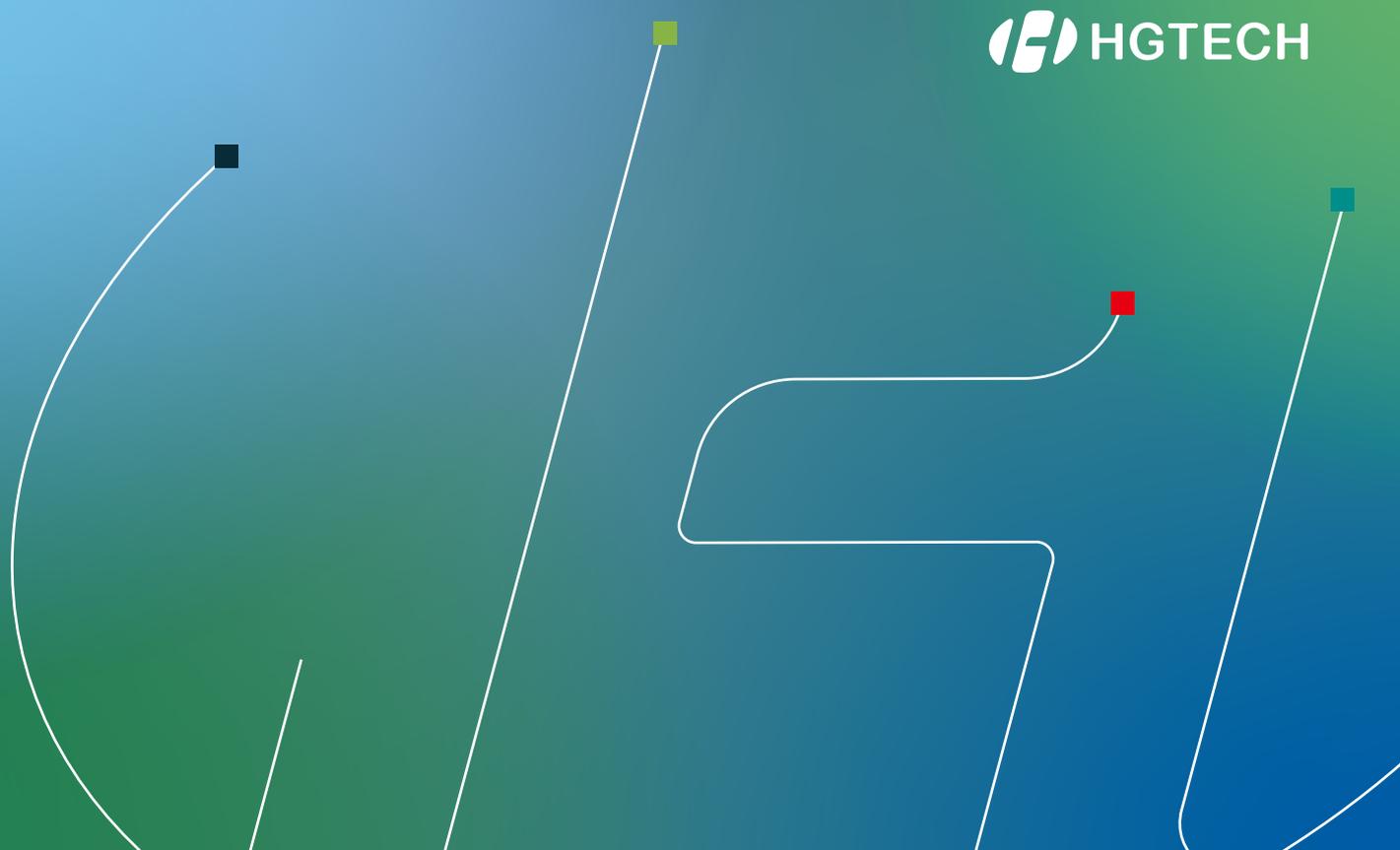# HG Tech

HGTECH COMPANY LIMITED

2025 Environmental, Social and Governance ESG Report

HGTECH

HGTECH

HGTECH COMPANY LIMITED

2025 Environmental, Social and Governance ESG Report

Notes on the Preparation of the Report

Scope of the Report

This report is the fourth environmental, social, and governance (ESG) report publicly released by HGTECH COMPANY LIMITED. (hereinafter referred to as "HGTECH", "the Company", or "we") to the public, covering HGTECH and its major holding subsidiaries. Unless otherwise specified, the scope is consistent with the consolidated financial statements of HGTECH's annual report (Stock Code: 000988.SZ).

