrate better into society. In August 2024, the Company invited children from the Qingcongquan Training Center for Children with Special Needs, a partner organization, to participate in the Company’s anniversary celebration, where they created artwork together with employees’ children, allowing the children to experience social inclusion and care.



Children with Autism and Employees’ Offspring Co-create Artwork



The “Caring Enterprise” Trophy Presented to Huaqin Technology by the Qingcongquan Training Center for Children with Special Needs



Case

Educational Support | Huaqin Technology Launches Huaqin Public Welfare School-Enterprise Cooperation Project to Promote Integration of Vocational Education and Industry

Huaqin Public Welfare actively responds to the national push for school-enterprise integration. We have initiated and implemented a school-enterprise cooperation project with higher vocational colleges, aiming to provide students with more practical opportunities and career prospects through in-depth cooperation between schools and enterprises, contributing to the high-quality development of vocational education.

In 2024, the Company reached cooperation agreements with the School of Information Engineering at Tongren Polytechnic College and the School of Intelligent Manufacturing at Zhengzhou Vocational College of Industrial Safety. We provided the necessary equipment, co-develop enterprise and specialized courses tailored for students, and offer quality internship positions to help students enhance their professional skills and employment competitiveness. During the reporting period, Huaqin Public Welfare donated practical training equipment worth RMB 377,000 to the two schools.



05

Healthy Ecosystem



+ SDGs

Huaqin Technology is committed to becoming a “To be an innovative and trusted platform for intelligent products.” The Company places great emphasis on innovation and quality, focusing on providing our business partners with a clean, fair, and healthy business environment. We aim to offer competitive products and services to our customers, building a healthy and resilient cooperation ecosystem, and ensuring the pursuit of **long-term, sustainable business practices**.





Commitments

- Adhere to independent innovation, position ourselves at the forefront of industry-leading technologies, and tackle challenging technical issues within the industry.
- Make Huaqin a symbol of high-quality in the smart manufacturing industry by strengthening full lifecycle quality control and continuously creating value for our customers.
- Build a responsible supply chain, eliminate the use of conflict minerals, and fully support the RBA and GeSI¹ initiatives.



Goals

Maintain the "1000" quality target:

Reputation

1st

complaints

0

incidents

0

violations

0



Progress

incidents

0

violations

0



By the end of 2028, achieve a **100%** compliance rate for CSR audits of suppliers

Ensure **100%** of suppliers sign agreements with environmental and labor requirements



Continuously maintain **100%** due diligence on conflict minerals, and pass third-party verification (IPSA) by 2028

Achieved **100%** conflict mineral research coverage for Tier 1 material suppliers.



¹The Global e-Sustainability Initiative (GeSI) aims to drive better corporate performance in sustainable development by encouraging participation in industry actions and innovations, promoting energy and resource efficiency, and achieving greenhouse gas emissions reductions.

🎯 Exceeded the target 📌 Target achieved as planned ⚖️ Ongoing effort to achieve the target



Governance

- Operate integrated mechanisms including the Group Technology Center, Quality Committee, and Sustainable Supply Chain Management System. The Board of Directors is responsible for the relevant work. A dedicated team identifies risks, implements targeted mitigation measures, and minimizes negative impacts.



Risks and Opportunities

Risk

- Customers' demands for technology, performance, and quality are becoming increasingly stringent, while industry competition is intense and rapidly changing, requiring additional investment to accelerate innovation.
- The application of new technologies may introduce potential safety risks.
- The social responsibility performance of the supply chain is gradually becoming an entry requirement and a barrier to market entry and expansion.

Opportunities

- Rapid technological development creates opportunities for new technology research and development and business expansion.
- Providing high-quality services to well-known domestic and international brands, establishing a strong brand reputation.
- Strengthened vertical integration capabilities in the supply chain, enabling resource sharing and complementary advantages.



Actions

- ESG Top 10 projects: 🎯 Sustainable Supply Chain
- Establish a professional R&D team, optimize the R&D platform, iterate the IPD system, and create excellent services.
- Establish a full lifecycle quality management process, using quality management tools to achieve comprehensive quality improvement.
- Conduct customer satisfaction surveys and implement closed-loop management for non-conformities raised by customer feedback.
- Conduct CSR audits and conflict mineral management, prioritizing collaboration with suppliers that demonstrate strong environmental and social performance, and avoid using conflict minerals from the source.

Technology R&D and Innovation

Huaqin Technology places technological innovation at the core of its strategy, focusing on the technological reserves and expansion in key business areas. The Company introduces advanced management systems, optimizes R&D platform development, continually increases R&D investment, strengthens intellectual property protection, and enhances convenience and accessibility through technological innovation, driving sustainable economic and social development.

◆ Innovative R&D Management

The Company emphasizes the parallel development of technological innovation and ethical practices. At every stage of product design and R&D, we strictly adhere to the six core principles of technology ethics, including “enhancing human well-being,” “reasonably controlling risks,” and “maintaining transparency.”. Through responsible R&D innovation, we ensure that technological development is closely aligned with social responsibility.

The Company continuously optimizes the Integrated Product Development (IPD) management system and the end-to-end product development process, achieving efficient coordination of human resources, information flow, and technology. This ensures high development efficiency while meeting high-quality standards, aligning better with R&D management processes and responding to customer needs. During the reporting period, the Company continued implementing the “Ladder Plan,” focusing on IPD management improvements and process optimization to enhance the adaptability between project R&D management and business strategy across different product categories.

The Company values the motivation and support of technical talent, implementing systems like the *Innovation Reward Management System* and *Technical Innovation Management Guidelines*. Various reward mechanisms, such as the Top Ten Technologists, Top Ten Management Award, Technical Innovation Award, and Patent Innovation Award, have been established to recognize innovative achievements and cultivate an innovation-driven culture.



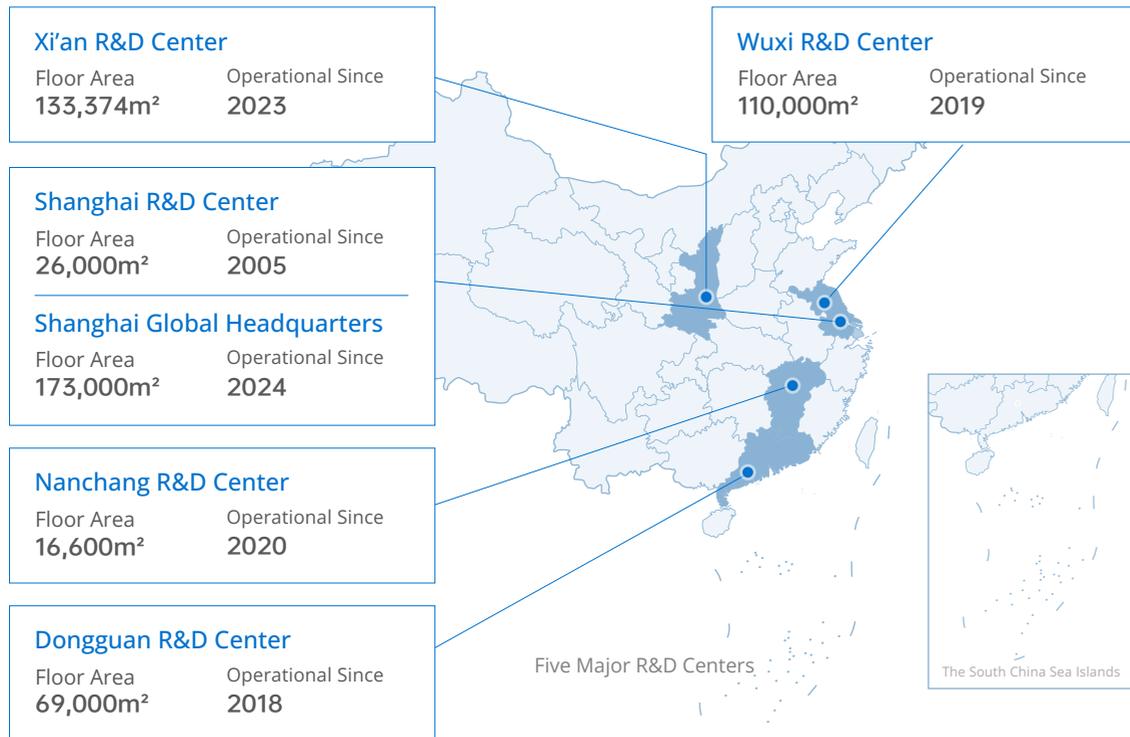
◆ Key Performance Indicators

During the reporting period, the Company awarded

12 Top Ten Technologists	12 Top Ten Management Award	165 Technical Innovation Awards	22 Product Innovation Awards
12 ID Creative Awards	982 Intellectual Property Innovation Awards	RMB 5.3381 million Amount of Innovation Incentives	

Elite R&D Team

The Company is committed to strengthening its reserves of cutting-edge technologies and continuously increasing investment in R&D resources. By focusing on frontier areas and attracting high-level technical talent, the Company is building a cross-institutional, cross-regional, and cross-national R&D layout and collaboration mechanism, based on the “1+5+5” strategic framework.



◆ Key Performance Indicators

During the reporting period,
R&D Investment

RMB **5.156** Billion

This map is for illustrative purposes only and does not represent the actual map.

X-LAB Innovation Center

Formed by a team of technical experts from the smart hardware industry, X-LAB is responsible for the research and development of innovative and applied technologies. It consists of four research areas: acoustics, optics, thermals, and radio frequency. The center is dedicated to continuously strengthening the Company's technology reserves for commercialization while driving Huaqin to a leading position in cutting-edge technologies. During the reporting period, the Company invested RMB 89.5482 million in X-LAB, representing a year-on-year increase of 23%.

Huqin Software Center

Responsible for the pre-research of new products and technologies in the software and testing domains, the Software Center supports project human resource deployment, capability building, and manages the entire software lifecycle to ensure deliver. The company has 7 major labs, including hardware, environmental reliability, mechanical reliability, imaging, and power, and other specialized labs. The center is accredited by the China National Accreditation Service for Conformity Assessment (CNAS).



Leading Technology Development

Through years of continuous preliminary technology advancement and technological innovation, Huaqin Technology has developed a range of core competencies across hardware, software, and overall product design.



Software Design and R&D

- Expertise in circuit system design and cross-application capabilities, exceptional screen imaging and human-machine interaction sensor development, and design capabilities that balance functionality and performance to create an ultimate experience for customers.



Multi-Platform



Software Architecture Design



Camera Calibration



Stability



Maintainability



Sensor calibration



Hardware Design and R&D

- Comprehensive software solution design, development, and system integration capabilities across multiple systems and platforms.



Multi-Platform



Low Power Consumption



5G



Global Operator Certifications



Thermal Design



Optical Design



Complete Machine Structural Design

- Exceptional spatial design capabilities.
- Advanced materials and process development and application expertise.
- R&D capabilities for multi-category and multi-structure products.



Full Product Categories



5ATM & IP68 Rating



Lightweight and Thin Models



Narrow Bezel Design



Gap and Step Control



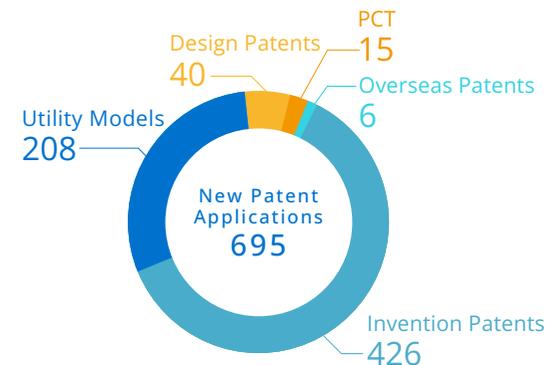
New Material Development



◆ Intellectual Property Protection

The Company places great importance on independent innovation and intellectual property (IP) protection. It has established and implemented policies such as the *Intellectual Property Management System* and the *IP Risk Management Guidelines*. A dedicated intellectual property team and a panel of patent review experts oversee the entire process from R&D, application, evaluation, and review to incentive mechanisms. The Company strictly adheres to scientific ethics, standardizes the application process, tightly controls potential infringement risks, and continuously optimizes the full lifecycle management and quality of patents.

We require suppliers to sign an *Intellectual Property Commitment Letter*, ensuring that any materials, products, or technologies they directly or indirectly provide to the Company do not infringe upon the legal rights of any third party, domestically or internationally. During the reporting period, we further improved our intellectual property incentive mechanism by awarding employees on a quarterly basis for successful IP filings, aiming to stimulate innovation and strengthen the comprehensive protection and efficient utilization of intellectual property across the Company.