Time scope

This report is an annual report, covering the period from January 1, 2025, to December 31, 2025. To enhance the completeness of the report, some text extends beyond this scope.ii

Preparation Basis

This report is prepared in accordance with the "Shenzhen Stock Exchange Listed Companies Self–regulatory Guidelines No. 1 – Standardized Operation of Main Board Listed Companies (2025 Revision)" issued by the Shenzhen Stock Exchange. It also references the "Shenzhen Stock Exchange Listed Companies Self–regulatory Guidelines No. 17 – Sustainable Development Report (Trial)", "Shenzhen Stock Exchange Listed Companies Self–regulatory Guidelines No. 3 – Preparation of Sustainable Development Report (2026 Revision)", T/CERDS2–2022 "Enterprise ESG Disclosure Guidelines", and the GRI General Standards. The Chinese version of this report shall prevail.

Data description

The data and cases presented in this report are sourced from the actual operational records or financial reports of HGTECH and its major holding subsidiaries.

Contact Information

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You can get more information about HGTECH. through the company's official website (**https://www.hgtech.com.cn**) and Juchao Information Network (**http://www.cninfo.com.cn**)

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Chairman's Address

HGTECH COMPANY LIMITED
Chairman Ma Xinqiang

As HGTECH embarks on the 15th Five-Year Plan period, we are closely aligned with the trend toward the real-world application of artificial intelligence, striving to become a globally leading full-stack AI capability enabler integrating "Sensing, Transmitting, Knowing, and Using." By deeply embedding ourselves into national strategies and future industrial landscapes, we leverage technology to address the critical questions of our time. Guided by our mission, "Innovation connects a better world," we integrate ESG principles into our corporate development, diligently pursuing high-quality growth while fulfilling our responsibilities to society, the environment, and the future.

Fostering New Quality Productive Forces through Technological Innovation

HGTECH continues to intensify its independent research and development efforts, firmly adhering to the goals of "global debut, industry leadership, and specialization, refinement, differentiation, and innovation." We advance innovation through a dual-driver model that combines "organized innovation" with "exploratory innovation." Committed to collaborative innovation among industry, academia, research, and application, and to integrated innovation within our industrial ecosystem, we have established a vertically structured R&D framework consisting of two tiers (Central Research Institute and core subsidiaries) across four echelons, enabling centralized management of the Group's innovation resources. We further deepen initiatives such as the "PhD 500 Plan," the "Hunter Plan," and "company-wide talent scouting," attracting exceptional talent from around the globe and harnessing the strength of outstanding young professionals, thereby continuously invigorating our technological innovation capabilities. In alignment with national strategies, HGTECH fully embraces artificial intelligence, deeply applies AI, and actively integrates into the AI wave, leveraging "optoelectronics + artificial intelligence" as an innovation engine to empower industries across the board in achieving value leaps. In 2025, HGTECH's core holding subsidiaries were recognized as National Advanced Collectives in the Industrial and Information Technology System and were included in the national list of key machine tool enterprises.

Building a Foundation for Lasting Success through Robust Governance

The Company consistently improves its governance framework, establishing a modern corporate organizational system and governance mechanisms with clearly defined rights and responsibilities, all aimed at becoming a world-class enterprise. Under the Board of Directors, we have established the Strategy and ESG Committee, forming a three-tier ESG governance structure spanning the "decision-making, management, and execution" levels. We maintain regular communication with stakeholders, accurately identify core ESG issues, track performance, and benchmark against international standards. We have established a robust compliance management system, reinforcing the "three lines of defense" to ensure the coordinated operation of legal, compliance,

internal control, and risk management mechanisms, thus guaranteeing a scientific and effective corporate governance structure. We have built a multi-layered risk prevention and control network against commercial bribery and corruption, achieving full coverage of supply chain integrity commitments. Our information disclosure has received the highest "A" rating from the Shenzhen Stock Exchange for ten consecutive years, earning widespread market recognition for our corporate governance standards. Furthermore, the Company has consistently distributed cash dividends to investors for many years, with the payout ratio gradually increasing as a testament to our commitment to rewarding our investors.