◆ Key Performance Indicators

During the reporting period,

The Company was recognized as a National Intellectual Property Demonstration Enterprise.

20
engineers were honored as "Mingzhu Engineers" in Pudong New Area, Shanghai

26
intellectual property training sessions were held

720
over covering participants

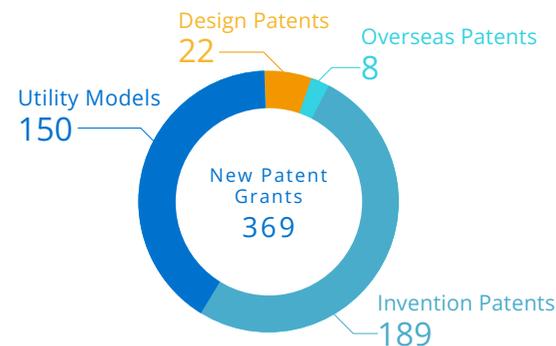
As of the end of the reporting period,

5,950
The Company held a total of 5,950 granted intellectual property rights

1,798
software copyrights were authorized

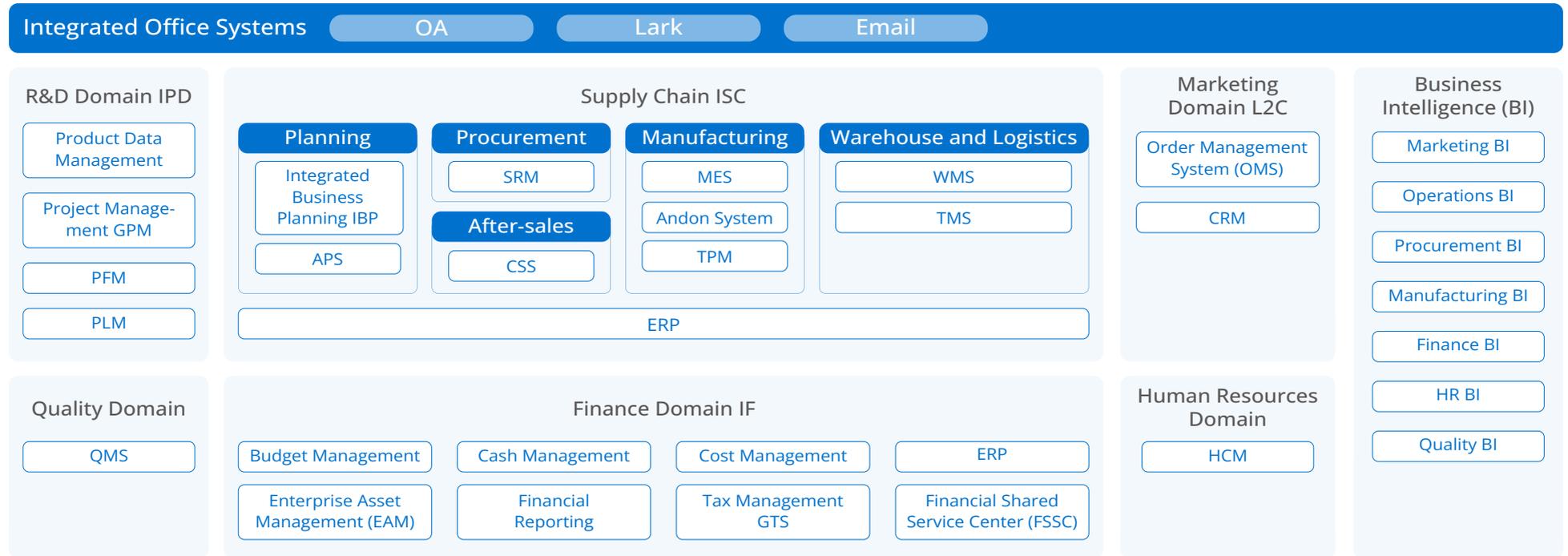
1,330
valid invention patents were granted

32
overseas patents were authorized

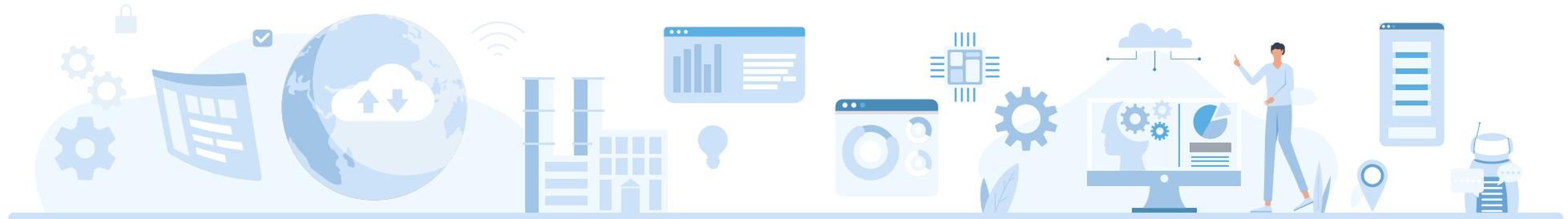


◆ Intelligent Digital Transformation

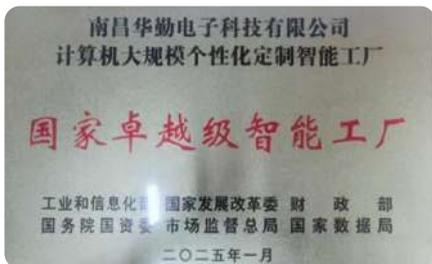
The Company has established a Digitalization Committee. By integrating processes and digital systems based on the top-level design, it plans and implements a unified intelligent digital management platform to improve operational transparency, enhance workforce efficiency, reduce costs, and increase employee satisfaction. Our digital system architecture spans key business functions including operations, R&D, supply chain, marketing, quality, finance, and human resources. It provides deep support across all business areas to boost efficiency and strengthen data-driven decision-making capabilities.



Huaqin Digital Systems Landscape



The Company has built an intelligent manufacturing data platform based on a “unified platform, unified data, and unified operations” framework. It features a fully self-developed central MES and edge MES system, designed to rapidly match a multi-customer, multi-product business model. The system strengthens capabilities across personnel, machinery, materials, methods, environments, and assessments to ensure smooth production and large-scale delivery across multiple locations. This foundation continues to drive improvements in the digitalization, automation, and lean operations of the manufacturing centers. During the reporting period, the subsidiary Nanchang Huaqin advanced its smart factory capabilities through the implementation of 5G-enabled solutions. As a result, the automation rate of SMT lines increased from 90% to 95%, and the automation rate of assembly, testing, and packaging lines improved from 40% to 55%. These enhancements significantly boosted the factory's level of intelligence and digitalization, earning it the recognition of “National Outstanding Smart Factory.”



Nanchang Huaqin Was Recognized as A “National Outstanding Smart Factory”

Digital Empowerment of Integrated Supply Chain Operations

MRP | Driving Material Preparation

- Fast MRP planning (within 30 minutes) to efficiently respond to customer changes
- Supports complex alternative material selection scenarios

APS | Driving Production

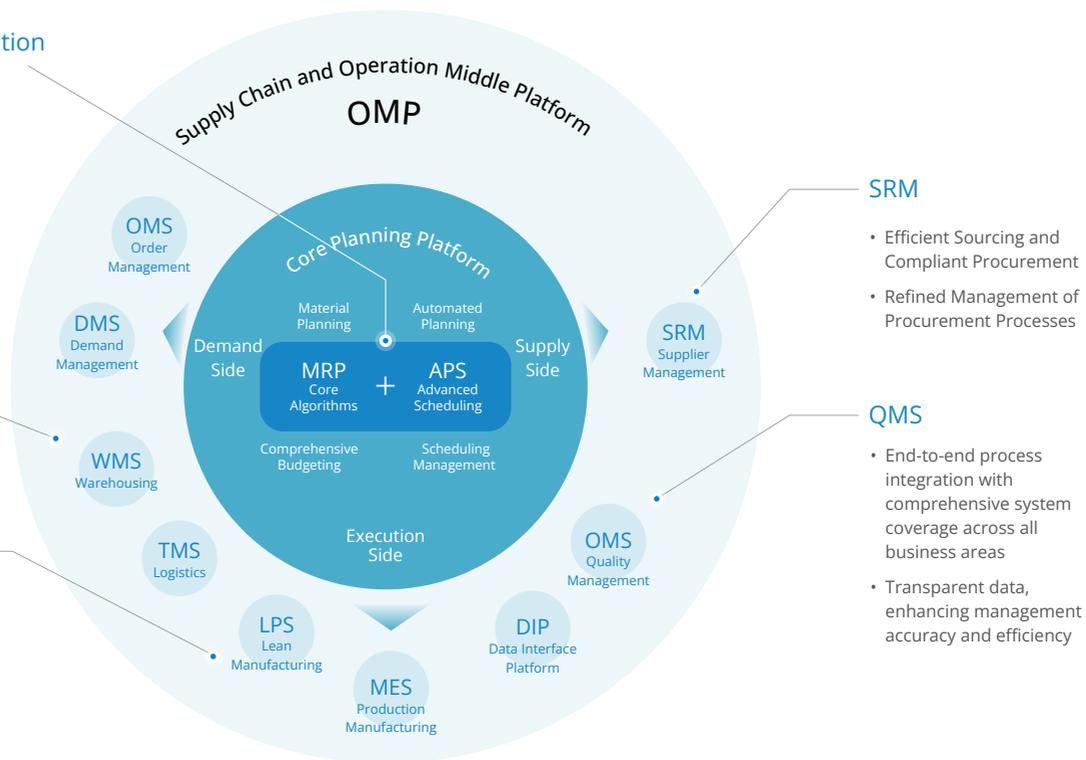
- Advanced planning and scheduling (APS) for efficient production scheduling

WMS + TMS

- Full visibility of the logistics and warehousing chain

MES+LPS+DIP

- Full process control of production, leading lean manufacturing improvements
- Cross-domain data aggregation, ensuring stable delivery of diverse group products

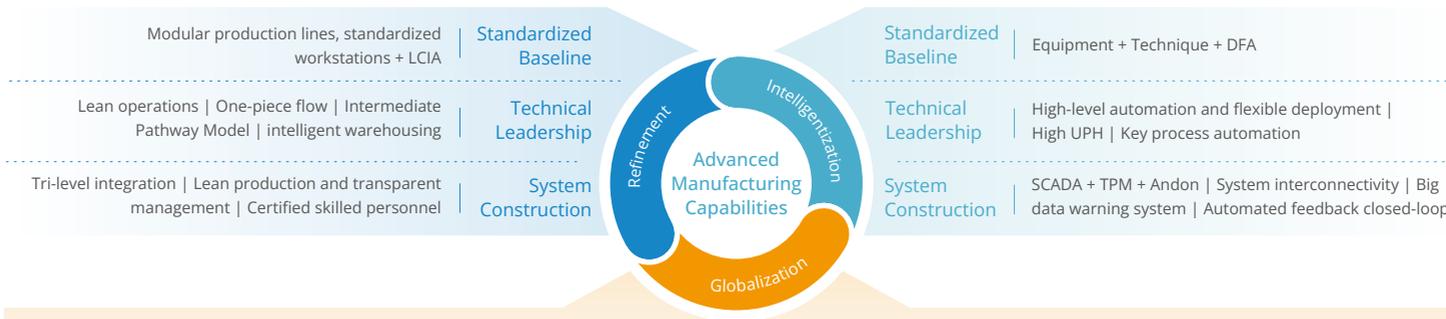


SRM

- Efficient Sourcing and Compliant Procurement
- Refined Management of Procurement Processes

QMS

- End-to-end process integration with comprehensive system coverage across all business areas
- Transparent data, enhancing management accuracy and efficiency



Global Deployment

Vietnam, Mexico (in progress), India – three major overseas manufacturing bases, forming a global delivery capability

Flexible Manufacturing

Large-scale mass production and multi-variety small-batch flexible manufacturing, with rapid line changeover and mixed-model production capabilities

Product Quality and Safety

Huaqin Technology upholds the philosophy that “Customer centrality presupposes quality focus.” The Company elevates its high-quality strategy to the group level, establishing a comprehensive lifecycle quality management and control system. By leveraging digital tools, Huaqin continuously enhances product quality and customer satisfaction, making the Company synonymous with high quality in the industry.