Laying the Foundation for Sustainable Development with Green Momentum

Guided by the "dual carbon" goals, HGTECH focuses on green technology and intelligent manufacturing. We are actively promoting the construction of green factories, strategically expanding into clean energy, and increasing investments in energy conservation and emission reduction to minimize environmental impact at the source. In green manufacturing, we have introduced eco-friendly products such as laser cleaning systems and intelligent hydrogen energy manufacturing solutions, empowering our clients' low-carbon transitions through smart factory offerings. Our overseas facilities strictly adhere to international environmental standards, actively establishing a green operational system. We consistently integrate environmental responsibility throughout the entire process of R&D, production, and operations, taking concrete actions to protect our natural surroundings. HGTECH has been successfully recognized as a "China ESG 100 Pioneer among State-Owned Listed Companies" by China Central Television. As artificial intelligence accelerates its transformation of every facet of human work and life, HGTECH is entering a new phase where we embrace systematic, logical, and digital thinking. We adhere to the execution principles of "clear goals, actionable pathways, and tangible results," staying focused on the two core strategies of "innovation-driven growth" and "globalization." By fostering sustainable development through continuous technological innovation, we prioritize the sustainable growth of our businesses. We will continue to ride the wave of AI, uphold the requirements of ESG governance, and relentlessly strive to build a smarter, better world.

01

About HGTECH

HGTECH COMPANY LIMITED
Stock Code: 000988.SZ

Company Profile

HGTECH COMPANY LIMITED was established in 1999 in the heart of the "China Optical Valley". In 2000, it was listed on the Shenzhen Stock Exchange. It is a high-tech enterprise group integrating 'research and development, production, sales, and service,' and in 2015, it was recognized as a national-level innovative enterprise. After years of technological and product accumulation, the company has formed three main business structures: a connectivity business supported by information and communication technology, a perception business supported by sensitive electronic technology, and an intelligent man-ufacturing business supported by laser processing technology and software algorithms. The company is committed to become a globally leading full-stack AI capability enabler integrating "Sensing, Transmit-ting, Knowing, and Using".

Business Scope

Connectivity Business

The company possesses an industry-leading one-stop vertical integration solution in the optical communication sector, with strategic R&D and large-scale production capabilities covering the full range of products from chips to devices, modules, and subsystems. Products include Ultra high speed transceivers, Copper-connect Transceiver, Intelligent Projection Headlight Module, Satellite communication Transceiver applied in key areas such as AI computing power and global wireless communications. The company focuses on four major application scenarios: AIGC, 6G/5G-A/satellite communications, F5G-A, and intelligent connected vehicles, aiming to build an intelligent optical network world and serve top global internet service providers/data application companies (AI computing), NEMs (network equipment manufacturers), telecom operators, and smart car manufacturers.

Sensing Business

The company continuously consolidates its global leadership in thermal management for new energy vehicles and in temperature, pressure, and optoelectronic series sensor technologies. It independently masters the core technologies of sensitive ceramic chip manufacturing and packag-ing processes for sensors, deeply empowering the intelligent upgrading of the entire new energy industry chain, actively lays out emerging fields such as embodied intelligence and low-altitude economy, and provides globally leading, multidimensional sensing and control solutions for new energy and intelligent connected vehicles, photovoltaic energy storage, smart homes, robotics, flying cars, smart grids, smart cities, and other fields.

Intelligent Manufacturing Business

The company is the pioneer and leader of China's 'Laser Intelligent Manufacturing' system, leading the formulation of global industry standards for industrial fiber lasers and equipment, achieving a full industry chain layout from chips to devices, equipment, production lines, and smart factories. The technology covers the three major material processing systems of laser subtractive, conformal, and additive methods, and is committed to providing comprehensive 'Laser Intelligent Manufactur-ing' solutions for industries such as 3C electronics, semiconductor chips, automotive and new energy, shipbuilding, commercial aerospace, and smart agriculture.

Corporate Culture Philosophy

Mission and Vision

【Our Mission】
Innovation fuels a better world

【Our Vision】
To become a globally leading full-stack AI capability enabler integrating "Sensing, Transmitting, Knowing, and Using"

Cultural Spirituality and Core Values

Open, Professional, Efficient
Unite to Strive,
Surpass Expectations,
Create Value,
Share Success

Overview of ESG Management

While delivering cutting–edge innovative products and services, the Company actively complies with regulatory requirements from the Shenzhen Stock Exchange. Upholding the principles of ESG manage–ment, we continuously refine and optimize ESG mechanisms, advance regularized ESG governance, and integrate ESG practices deeply into daily production and operations to drive high–quality development. In 2025, HGTECH further enhanced its ESG governance framework with the goal of building ESG competi–tiveness aligned with corporate distinctiveness. A three–tier ESG governance structure "Decision–Making Layer—Management Layer—Execution Layer" was established to clarify responsibilities at each level. Board of Directors: Oversees strategic ESG decision–making and supervision; Legal & Compliance Department: Coordinates ESG implementation under board guidance, Business Units & Subsidiaries: Execute specific ESG works, transforming commitments into measurable actions.

Identification of Important Issues

- analysis andsummary of issues
- communications with stakeholders
- identify core issues in the context of the company's actual situation, industry characteristics, and policy backgrounds

Identify important issues

Most important

Impact sianificance

Financial significance — Most important

01. Innovation–Driven
02. Product and Service Safety and Quality
03. Supply Chain Security
04. Employees
05. Data Security and client Information Protection
06. Empowering SMEs for High–quality Development
07. Rural Revitalization
08. Social Contribution
09. Environmental Compliance Management
10. Responding to Climate Change
11. Waste Disposal
12. Energy Utilization
13. Water Utilization
14. Circular Economy
15. Communications with Stakeholders
16. Anti–Bribery and Anti–Corruption
17. Anti–Unfair Competition
18. Pollutant Discharge
19. Intellectual Property Protection
20.Compliant Management

HGTECH

02

Innovation

We and Innovation

HGTECH adheres to independent research and development, aims at the goal of "global first – launch, industry – leading, and specialized, refined, characteristic and innovative", and focuses on independent innovation and industrial chain collaborative innovation to achieve the upward and innovative development of the enterprise.

- In 2025, the company's net profit attributable to the parent company increased by 20.48%

- R&D investment grew by 9.96%

- Overseas sales revenue rose by 45.52%.

20.48%

9.96%   **45.52%**
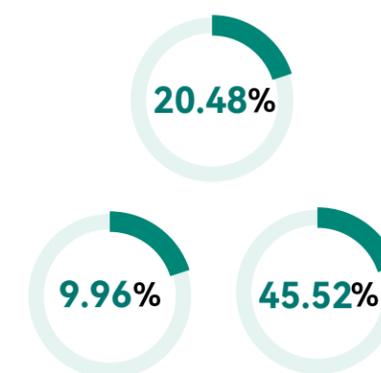
HGTECH deeply implements national strategies and industry development plans, closely following the core guidance of "technological innovation relies first on investment and second on talent." By 2025, the company will continue to focus on the construction of the Central Research Institute as a core driver, promoting the concentration of innovation investment and high–quality talent on 'global first releases, industry–leading, specialized and innovative' products, achieving multiple breakthroughs in technological research and product development: In the field of industrial mother machines, it has successfully developed the country's first Intelligent Laser Etching Equipment for Complex Curved Surface Textures and launched the 5th Generation Intelligent 3D 5–Axis Laser Cutting Machine, contributing to the construction of a world–class industrial mother machine hub; in the field of smart agricultural machinery, it has developed the country's first All–Weather Intelligent Laser Weeding Robot, expanding applications of laser technology; in the field of optical communications, it has established a 1.6T series optical module product solution and promoted the research and implementation of next–generation 3.2T CPO technology, reaching the international first–tier technical level; in the field of sensors, aligning with Xiaogan's 'China Knowledge Valley' strategic positioning and the sensor industry cluster development plan, the company focuses on breakthroughs in core MEMS technologies, systematically deploying multi–type MEMS sensor products including integrated temperature and pressure sensors, gas sensors, and in–vehicle environmental perception sensors, consolidating its industrial innovation advantage.