◆ Intellectual Property Protection

The Company strictly adheres to domestic and international laws and regulations, as well as international quality management system standards, and established a quality management system in compliance with ISO 9001. During the reporting period, a Quality Committee was formed, chaired by the Chairman and CEO, with the Company’s Directors and Co-founder serving as the Chief Quality Officer (CQO). This committee reviews the quality policy and objectives annually, standardizing and unifying the quality management system that covers the entire product lifecycle, while continuously enhancing the maturity of quality management system.

The Company convenes Quality Committee meetings in a tiered and stratified manner. The Chief Quality Officer (CQO) organizes quarterly meetings, where the BG head and the quality leaders of each business unit jointly deliberate on the quality roadmap, directions for business improvement, and solutions to address actual business pain points, thereby enhancing customer satisfaction. The quality leaders of each business unit organize monthly meetings to break down the quality strategy and effectively resolve business issues through the advancement of special improvement initiatives and review of problems, in order to achieve strategic objectives.



◆ Key Performance Indicators

As of the end of the reporting period

100%
of the Company and its R&D and manufacturing centers have passed ISO 9001 quality management system certification.

4
subsidiaries have obtained the IATF 16949 certification for automotive quality management systems.

3
subsidiaries have received the ISO 13485 certification for medical device quality management systems.

We have established and are operating an end-to-end product lifecycle quality management process, adhering to the quality management processes and performance requirements agreed with customers. This ensures precise control over key stages, including product R&D and design, raw material procurement, production management, product transfer, supply assurance, and after-sales service. In the early stages of a project, we identify risks related to new goals, processes, technologies, and materials, conduct proactive planning, and take preventive measures. During the project implementation phase, we break down and refine quality objectives at each level, regularly reviewing progress to identify areas for timely improvement. In the after-sales phase, we have established a comprehensive customer complaint and issue resolution process, forming dedicated teams to quickly respond and address concerns. We pursue customer satisfaction and promptly integrate customer feedback into workflows. During the reporting period, the Company did not experience any product recall incidents.

Product Development Process	Product Roadmapping		Planning		Development		Design Verification		Release	Lifecycle
Material Quality	Standards and Agreements Identification and Establishment		Project Quality Plan Development							TOPN Special Quality Improvement
			Testing Strategy Management	Product Technical Review	3T Trial Production On-site Support	Change Management		After-sales EWP Management		
Material Quality	Supplier Auditing and Certification		Material Selection	Material Maturity Control	Sample Sealing Management	QSA/QPA and Exception Management		KPI Monitoring and Supplier QBR		
Production Quality	Factory/Operators Certification	Trial Production Quality Control	Production Line Certification	Resource Matching Risk Management	Production Ramp-up Management	TQM Supervision		Mass Production Delivery Quality Assurance		
Management Systems	Quality Management System	Environmental Management System Occupational Health Management System	Medical Device Quality Management System	Hazardous Substance Management System	Automotive Quality Management System	CSR Management System		Information Security Management System		
IT Systems	Project Management PLM System	Issue Management JIRA System	Traceability System MES		Exception Management System OA	Document Control System DCC System		Data Analysis Quality BI		

Full Lifecycle Quality Management Process

◆ Lean Quality Management

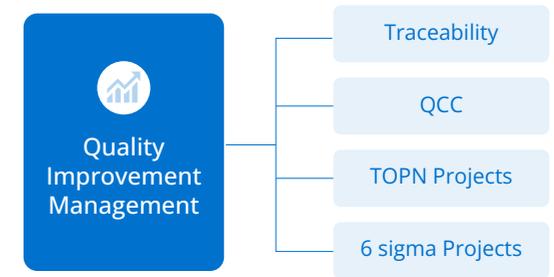
The Company applies tools such as QCC (Quality Control Circles) and Six Sigma to continuously improve the maturity of its quality management system. Throughout the product development process, critical milestones including Technical Reviews (TR) and Trial Production Readiness Reviews ensure quality control at each stage. A quality management review mechanism has been established to enhance the systematic approach and compliance of quality governance. Concurrently, the Company is advancing the digital transformation of quality control to increase traceability and operational efficiency.

Quality Strategy Meetings

The Company holds monthly quality strategy meetings to monitor quality data, conduct clear and thorough root cause analyses, and devise practical improvement measures. These meetings ensure that issues are closed-loop managed and contribute to continuous quality improvement.

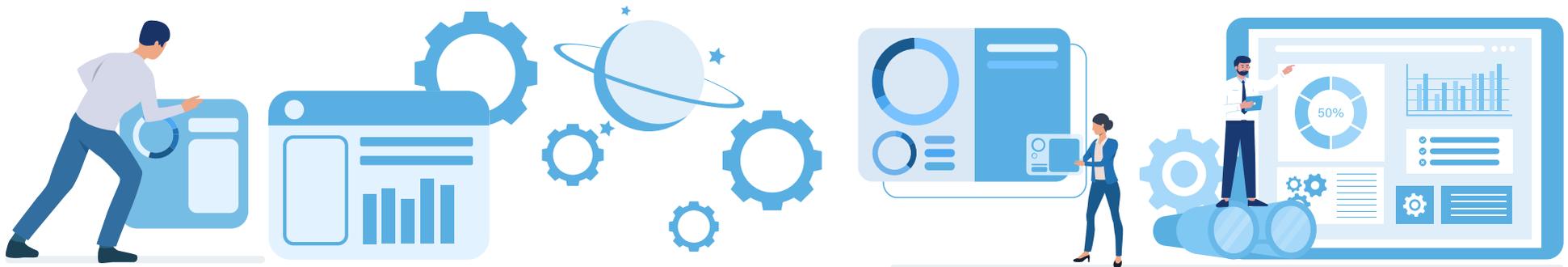
Quality Improvement Tools

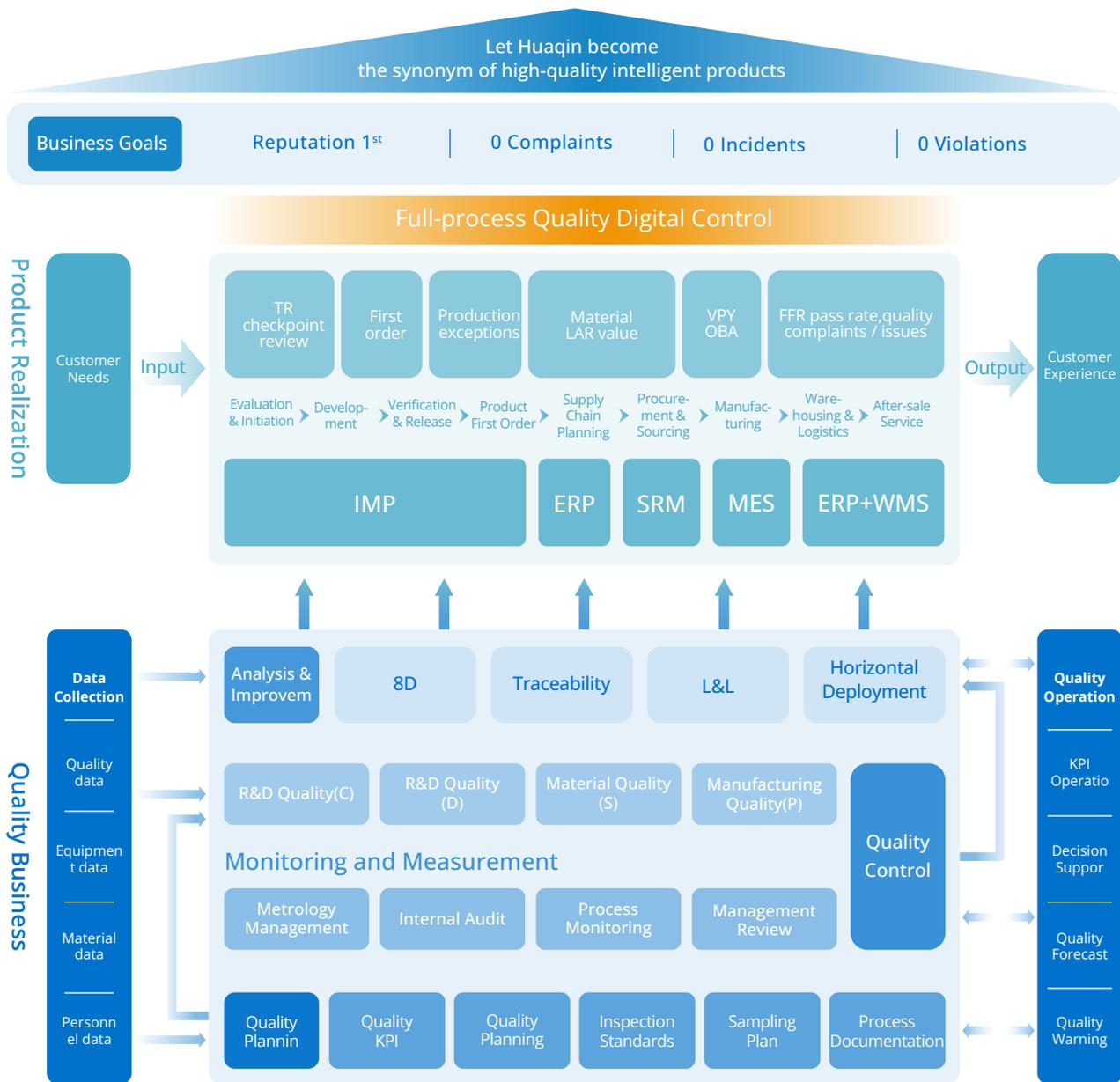
The Company integrates diverse methodologies with business practices to systematically enhance the effectiveness of quality control. Case reviews through structured attribution analysis enable root cause identification and the establishment of preventive mechanisms for critical quality issues; QCC (Quality Control Circle) activities, based on a continuous improvement model involving all employees, stimulate cross-departmental collaborative innovation; TOPN special improvement initiatives focus on high-frequency and high-impact problems for targeted efforts to enhance customer satisfaction; 6sigma projects employ the DMAIC methodology to promote the standardization of processes. The combined application of these tools forms a comprehensive quality improvement ecosystem covering prevention, control, and improvement.



Quality Management Digitalization

The Company has developed a full-stack, in-house quality management platform that comprehensively covers all functional modules of customer quality, R&D quality, manufacturing quality, and supplier quality. It has established a quality data warehouse and Business Intelligence (BI) capabilities to ensure the traceability, analyzability, and early warning of quality data, providing data support for intelligent business decision-making and operations. Meanwhile, leveraging large AI models to empower product quality improvement, the Company has achieved dual closed loops in business processes and data flow through quality digitalization, thereby supporting the efficient and sustainable development of quality operations.





◆ Company-wide Quality Culture

The Company places great emphasis on building a Company-wide quality culture. This is achieved through a series of initiatives, including quality training, setting up quality red and black lists, the organization of Quality Month events, and the selection and recognition of quality awards. These efforts encourage full employee participation in quality management and ensure that the quality culture is deeply embedded within the organization.

Six Sigma Empowerment Training

In April 2024, the Company held Six Sigma empowerment training to deepen employees' understanding of data analysis and problem-solving skills, enhancing their ability to engage with customers and the logical and systematic approach to closed-loop improvements. Employees learned the fundamentals of Six Sigma and participated in case analyses, enabling them to apply what they learned more effectively in their daily work and promote the optimization of business processes. During the reporting period, 16 individuals obtained Six Sigma Green Belt certification and 4 individuals obtained Black Belt certification through this special project.

Quality Month Series Activities

Since 2008, the Company has held an annual "Quality Month" event every September, promoting quality vision, objectives, and management principles from various angles. The 2024 Quality Month event was themed "Quality First, Earning Customer Trust" and took place simultaneously in five cities. Activities included quality declaration signing, a quality knowledge competition, and fun games, all aimed at raising employees' quality awareness and increasing their participation.

Customer Relationships and Service

At HuaQin Technology, customer success is our primary mission. With core capabilities and reliable quality, we provide end-to-end services from product development to operational manufacturing for global technology brand clients.

The Company has established systems such as the *Customer Satisfaction Management Process* and *Responsible Marketing Policy* to create a comprehensive customer service system. We are committed to opposing any form of unfair competition and false advertising, effectively safeguard customer rights and holistically improves the customer experience. We operate both internal oversight and third-party evaluation mechanisms, committed to collecting customer information only through legal channels and with explicit customer authorization. This information is used solely to provide and improve services. Additionally, we regularly review the compliance of customer service and marketing activities. During the reporting period, the Company did not experience any incidents of false advertising, unfair competition, or privacy information leakage.

Pre-Sales

We conduct satisfaction surveys to accurately identify customer needs, offer customized solutions, and develop cross-departmental customer service strategy.

Sales

We establish project QBR objectives and break them down for implementation. By managing projects through QBR, we address process-related issues, ensuring high-quality and timely delivery.

After-Sales

We enhance service system infrastructure, strengthen customer complaint management with tracking and feedback mechanisms, and resolve issues quickly. In cases of product quality issues, we follow the product recall process to protect customer rights.

Customer Satisfaction

The Company places great emphasis on building a Company-wide quality culture. This is achieved through a series of initiatives, including quality training, setting up quality red and black lists, the organization of Quality Month events, and the selection and recognition of quality awards. These efforts encourage full employee participation in quality management and ensure that the quality culture is deeply embedded within the organization.

Key Performance Indicators

During the reporting period

100%

The customer complaint resolution rate was

7.771

The customer satisfaction score was¹

75%

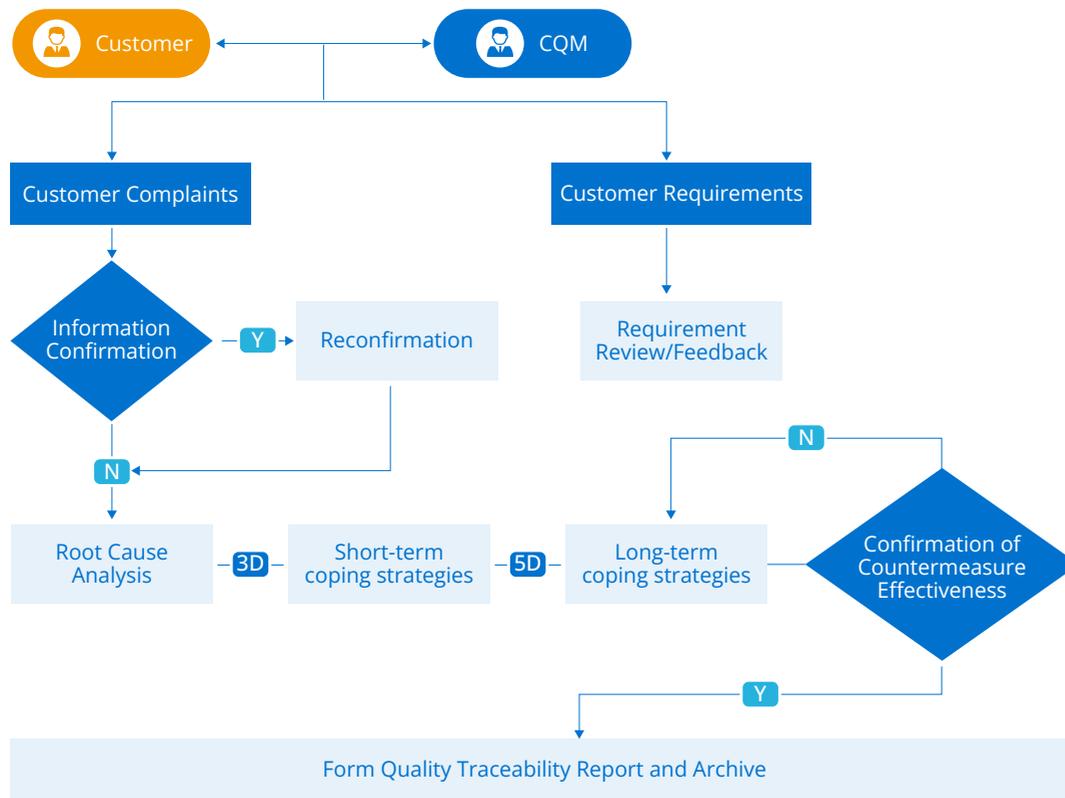
The survey coverage was



¹The customer satisfaction evaluation has a maximum score of 10 points.

◆ Complaint Response and Closure

We have established a customer complaint management process where the marketing operations team, quality operations team, and customer quality managers (CQM) collaborate to ensure prompt response and proactively drive problem resolution. As the lead on complaints, the CQM team organizes cross-functional and multi-level problem-solving teams based on the type, severity, and other criteria to identify root causes and resolve the problem. The responsible internal teams provide short-term coping strategies within 3 days and develop long-term improvement plans within 5 days. Both the resolution outcomes and complaint closure require multi-tiered verification, including customer confirmation, to achieve closed-loop system validation.



Customer Complaint Management Process

Honors

Due to exceptional product quality and high service standards, the Company won the honorary titles of "Excellent Supplier" and "Excellent Quality Award" from many customers during the reporting period, and also won a number of quality-related awards from governments at all levels and industry associations.



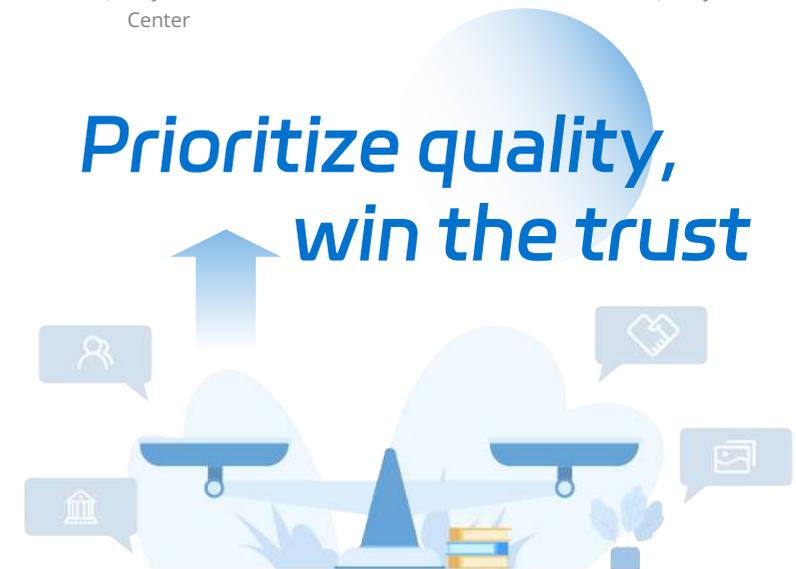
Subsidiary Dongqin Technology has been certified as a Class A Enterprise by the China Quality Certification Center



Shanghai Quality Benchmark (2023-2024)



2024 Shanghai Securities News Golden Quality Award



Industry Leadership and Collaboration

Huaqin believes in the power of win-win cooperation and actively participates in industry exchanges and major exhibitions. By expanding the boundaries of cooperation and deepening the level of cooperation, we work together with its global partners to explore the new trends of technological development and provide more innovative and competitive products and solutions for consumers around the world.



Case

Showcasing High-Performance Computing Solutions at Intel IPDC Conference

At the 2024 Intel IPDC Conference, Huaqin Technology unveiled its latest achievements in the data center domain, including the 6U 16-GPU server. The 6U 16-GPU server integrates liquid cooling technology and a modular design, combining high-performance computing with flexible configuration. These innovations not only meet the intense compute demands of AI models but also open up new technical pathways for efficient data center operations.



Huaqin Technology Participates in Intel IPDC Conference



Case

Joining the CES Feast, Huaqin Technology Hosts Consumer Electronics Technology Exhibition

During the 2025 CES exhibition, Huaqin Technology hosted the 2025 Huaqin Technology Consumer Electronics Technology Exhibition. The event received approximately a hundred customer and partner visits for exchanges.

At the exhibition, the Company showcased a pop-up camera laptop, an integrated hardware and software security solution, the J6E safety smart driving domain controller featuring advanced driving assistance technologies, as well as cutting-edge solutions in optics, radio frequency, antennas, and more. Through this international technology exhibition, Huaqin Technology showcased its core capabilities in ODMM and demonstrated its commitment to better respond to the advanced technology needs of global customers.



Case

Showcasing at WAIC, Co-Creating Intelligent Products and Solutions to Lead New AI Trends

At the 2024 World Artificial Intelligence Conference (WAIC), Huaqin Technology presented a wide range of innovative solutions across four key scenarios: Smart Business, Smart Mobility, Smart Living, and Smart Connectivity. The Company unveiled cutting-edge products including AI PCs, smart wearables, intelligent automotive electronics, and data center technologies, offering new perspectives and application scenarios for the industry. During the conference, Huaqin Technology engaged with supply chain partners jointly exploring emerging trends and partnership opportunities, and actively contributing to innovation in smart hardware and the development of an AI-driven industrial ecosystem.



Huaqin Technology Participates in the 2024 WAIC Conference

Sustainable Supply Chain

Huaqin Technology is committed to building a robust and well-governed supply chain management system, striving to establish long-term, mutually beneficial partnerships with reputable, stable, and reliable partners. Together, we aim to foster a transparent, responsible, and green supply chain, laying the foundation for a healthy and resilient value chain.

◆ Supply Chain Management Framework

The Company has established a comprehensive set of policies and procedures, including the *Supplier Management Manual* and *Supplier Qualification Procedure*, to guide full-lifecycle supplier management across stages such as onboarding, risk control, tiered management, audits, capability-building improvement, and exit processes. During the reporting period, we updated the *Tier-2 Supplier Management Guidelines* and publicly released the *Supplier Code of Conduct for Social Responsibility*, further refining processes and expectations. These efforts are part of our ongoing pursuit to develop a trustworthy, compliant, cost-competitive, resilient, and digitally enabled green supply chain.

◆ Key Performance Indicators

During the reporting period,

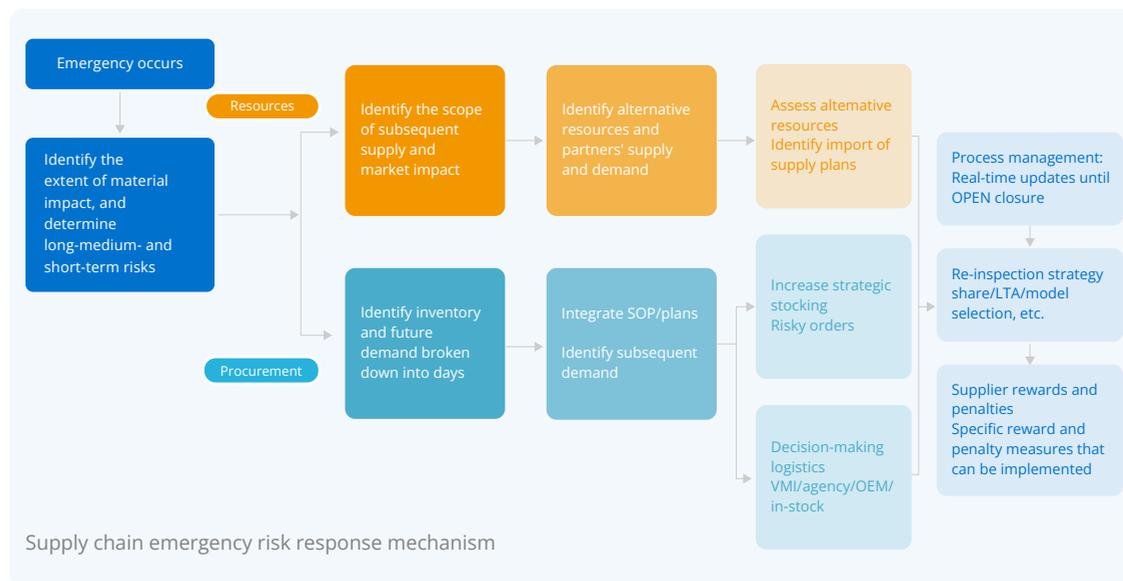
We have signed the *Supplier Quality Agreements* with each of the **2,274** Tier-1 suppliers.

Supplier Onboarding

Based on project requirements and supplier network planning, Huaqin conducts annual onboarding audits in accordance with the *Supplier Qualification Procedure* and *Tiered Supplier Access Threshold Standards*. The Company requires suppliers to sign agreements that include CSR clauses and possess system certification in key areas of sustainability, such as ISO 14001, ISO 45001, SA8000, RBA, and QC 080000. Suppliers are expected to comply with the Company's CSR red-line requirements and must have no violations or illegal activities in relevant fields within the past two years.

Risk Management

A comprehensive supply continuity risk management system has been established across various business systems. This system regularly analyzes and evaluates potential risks to supply continuity arising from factors such as geopolitical issues, industry changes, and operational risks. A risk response mechanism for supply chain disruptions has been implemented, alongside the introduction of a "Supplier Monitoring Daily Report" warning system. For high-risk suppliers, mitigation strategies are employed, including periodic risk identification and the formulation of coping strategies within 24 hours for sudden risks. During the reporting period, a focus was placed on rolling checks for 337 suppliers.



Tiered Management

In accordance with the *Comprehensive Performance Management Standards for Raw Material Suppliers*, suppliers are evaluated monthly or quarterly. Based on scores from key areas such as Quality, Service, Delivery, and Cost (QSDC) from the previous year, suppliers are categorized into four levels: "Preferred," "Qualified," "Limited," and "To Be Improved." Suppliers rated as "Preferred" enjoy policies such as priority recommendation, preferential pricing, and recognition awards. Suppliers rated as "Limited" or "To Be Improved" will initiate risk identification and elimination review processes to foster healthy competition and development within the supply chain.

Audit and Inspection

In line with the *Supplier Quality Audit Management Standards* and the *Supplier Quality System Audit Checklist*, the Company organizes supplier self-assessments and annual audits. The evaluations cover areas such as quality, product environmental protection, corporate social responsibility, information security, and project management. Audit results are documented in scorecards and incorporated into supplier performance management. Any non-compliance issues identified are managed through closed-loop management. In the area of sustainable management, 100% of suppliers must submit corrective and preventive action plans within one week of the audit, which are reviewed and approved by the Company through a review process. The effectiveness of corrections and improvements is verified through follow-up reviews. Historical audit issues will be prioritized in the next audit cycle.

Audit Module	Weight
1 Quality Systems	15%
2 Environmental Protection Systems	15%
3 Document and Record Control	10%
4 R&D and Project Management	10%

Audit Module	Weight
4 Supplier Management	10%
5 Non-Conformance Control	10%
6 Change Management	15%
7 Corporate Social Responsibility	15%

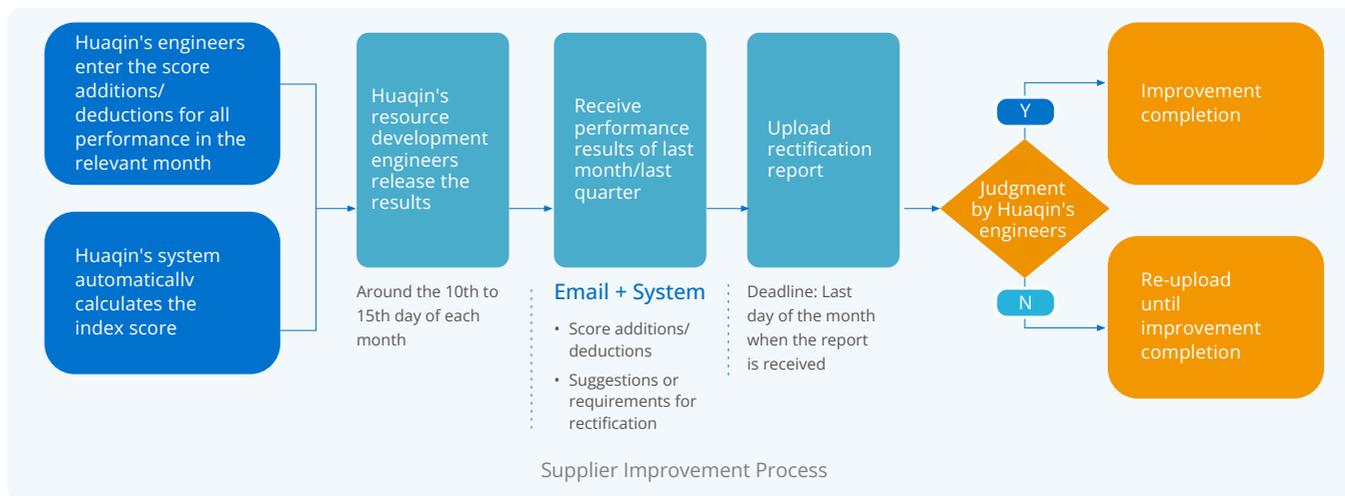
Supplier Audit Scorecard

Capability-Building Improvement

In accordance with the *Supplier Red-Yellow Light Supplier Management Process*, we regulate the continuous improvement and issue closure of suppliers categorized as "Limited" or "To Be Improved." For major issues in the field of sustainable development, corrective actions must be taken within 1 month; for serious issues, within 3 months; and for minor issues, within 6 months. Suppliers are required to provide monthly feedback on improvement progress until the issue is fully resolved.

	High Risk	Medium Risk	Low Risk	Terminated
Audit Results	20.2%	18.3%	51.2%	
Post-Audit Improvement	0.9%	2.3%	86.5%	10.3%

2024 Supplier CSR Audit Improvement Status



We have established the *Supplier Empowerment Process*, engaging with suppliers to jointly discuss and set improvement plans and goals. We provide both online and offline training resources and guidance to standardize and enhance suppliers' capabilities.

Sustainability Management	<ul style="list-style-type: none"> • Interpretation of regulations and policies • Interpretation of RBA requirements • Compliance management and risk control • Interpretation of Huaqin Technology's sustainable supply chain requirements 	
Employee Responsibility	<ul style="list-style-type: none"> • Protection of labor rights • Occupational health and safety 	<p>3 sessions 150 suppliers</p>
Governance and Compliance	<ul style="list-style-type: none"> • Business ethics • Intellectual property • Information disclosure • Fair competition • Data security and privacy protection 	
Environmental Protection	<ul style="list-style-type: none"> • Energy management and greenhouse gas emissions • Resource utilization and circular economy • Hazardous substance management • Waste and pollutant management 	<p>6 sessions 280 suppliers</p>
Supply Chain Management Requirements	<ul style="list-style-type: none"> • Material substance restrictions • Responsible mineral sourcing • Supply chain management minimum requirements advocacy 	<p>1 session 287 suppliers</p>

Supplier Sustainability Empowerment Training Programs

Termination Management

The Company has Termination and implemented the *Supplier Termination Procedure* and the *Supplier Blacklist Management System*, clearly defining termination conditions, processes, and responsibilities to ensure transparency and compliance. In line with principles of reasonability, supply security, and confidentiality, suppliers meeting the blacklist criteria or violations of minimum requirement, quality issues, or operational risks will be handled appropriately, with clear communication of the specific reasons for such actions.

Digitalization System

We continue to optimize and promote the Supplier Relationship Management (SRM) system. Nearly 100% of suppliers are now integrated into the system, which not only manages supplier information collection, bidding, auditing, material and process monitoring, and information dissemination but also enables online sustainability management practices such as supplier sustainability surveys, product environmental standards, conflict mineral management, and carbon emission checks. During the reporting period, we iterated the Supplier Risk Map tool, expanding from a China map to a global one, optimizing the high-risk screening function to accurately manage domestic and international supplier risks.



Case

“Strengthening Synergy, Achieving Greater Heights” — Huaqin Technology's 2025 Global Core Supplier Partner Conference

December 12, Huaqin Technology held its 2025 Global Core Supplier Partner Conference at the Shanghai Global R&D Center. The conference, themed “Strengthening Synergy, Achieving Greater Heights,” brought together industry leaders and global partner representatives to discuss how to work together towards sustainable development, high-quality delivery, and a digital and intelligent future of shared success in the era of technological innovation and comprehensive smart transformation.

The event featured a special session where Huaqin Technology shared its commitment and requirements for business ethics, fairness and transparency, and social responsibility to its supplier partners. It also emphasized that ESG is the foundation for the value chain to withstand risks, build resilience, and navigate collaboratively toward long-term goals. We look forward to working with partners to build a trustworthy, safe, and sustainable supply chain system.



◆ Sustainable Supply Chain Development

We highly recognize the importance of responsible procurement and continue to focus on the environmental and social impacts within our supply chain. We adhere to the Responsible Business Alliance (RBA) Code of Conduct, establish and implement responsible procurement policies, and openly publish and communicate the *Supplier Social Responsibility Code of Conduct* to all suppliers. We work together with our suppliers, committing to abide by laws and regulations, practice the “Six Prohibitions and One Commitment,” and build a fair, just, clean, and transparent business environment. We follow RBA guidelines to ensure that the cooperation process aligns with ethical and social responsibility standards. We also collaborate on environmental sustainability, actively addressing climate risks and exploring transformation opportunities.

The Company has formulated the *Supplier Corporate Social Responsibility Management Procedure*, where the supplier social responsibility audit module is defined as a threshold module. Suppliers who violate the management minimum requirements are subject to a one-vote veto power. For potential suppliers, we require them to complete a self-assessment according to the *Supplier Social Responsibility Inspection Report Template* and organize on-site audits based on the self-assessment results. For existing suppliers, in compliance with RBA requirements, we conduct an online self-assessment audit every year, and arrange on-site audits for suppliers with medium and high risks. Any issues found during the audit require suppliers to develop a Corrective Action Plan (CAP) and regularly follow improvement until the issue is fully closed. During the reporting period, the Company focused on auditing 213 suppliers and, through the implementation of the *Supplier Social Responsibility Code of Conduct* and empowerment communication, conveyed the RBA guidelines to all first-tier suppliers, requiring them to trace and manage their lower-tier suppliers (including components and raw materials).

Indicators	Unit	2024	2023	2022
Percentage of suppliers signing agreements with environmental and labor requirements	%	100	100	100
Number of Tier 1 suppliers conducting social and environmental impact assessments	Items	2,274	2,013	1,908
Number of suppliers with actual and potential significant negative environmental and social impacts	Items	0	0	0
Percentage of procurement staff who have undergone sustainable procurement training	%	100	100	100
Number of verified supplier social compliance violations	Items	0	0	0

Transparent Supply Chain

The Company firmly prohibits commercial bribery and improper benefits transfer, ensuring compliance, transparency, and integrity in supply chain cooperation. We sign the *Sunshine Agreement* with suppliers, jointly agreeing to adhere to applicable local and international laws, regulations, and policies. A dedicated whistleblowing channel is established, allowing suppliers and whistleblowers to report violations via phone or email. Suppliers who violate the principles of transparent procurement will be disqualified from cooperation and placed on the blacklist. During the reporting period, 100% of suppliers signed the *Sunshine Agreement*, and no corruption incidents occurred within the supply chain.



Principles of "six noes and one yes"

Liability for Breach of Contract

If a supplier breaches the agreement, the Company has the right to terminate the cooperation and demand payment of a penalty or compensation for losses.

Integrity and Good Faith

Suppliers commit to providing truthful and valid materials and information, and to strictly complying with the contract.



Conflict of Interest Management

Suppliers are required to disclose any conflict of interest with company employees or their family members.

Prohibition of Benefit Transfer

Suppliers shall not, in any form, provide any kind of benefits (cash, gifts, etc.) to company employees or family members.

Responsible Supply Chain

The Company does not directly purchase or use minerals, but materials essential to our products may contain 3TG, cobalt, mica, and other minerals. As a member of the Responsible Minerals Initiative (RMI), we solemnly commit to responsible sourcing practices, not supporting or using conflict minerals or materials of uncertain origin, such as tin, tantalum, tungsten, gold, cobalt, and mica. We support the actions of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) on conflict minerals and conduct Reasonable Country of Origin Inquiries (RCOI) and due diligence in accordance with the guidelines from the Organization for Economic Cooperation and Development (OECD) and RBA. We require suppliers to sign the *Commitment on Not Use of Conflict Minerals* and prioritize suppliers with certifications such as RMAP (Responsible Minerals Assurance Process) and CFS (Conflict-Free Smelter) to ensure compliance and responsibility in procurement.

The Company has formulated the *Management System for the Use of Conflict Minerals*. It conducts a comprehensive investigation of suppliers based on the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT), and publicly releases the *Conflict Minerals Declaration Report*.

Due Diligence

We strictly adhere to the OECD due diligence standards, conducting Country of Origin Inquiries (RCOI) and Due Diligence (DD) to comprehensively identify risks related to Smelters or Refiners (SOR) in the supply chain. We require suppliers to submit their investigation results using the CMRT and EMRT templates. Through a rigorous workflow, we ensure that the metals in our supply chain do not originate from conflict areas in the Democratic Republic of the Congo or its neighboring countries.

<p>Pre-Investigation</p>	<ul style="list-style-type: none"> • Develop and communicate the <i>Conflict Mineral Usage Management Procedure</i>, clearly defining definitions, responsibilities, and workflows • Analyze product compositions and material categories, conducting preliminary analysis and identification of the survey content to ensure the accuracy and effectiveness of the investigation
<p>During Investigation</p>	<ul style="list-style-type: none"> • Send out a mineral survey to all material suppliers through the SRM system, requiring them to truthfully report the types and sources of conflict minerals involved in the materials and perform checks • Release a list of non-compliant smelters and provide online training courses to ensure suppliers are informed and capable of compliance • Compare the information and data submitted by suppliers with the qualified smelter list released by RMI RMAP to verify smelters/refiners' compliance.
<p>Post-Investigatio</p>	<ul style="list-style-type: none"> • If non-compliant smelters are identified, we require suppliers to immediately stop sourcing or using such smelters/refiners, providing valid evidence and corrective/preventive measures • If suppliers refuse to replace non-compliant smelters, the supplier termination procedure will be enforced, and the partnership will be terminated.

During the reporting period, the Company conducted a conflict mineral survey covering all first-tier material suppliers, receiving responses from 579 suppliers. We created a conflict mineral management training video, which was distributed via the SRM system to suppliers in the early stages of material supply, such as component and raw material suppliers. The video aimed to support them in improving their conflict mineral management capabilities and willingness, as well as in correctly and comprehensively completing the CMRT and EMRT survey forms. During the reporting period, 287 suppliers completed the training video.

◆ Key Performance Indicators

During the reporting period

296

The Company worked with 296 Tier 1 suppliers involved in responsible minerals such as tungsten, tin, tantalum, gold, and mica

100%

completing their conflict minerals investigations

0

suppliers involved in conflict minerals risks

100%

The percentage of products with traceable raw material sources was

100%

The percentage of products with external certifications for conflict-free status (RMI) was

Green Supply Chain

Collaborating with the supply chain on green initiatives is a crucial part of our green and low-carbon development. In 2024, the Company established a dedicated Sustainable Supply Chain-Green Collaboration sub-project, conducting carbon emissions data and energy-saving technological improvement surveys for 50 key suppliers for the first time. Additionally, we implemented energy and carbon management training to empower suppliers. The carbon emissions management system is connected to suppliers via the SRM platform, supporting them in building carbon emissions data management capabilities and mechanisms, urging them to adopt effective energy-saving and technological improvement measures and encouraging the use of renewable energy. By 2025, 70 suppliers will participate in the Sustainable Supply Chain-Green Collaboration project.

◆ Key Performance Indicators

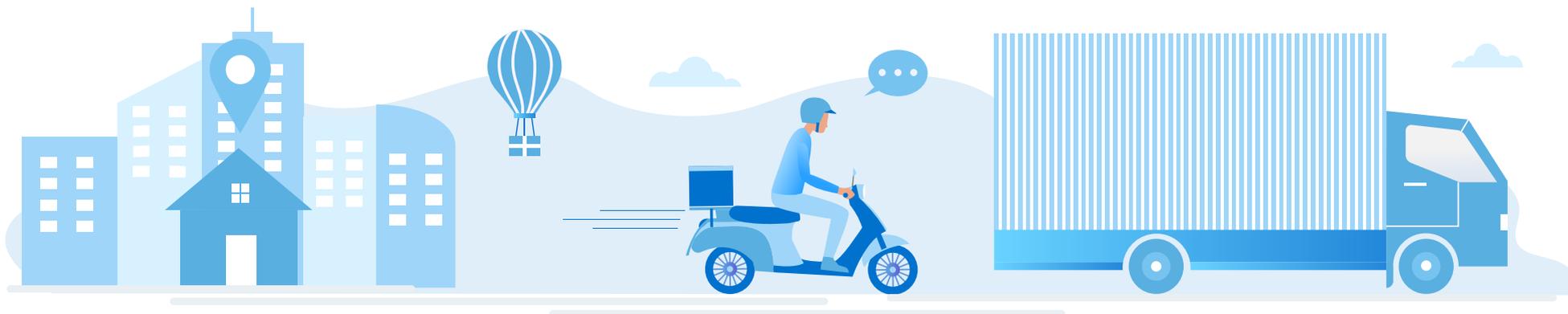
During the reporting period

50 suppliers used **9,477,700** kilowatt-hours of clean energy in

business operations related to the company and saved

75,702,600 kilowatt-hours of electricity through energy-saving

projects.



Appendix

◆ Key Performance Table

Environmental Performance ¹	Indicator	Unit	2024	2023	2022
Greenhouse Gas Emissions	Greenhouse Gas Emissions ²				
	Greenhouse Gas Emissions (Scope 1)	Metric tons of CO ₂ equivalent	7,316.22	5,217.70	4,233.71
	Greenhouse Gas Emissions (Scope 2)	Metric tons of CO ₂ equivalent	217,559.98	203,335.16	142,152.14
	Greenhouse Gas Emissions (Scope 3)	Metric tons of CO ₂ equivalent	27,838.83	22,108.67	19,895.42
	Total Greenhouse Gas Emissions (Scope 1 + Scope 2 + Scope 3)	Metric tons of CO ₂ equivalent	252,715.03	230,661.53	166,281.27
	Greenhouse Gas Emission Intensity	Metric tons of CO ₂ equivalent / RMB million in revenue	2.30	2.70	1.73
Energy	Energy Consumption				
	Total Energy Consumption ³	MWh	527,745.03	414,914.25	345,900.51
	Energy Consumption Intensity	MWh/Tons per RMB ten thousand in revenue	0.0480	0.0486	0.0373
	Gasoline Consumption	Liters	108,829.24	83,978.19	109,811.54

¹ Unless otherwise specified, environmental performance data does not include Innovation Enterprises Holdings Limited., as the acquisition occurred on December 13, 2024, and the related data had an immaterial impact on the Company's full-year performance in 2024.

² The Company's direct greenhouse gas (GHG) emissions (Scope 1) are calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (the 2006 IPCC Guidelines) and the China Energy Statistical Yearbook 2022. Indirect GHG emissions (Scope 2) are calculated using emission factors from the 2022 National, Regional and Provincial Average Carbon Dioxide Emission Factors for Electricity published by the Ministry of Ecology and Environment and the National Bureau of Statistics of China, and the 2023 Vietnam Grid Emission Factor Evaluation Results released by the Department of Climate Change, Ministry of Natural Resources and Environment of Vietnam. Other indirect GHG emissions (Scope 3) primarily include emissions from Category 1 (Purchased goods and services), Category 5 (Waste generated in operations), Category 6 (Business travel), and Category 9 (Downstream transportation and distribution). These are calculated based on the 2006 IPCC Guidelines and the 2022 China Product Life Cycle Greenhouse Gas Emission Factor Database. In 2024, the Company's GHG inventory boundary expanded to include Nanchang Changqin Precision Technology Co., Ltd. and RQ Technology Electronics Vietnam Company Limited, contributing to an increase in reported emissions.

³ The Company's total energy consumption is calculated using the conversion factors provided in the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020). In 2024, the energy inventory boundary was expanded to include Nanchang Changqin Precision Technology Co., Ltd. and RQ Technology Electronics Vietnam Company Limited, resulting in an increase in total energy consumption. Major sources of energy consumption include gasoline, diesel, natural gas, purchased electricity from municipal grids, and self-generated photovoltaic green power.

Environmental Performance	Indicator	Unit	2024	2023	2022	
Energy	Diesel Consumption	Liters	150,683.27	99,729.68	121,522.99	
	Natural Gas Consumption	Cubic meters	3,055,972.03	3,390,005.60	3,193,388.11	
	Total Electricity Consumption	MWh	497,949.60	382,849.70	315,155.30	
	Purchased Municipal Electricity	MWh	474,785.25	368,529.00	309,771.33	
	-Purchased Green Certificates	MWh	56,560.10	10,934.00	0.00	
	Self-Generated Solar Green Electricity	MWh	23,164.35	14,320.70	5,383.97	
	Energy Expenditure	RMB Ten Thousand	33,354.03	27,537.00	20,890.65	
	Commissioned Capacity of Solar Power Projects	MW	28.48	19.50	4.68	
	Proportion of Clean Energy Usage	%	15.11	6.63	1.56	
	Energy-Saving Projects					
		Number of New Energy-Saving Retrofit Projects in the Year	Initiatives	316	383	50
	Electricity Savings Directly Achieved by New Energy-Saving Retrofit Projects	MWh	22,124.20	34,222.10	12,109.74	
Water Resource Management	Water Extraction and Usage Status					
	Total Water Extraction	Tons	3,891,138.00	3,126,916.99	2,428,050.00	
	Water Extraction Intensity	Tons per RMB Ten Thousand in Revenue	0.35	0.36	0.26	
	Total Water Usage	Tons	3,891,138.00	3,126,916.99	2,428,050.00	
	Water Usage Intensity	Tons per RMB Ten Thousand in Revenue	0.35	0.36	0.26	
Waste Management	Waste Generation and Disposal Status					
	Total Waste Emissions	Tons	42,950.07	33,699.32	20,518.28	

Environmental Performance	Indicator	Unit	2024	2023	2022
Waste Management	Waste Emission Intensity	Tons per RMB Ten Thousand in Revenue	0.003909	0.003949	0.002215
	Hazardous Waste Emissions	Tons	2,425.35	493.62	377.50
	Hazardous Waste Emission Intensity	Tons per RMB Ten Thousand in Revenue	0.000221	0.00005784	0.00004075
Waste	Non-Hazardous	Tons	40,524.72	33,205.70	20,140.78
	Non-Hazardous Solid Waste Emission Intensity	Tons per RMB Ten Thousand in Revenue	0.003688	0.003891	0.002174
	Landfilled	Tons	330.00	0	0
	Incinerated with Energy Recovery	Tons	1,436.85	770.72	669.29
	Incinerated without Energy Recovery	Tons	0.05	10.87	0
	Stored	Tons	209.75	54.05	83.39
	Other Disposal Methods	Tons	131.19	109.85	52.34
	Disposal Method Not Specified	Tons	0	0	0
	Waste Recycled	Tons	42,304.33	32,763.97	20,252.88
	Waste Recycling Rate	%	98.5	97.2	98.7
Waste Gas Management	Waste Gas Pollutant Emissions				
	SO _x Emissions	kg	83.19	10.24	1.53
	SO _x Emission Intensity	kg/RMB Billion in Revenue	0.076	0.011	0.0016
	NO _x Emissions	kg	2,481.02	808.90	625.02
	NO _x Emission Intensity	kg/RMB Billion in Revenue	2.26	0.95	0.67
	NMHC Emission	kg	3,987.73	3,811.46	4,897.24

Environmental Performance	Indicator	Unit	2024	2023	2022
Waste Gas Management	NMHC Emission Intensity	kg/RMB Billion in Revenue	3.63	4.47	5.29
	PM Emission	kg	12,253.99	2,161.414	828.60
	PM Emission Intensity	kg/RMB Billion in Revenue	11.15	2.53	0.89
	VOC Emission	kg	3,427.67	12,454.30	4,508.74
	VOC Emission Intensity	kg/RMB Billion in Revenue	3.12	14.59	4.87
Waste Water Management	Waste Water Management				
	Total Waste Water Discharge	Cubic Meters	3,144,597.49	2,459,600.00	2,026,923.40
	Waste Water Discharge Intensity	Cubic Meters/ RMB Ten Thousand in Revenue	0.29	0.29	0.24
	Industrial Waste Water Discharge	Cubic Meters	100,520.00	45	0
	Industrial Waste Water Discharge Intensity	Cubic Meters/ RMB Ten Thousand in Revenue	0.009148	0.000005	0.24
	Domestic Waste Water Discharge	cubic meters	3,044,077.49	2,459,555.00	2,026,923.40
	Domestic Waste Water Discharge Intensity	Cubic Meters/ RMB Ten Thousand in Revenue	0.28	0.29	0.24
	Waste Water Pollutant Emissions				
	Ammonia Nitrogen	Tons	106.70	76.15	56.02
	Chemical Oxygen Demand (COD)	Tons	697.55	528.85	285.45
	Suspended Solids	Tons	151.20	192.06	114.21
Environmental Management	Total Environmental Expenditure	RMB Ten Thousand	3,374.00	1,880.81	2,499.75
	Environmental Violations				
	Number of Major Environmental Penalties	Times	0	0	0

Social Performance ¹	Indicator	Unit	2024	2023	2022
Employee Hiring and Management	Total Number of Employees	Persons	58,263	34,949	29,727
	Revenue per Employee	RMB Ten Thousand in Revenue / Person	188.59	244.18	311.66
	Employees with Disabilities	Persons	181	1	/
Diversity and Equal Employment	Gender Structure of Employees				
	Female Employees	Persons	19,938	10,030	8,242
	Male Employees	Persons	38,325	24,919	21,485
	Age Structure of Employees				
	Employees Aged 51 and Above	Persons	320	199	174
	Employees Aged 41 to 50	Persons	6,051	2,929	1,762
	Employees Aged 31 to 40	Persons	16,821	11,364	10,751
	Employees Aged 30 and Below	Persons	35,071	20,457	17,040
	Professional Structure of Employees				
	Production Staff	Persons	34,868	18,340	12,165
	Sales Staff	Persons	286	187	177
	Technical Staff	Persons	16,568	11,253	12,308
	Financial Staff	Persons	336	272	275
	Administrative Staff	Persons	6,205	4,807	4,802
	Educational Background of Employees				
	Doctoral Degree Holders	Persons	19	17	11

¹ The performance data of occupational health and safety, employee training and development, and community responsibility do not include those of Innovation Enterprises Holdings Limited. Since the acquisition took place on December 12, 2024, the relevant data has a substantially low impact on the Company's annual data.

Social Performance	Indicator	Unit	2024	2023	2022	
Diversity and Equal Employment	Master's Degree Holders	Persons	1,614	1,303	1,334	
	Bachelor's Degree Holders	Persons	11,263	8,863	9,490	
	College and Below	Persons	45,367	24,766	18,892	
	Ethnic Distribution of Employees					
	Minority Employees	Persons	14,230	2,797	/	
	Non-Minority Employees	Persons	44,033	32,152	/	
	Geographic Distribution of Employees					
	Employees within China	Persons	54,446	34,910	/	
	Employees outside China	Persons	3,817	39	/	
	Nationality Distribution of Employees					
	Chinese Nationality Employees	Persons	54,534	34,924	/	
	Foreign Nationality Employees	Persons	3,729	25	/	
	Female Leadership					
	Percentage of Females in All Management Positions	%	14	14.8	/	
	Percentage of Females in Junior Management Positions	%	15	15.9	/	
	Percentage of Females in Senior Management Positions	%	11	8.1	/	
	Percentage of Females in Revenue-Generating Management Positions (Such as Sales)	%	26	9.8	/	
Percentage of Females in STEM-Related Positions	%	28	26.5	/		

Social Performance	Indicator	Unit	2024	2023	2022
Employee Rights Protection	Prevention of Child Labor				
	Number of Child Labor Incidents	Incidents	0	0	0
	Prevention of Forced Labor				
	Number of Forced Labor Incidents	Incidents	0	0	0
	Anti-Discrimination and Harassment				
	Number of Discrimination and Harassment Incidents	Incidents	0	0	0
	Number of Discrimination and Harassment Incidents Resolved	Incidents	0	0	0
	Resolution Rate of Discrimination and Harassment Incidents	%	100	100	100
	Freedom of Association				
	Trade Union Coverage Rate	%	100	100	100
	Trade Union Membership Coverage Rate	%	100	100	100
	Collective Bargaining Rights				
	Collective Agreement Coverage Rate	%	100	100	100
	Legal Employment				
	Number of Illegal Employment Incidents	Incidents	0	0	0
	Labor Contract Signing Rate	%	100	100	100
	Employee Benefits				
	Social Insurance Coverage Rate	%	100	100	100
Employee Benefits Coverage Rate	%	100	100	100	

Social Performance	Indicator	Unit	2024	2023	2022
Employee Rights Protection	Employee Engagement and Satisfaction				
	Employee Satisfaction Rate	%	97.6	97.52	90.4
Occupational Health and Safety	Total Working Hours	Million Hours	124.31	96.89	87.48
	Coverage Rate of Personnel with Work Injury Insurance and Safety Production Liability Insurance	%	100	100	100
	Employee Health Check-up Rate	%	100	100	100
	Occupational Disease Prevention and Control				
	Pass Rate of Occupational Health Check-ups for Employees in Hazardous Work Positions	%	100	100	100
	Rectification Rate of Occupational Disease Risk Points	%	100	100	100
	Incidence Rate of Occupational Diseases among Employees	%	0	0	0
	Compliance Rate of Hazardous Work Environments Assessed by External Third Parties	%	100	100	100
	Employee Work-Related Injuries and Fatalities				
	Number of Work-Related Injury Accidents	Incidents	36	12	8
	Fatality Rate	%	0	0	0
	Number of Work Days Lost Due to Work-Related Injuries	Days	652	374	173
	Number of Employee Fatalities Due to Work-Related Accidents	Persons	0	0	0
	Contractor Health and Safety				
Number of Contractor Fatalities Due to Work-Related Accidents	Persons	0	0	0	

Social Performance	Indicator	Unit	2024	2023	2022
Occupational Health and Safety	Contractor Work-Related Injury Frequency with Lost Workdays	/	0	0	0
	Safety Risk Assessment				
	Number of Hazard Identification and Rectification	Items	6,914	4,671	5,402
	Closed-Loop Rate of Hazard Identification and Rectification	%	100	100	100
	Occupational Health and Safety Training				
	Average Hours of Safety Training per Employee	Hours/Person	24.29	25.17	24.23
	Number of Fire Drills	Sessions	25	21	16
	Number of Participants in Fire Drills	Participants	67,945	61,168	40,893
Employee training and development	Employee training and development				
	Employee Training and Empowerment Investment	RMB Ten Thousand	1,567.98	1,759.34	1,409.68
	Number of Employees Supported for Education and Qualification	Persons	144.00	/	/
	Total Employee Training Hours	Hours	417,446.60	286,409.50	117,732.00
	Average Training Hours per Employee	Hours/Person	18.46	11.50	/
Community Responsibility	Community Investment				
	Total Community Investment Amount	RMB Ten Thousand	111.65	34.18	62.11
	Number of Company Volunteers	Person	1,869	662	68
	Average Volunteer Hours per Employee	Hours/Person	34.53	3.22	3.42
	Rural Revitalization				
	Rural Revitalization Investment	RMB Ten Thousand	59.23	24	7.20

Social Performance	Indicator	Unit	2024	2023	2022
Community Responsibility	Number of People Benefited by Rural Revitalization	Persons	14,799	3,999	130
Innovation and R&D	Innovation and R&D Management				
	R&D Investment	RMB Ten Thousand	515,580.68	454,752.72	504,708.56
	R&D Investment Amount and Percentage of Main Business Revenue	%	4.69	5.33	5.45
	Number of R&D Personnel	Persons	16,568	11,253	12,308
	Percentage of R&D Personnel in Total Employees	%	28.44	32.20	41.4
	Number of Invention Patents Applied to Main Business	Items	2,590	2,378	2,036
	Patent Performance				
	Number of Patent Applications in the Year	Items	695	597	692
	Number of Patent Grants in the Year	Items	369	433	450
	Number of Valid Patents	Items	3,158	2,815	2,403
	Invention Patent Performance				
	Number of Invention Patent Applications in the Year	Items	426	378	377
	Number of Invention Patent Grants in the Year	Items	189	179	147
	Number of Valid Invention Patents Authorization	Items	1,330	1,137	934
Customer Relationship	After-sales Service				
	Customer Complaint Rate	%	1.19	1.40	4.08
	Customer Complaint Resolution Rate	%	100	100	100

Social Performance	Indicator	Unit	2024	2023	2022
Customer Relationship	Customer Satisfaction Score	Points	7.771	7.82	7.80
Supplier Management	Supplier Numbers				
	Domestic Suppliers	Items	1,952	1,933	1,858
	Overseas Suppliers	Items	322	80	50
	Suppliers Involving Responsible Minerals (Tungsten, Tin, Tantalum, Gold, etc.)	Items	296	267	/
	Total Number of Tier-1 Suppliers	Items	2,274	2,013	1,908
	Supplier Assessment				
	Number of Suppliers with Actual and Potential Significant Negative Environmental and Social Impacts	Items	0	0	0
	Number of Suppliers Terminated Due to Significant Actual/Potential Negative Impacts	Items	0	0	0
	Percentage of Suppliers with Signed Contracts Including Environmental and Labor Requirements	%	100	100	100
	Supplier Capacity Building				
	Total Number of Suppliers Participating in Capacity Building Projects	Items	287	70	50
	Percentage of Buyers Trained in Sustainable Procurement	%	100	100	100
	Coverage Rate of Suppliers with Social Responsibility Clauses	%	100	100	100
	Supplier Audits				
	Number of Suppliers Undergoing Social and Environmental Impact Assessments	Items	2,274	2,013	1,908
Number of Key Tier-1 Supplier Audits	Items	213	70	50	
Controversial Procurement					

Social Performance	Indicator	Unit	2024	2023	2022
Supplier Management	Percentage of Products with External Certified Standards Applied	%	100	100	100
	Percentage of Products with Traceable Raw Material Sources	%	100	52.01	40.1

Governance Performance	Indicator	Unit	2024
Customer Relationship	Business Ethics Capacity Building		
	Number of Directors Participating in Business Ethics Training	Persons	9
	Number of Management Personnel Participating in Business Ethics Training	Persons	1,626
	Number of Employees Participating in Business Ethics Training	Persons	58,263
	Business Ethics Training Coverage Rate (Including Suppliers and Part-time Employees)	%	100
	Number of Suppliers Reached by Business Ethics Training	Items	2,274

Governance Performance	Indicator	Unit	2024	2023	2022
Information/Data Security and Privacy Protection	Information/Data Security and Privacy Protection Training				
	Number of Participants in Information/Data Security and Privacy Protection Training	Persons	58,263	34,949	29,727
	Participation Rate in Information/Data Security and Privacy Protection Training	%	100	100	100
	Handling of Information/Data Security and Privacy Breach Incidents				
	Number of Information Security Incidents	Incidents	0	0	0
	Number of Customer Privacy Breach Incidents	Incidents	0	0	0
	Handling of Information/Data Security and Privacy Breach Incidents				
	Frequency of Information Security System Audits	Times	2	2	2
Supplier Coverage Rate of Information Security System Audits	%	100	100	100	

Index of Indicators

◆ GRI content index

Statement of use	Huaqin Technology has prepared this report with reference to the Global Reporting Initiative (GRI) standards, covering the period from January 1, 2024, to December 31, 2024.
GRI used	GRI 1: Foundation 2021

Topic Standards	Disclosure	Location	Topic Standards	Disclosure	Location
GRI 2: General Disclosures	2-1 Organizational details	Company Overview	GRI 2: General Disclosures	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management System
	2-2 Entities included in the organization's sustainability reporting	About This Report		2-13 Delegation of responsibility for managing impacts	ESG Management System
	2-3 Reporting period, frequency and contact point	About This Report		2-14 Role of the highest governance body in sustainability reporting	ESG Management System
	2-4 Restatements of information	Materiality Analysis Key Performance Table		2-15 Conflicts of interest	Conflict of Interest
	2-5 External assurance	Independent Assurance Report		2-16 Communication of critical concerns	Stakeholder Engagement
	2-6 Activities, value chain and other business relationships	Company Overview		2-17 Collective knowledge of the highest governance body	Board Diversity and Professionalism
	2-7 Employees	Inclusive Workplace Culture		2-18 Evaluation of the performance of the highest governance body	Board Performance Evaluation
	2-8 Workers who are not employees	Inclusive Workplace Culture		2-19 Remuneration policies	Executive Compensation Management Compensation and Incentive System
	2-9 Governance structure and composition	Governance Structure		2-20 Process to determine remuneration	Executive Compensation Management Compensation and Incentive System
	2-10 Nomination and selection of the highest governance body	Board Nomination and Election		2-21 Annual total compensation ratio	Executive Compensation Management
2-11 Chair of the highest governance body	Board Members				

Topic Standards	Disclosure	Location	Topic Standards	Disclosure	Location
GRI 2: General Disclosures	2-22 Statement on sustainable development strategy	Message from the Chairman	GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Climate Risk Management
	2-23 Policy commitments	ESG Strategic Guidelines		201-3 Defined benefit plan obligations and other retirement plans	Employee Care
	2-24 Embedding policy commitments	ESG Strategic Guidelines		201-4 Financial assistance received from government	Cannot be disclosed due to confidentiality
	2-25 Processes to remediate negative impacts	Complaints and Whistleblower Protection Employee Rights Customer Complaint Response and Closure	GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Employee Evaluation and Incentives
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement		202-2 Proportion of senior management hired from the local community	Board Members
	2-27 Compliance with laws and regulations	No Violations or Illegal Activities by the Company	GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Community Communication and Responsibility
	2-28 Membership associations	ESG Management System Business Ethics Management		203-2 Significant indirect economic impacts	Community Communication and Responsibility
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics Management
	2-30 Collective bargaining agreements	Rights Protection		205-2 Communication and training about anti-corruption policies and procedures	Compliance Culture Building
	3-1 Process to determine material topics	Dual Materiality Assessment Process		205-3 Confirmed incidents of corruption and actions taken	Business Ethics Management
GRI 3: Material Topics	3-2 List of material topics	Results of Materiality Assessment Results of Financial Materiality Assessment Results of Dual Materiality Assessment	GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics Management
	3-3 Management of material topics	Materiality Analysis	GRI 207: Tax	207-1 Approach to tax	Tax Compliance Governance
	201-1 Direct economic value generated and distributed	Key Performance Table		207-2 Tax governance, control, and risk management	Tax Compliance Governance
				207-3 Stakeholder engagement and management of concerns related to tax	Tax Compliance Governance
			GRI 301: Materials	301-2 Recycled input materials used	Eco-friendly Product Design

Topic Standards	Disclosure	Location	Topic Standards	Disclosure	Location
GRI 301: Materials	301-3 Reclaimed products and their packaging materials	Eco-friendly Product Design	GRI 305: Emissions	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Key Performance Table
GRI 302: Energy	302-1 Energy consumption within the organization	Key Performance Table	GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Waste Management
	302-3 Energy intensity	Key Performance Table		306-2 Management of significant waste-related impacts	Waste Management
	302-4 Reduction of energy consumption	Energy Management		306-3 Waste generated	Key Performance Table
	302-5 Reductions in energy requirements of products and services	Green Design and Products		306-4 Waste diverted from disposal	Key Performance Table
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Water Resource Management		306-5 Waste directed to disposal	Key Performance Table
	303-2 Management of water discharge-related impacts	Water Resource Management	GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Development Access
	303-3 Water withdrawal	Key Performance Table	308-2 Negative environmental impacts in the supply chain and actions taken	Empowerment and Improvement	
	303-4 Water discharge	Key Performance Table	GRI 401: Employment	401-1 New employee hires and employee turnover	Fair Employment
	303-5 Water consumption	Key Performance Table		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Welfare and Care
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation		401-3 Parental leave	Employee Welfare and Care
	304-3 Habitats protected or restored	Biodiversity Conservation	GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Employee Rights
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Indicators and Target Progress		GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system
	305-2 Energy indirect (Scope 2) GHG emissions	Indicators and Target Progress	403-2 Hazard identification, risk assessment, and incident investigation		Safety Hazard Prevention
	305-3 Other indirect (Scope 3) GHG emissions	Indicators and Target Progress			
	305-4 GHG emissions intensity	Key Performance Table			
	305-5 Reduction of GHG emissions	Key Performance Table			

Topic Standards	Disclosure	Location	Topic Standards	Disclosure	Location
GRI 403: Occupational Health and Safety	403-3 Occupational health services	Occupational Disease Prevention and Control	GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safety Production Management			
	403-5 Worker training on occupational health and safety	Safety Capability Building	GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Rights
	403-6 Promotion of worker health	Employee Welfare and Care Work Injury Management	GRI 409: Forced or Compulsory Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Rights
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health Management			
	403-8 Workers covered by an occupational health and safety management system	Occupational Health Management	GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Community Communication and Responsibility
	403-9 Work-related injuries	Work Injury Management Key Performance Table		413-2 Operations with significant actual and potential negative impacts on local communities	The Company does not engage in such practices
	403-10 Work-related ill health	Occupational Health Management Key Performance Table	GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Development Access
				414-2 Negative social impacts in the supply chain and actions taken	Empowerment and Improvement
	GRI 404: Training and Education	404-1 Average hours of training per year per employee	Employee Empowerment and Training	GRI 415: Public Policy	415-1 Political contributions
404-2 Programs for upgrading employee skills and transition assistance programs		Employee Empowerment and Training	GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Hazardous Substances Management
404-3 Percentage of employees receiving regular performance and career development reviews		Employee Evaluation and Incentives		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Hazardous Substances Management Product Quality and Safety
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Inclusive Workplace Culture	GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	Customer Relationships and Service
	405-2 Ratio of basic salary and remuneration of women to men	Employee Rights			
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Employee Rights Key Performance Table	GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy Protection

◆ Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 — Sustainability Report (Trial)

Dimension	Topic	Location	Topic Standards	Disclosure	Location
Environment	Climate change tackling	Energy-saving Transformation	Society	Ethics of science and technology	Innovation and R&D Management
		Climate Change Response		Supply chain security	Supply Chain Management Mechanism
		Climate Risk Management		Equal treatment to small and medium-sized enterprises	Supply Chain Management Mechanism
		Indicators and Target Progress		Safety and quality of products and services	Product Quality and Safety
	Pollutant discharge	Pollutant Prevention and Control		Data security and customer privacy protection	Information Security Management Customer Privacy Protection
	Waste disposal	Waste Management		Employees	Employee Rights Safety Production Management Occupational Health Management Employee Empowerment and Training Employee Welfare and Care
	Ecosystem and biodiversity protection	Biodiversity Conservation			
	Environmental compliance management	Green and Low-Carbon Summary			
Energy usage	Energy Management				
Usage of water resources	Water Resource Management	Governance	Due diligence	Responsible Supply Chain	
Circular economy	Eco Product Design		Communications with stakeholders	Stakeholder Engagement	
Society	Rural revitalization		Community Communication and Responsibility	Anti-commercial bribery and anti-corruption	Business Ethics Management Compliance Culture Management Complaints and Whistleblower Protection
	Contributions to the society		Community Communication and Responsibility	Anti-unfair competition	Business Ethics Management
	Innovation-driven		Innovation and R&D Management		

◆ IFRS S2 Index Table

Recommended Disclosure Content		Location
Governance	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Climate Governance
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	
Strategy	An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	Climate Risk Management
	An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain.	Climate Risk Management
	An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making, including information about its climate-related transition plan.	Climate Risk Management
	An entity shall disclose information about the effects of climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and their anticipated effects over the short, medium and long term, considering how those climate-related risks and opportunities are factored into the entity's financial planning.	Climate Risk Management
	An entity shall disclose information that enables users of general purpose financial reports to understand the climate resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, considering the entity's identified climate-related risks and opportunities.	Climate Action Strategy Climate Risk Management
Risk management	An entity shall disclose the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. An entity shall disclose the processes it uses to identify, assess, prioritise and monitor climate-related opportunities, including whether and how climate-related scenario analysis is used to identify climate-related opportunities.	Climate Risk Management
	An entity shall disclose the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the entity's overall risk management process.	
Metrics and targets	An entity shall disclose information relevant to the cross-industry metric categories.	Indicators and Target Progress
	An entity shall disclose industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry.	
	An entity shall disclose the targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	

Certification Overview

Park	Operating Entity	ISO 9001	ISO 14001	ISO 45001	QC 080000	ISO 27001	IATF 16949	ISO 13485	ISO 50001	ISO 14064	ESD S20.20	Automotive SPICE	ISO/IEC 17025	SA 8000	BSCI	RBA 8.0	UL 2799	ISO 26262	SMETA
Shanghai R&D Center	Huaqin Technology Co., Ltd.	√	√	√	√	√						√	√						
	Shanghai Anqin Auto Electronics Co., Ltd.	√	√	√	√	√												√	
Xi'an R&D Center	Xi'an YEP Telecommunication Technology Co., Ltd.	√			√	√													
South China R&D Center	Guangdong Hong Qin Telecom Technology Co., Ltd.	√	√	√	√	√													
	Guangdong Institute of Intelligent Terminal Design Co., Ltd.												√						
Wuxi R&D Center	Wuxi Ruiqin Technology Co., Ltd.	√	√	√		√							√						
Dongguan First Manufacturing Center	Dongguan Huabel Electronic Technology Co., Ltd.	√	√	√	√	√	√	√			√					√			
	Dongguan Heqin Electronic Co., Ltd.	√	√					√											
Dongguan Second Manufacturing Center	Guangdong Qiyang Technology Co., Ltd.	√	√	√	√	√									√				
	Guangdong Dongqin Technology Co., Ltd.	√	√	√	√						√								
	Dongguan Qinling Automotive Electronics Co., Ltd.		√	√	√		√					√						√	

Park	Operating Entity	ISO 9001	ISO 14001	ISO 45001	QC 080000	ISO 27001	IATF 16949	ISO 13485	ISO 50001	ISO 14064	ESD S20.20	Automotive SPICE	ISO/IEC 17025	SA 8000	BSCI	RBA 8.0	UL 2799	ISO 26262	SMETA
Dongguan Third Manufacturing Center	Guangdong Ruiqin Technology Co., Ltd.	√	√	√	√	√					√					√			
Nanchang First Manufacturing Center	Nanchang Huaqin Electronic Technology Co., Ltd.	√	√	√	√	√			√	√	√			√		√	√		
Nanchang Second Manufacturing Center	Nanchang Qingsheng Electronic Technology Co., Ltd.	√	√	√	√	√			√	√	√					√	√		√
Vietnam Manufacturing Center	RQ TECHNOLOGY ELECTRONICS VIETNAM COMPANY LIMITED	√	√	√															
Huayu Precision	Dongguan Huayu Precision Technology Co., Ltd.	√	√	√	√	√	√	√		√									
Xiqin Precision	Guangdong Xiqin Precision Mold Co., Ltd.	√	√	√	√	√	√												
Chunqin Precision	Nanchang Chunqin Precision Technology Co., Ltd.	√	√	√	√	√													

Assurance Statement





ASSURANCE STATEMENT

CN25/00002259

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN HUAQIN TECHNOLOGY CO., LTD. 2024' SUSTAINABILITY REPORT

NATURE OF THE ASSURANCE/VERIFICATION
 SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by HUAQIN TECHNOLOGY CO., LTD. (hereinafter referred to as HUAQIN TECHNOLOGY) to conduct an independent assurance of the Chinese version of the *HUAQIN TECHNOLOGY CO., LTD. 2024' SUSTAINABILITY REPORT* (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all HUAQIN TECHNOLOGY' s Stakeholders.

RESPONSIBILITIES
 The information in the Report and its presentation are the responsibility of the Board of directors and the management of HUAQIN TECHNOLOGY. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all HUAQIN TECHNOLOGY' s stakeholders, especially the verification of "Key Performance Table" in report.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
 The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report's content refers to the requirements of *GRI Standards 2021*.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees in the headquarters of HUAQIN TECHNOLOGY (which located at No. 669, Lvke Road,Beicai Town, Pudong new District, Shanghai, P. R. China); documentation and record review and validation where relevant.

LIMITATIONS AND MITIGATION
 Data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.



The greenhouse gas emissions related data in the Report has not undergone verification by an independent third-party auditor. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

This assurance engagement was restricted to the group level of HUAQIN TECHNOLOGY and did not include traceability of original data from all subordinate institutions.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from HUAQIN TECHNOLOGY , being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
 On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON GRI STANDARDS 2021
 The assurance team concludes that the Report has referred to the requirements of *GRI Standards 2021*.

FINDINGS AND RECOMMENDATIONS
 All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of HUAQIN TECHNOLOGY to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin
 Sr. Director – Business Assurance
 16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Apr. 10th, 2025
 WWW.SGS.COM



Reader Feedback



Scan the QR code to provide your feedback and suggestions.

Dear reader,

Thank you for sparing time to read the 2024 Sustainability Report of Huaqin Technology Co., Ltd. To provide you and other stakeholders with more valuable information and improve our capabilities of performing the ESG responsibility, we are looking forward to your comments and suggestions.

Multiple-choice questions (Please tick the appropriate box)

1. What's your overall impression on this report?

Excellent Good Mediocre Subpar Bad

2. What's your overall impression on this report?

Excellent Good Mediocre Subpar Bad

3. Your evaluation of the structure of this report is:

Excellent Good Mediocre Subpar Bad

4. Your evaluation of the layout and presentation of this report is:

Excellent Good Mediocre Subpar Bad

5. Your evaluation of Huaqin's overall performance on environmental issues is:

Excellent Good Mediocre Subpar Bad

6. Your evaluation of Huaqin's overall performance on social issues is:

Excellent Good Mediocre Subpar Bad

7. Your evaluation of Huaqin's overall performance on governance issues is:

Excellent Good Mediocre Subpar Bad

Open-ended question

Do you have any comments and suggestions for Huaqin Technology Co., Ltd. in performing sustainability work or preparing this report?

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