Innovation above all

Highlights of Innovation and Practice in 2025

Innovation Excellence – 2025 Highlights
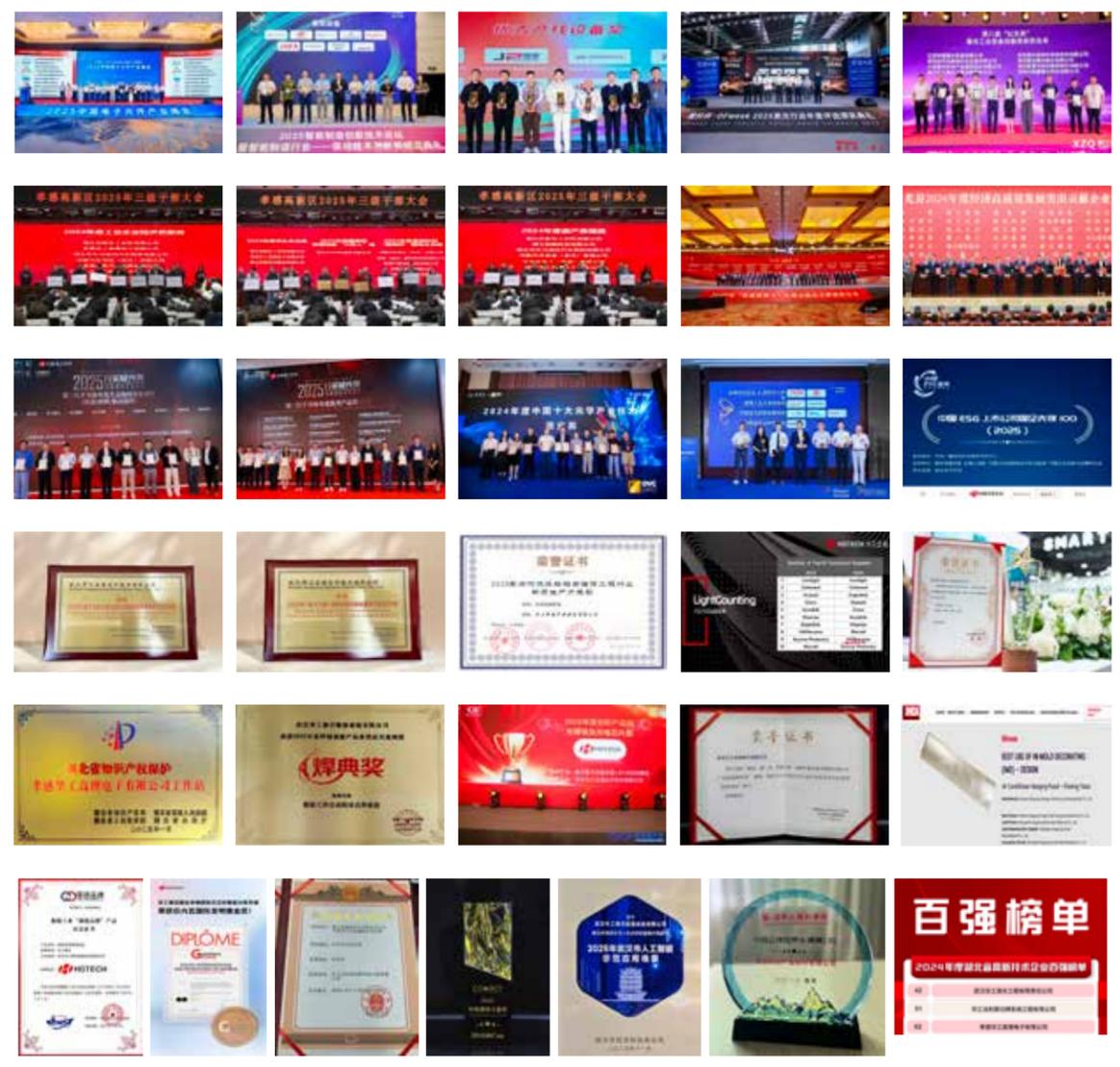
National Advanced Collective in the Industrial and Information Technology System

Top-100 China Brand Internationalization Benchmark

CCTV's "China ESG 100 Pioneers among State–Owned Listed Companies"

Top 10 Most Competitive Optical Device & Auxiliary Equipment Companies in China

First Prize of Technological Progress Award of the Chinese Institute of Electronics

AAA Credit Rating Certification for China's Backbone Electronic Component Enterprises

Gold Medal of the 50th International Exhibition of Inventions Geneva

2025 Global Top 10 Optical Device Manufacturers

2024 China Top 10 Optical Industry Technologies

2024 Top 100 High–Tech Enterprises of Hubei Province

First Prize of Hubei Provincial Technical Invention Award

Hubei Provincial Manufacturing Champion Enterprise

Hubei Provincial Sensor Industry–University Joint Innovation Center

Hubei Provincial Intellectual Property Protection Workstation

First Prize of Guangdong Provincial Science and Technology Progress Award

Guangdong Province "2025 Advanced–Level Smart Factory"

Wuhan Artificial Intelligence Demonstration Application Scenario

First Prize of Science and Technology Progress Award of the Machinery Industry

First Prize of Science and Technology Award of the Chinese Society for Optical Engineering

"Development Potential Award" of the Open Innovation Track of the National "Data Elements ×" Competition Finals

"Golden Laser" New Product Award

"Red Star Award" — Laser Industrial Equipment Innovation Award

Top 10 Most Competitive Global Optical Device Companies

Highest Level Certification for Integration Implementation (AAA Level)

Typical Application Case Award for Welding Innovative Products

"Golden Hydrogen Award" — Annual Excellent Solution Provider

Shipbuilding Industry "Strong Chain Brand"

"Hangjia Aurora Award" — Third–Generation Semiconductor Annual Excellent Product Award

"Hangjia Aurora Award" — Third–Generation Semiconductor Annual Ecological Chain Supporting Enterprise Award

Best Laser Intelligent Equipment Technology Innovation Award

In–Mold Decorating Association (IMDA) — Best In–Mold Decoration Application Design Award

New Quality Productivity Recognition in the Inland River Vessel and Offshore Engineering Industry — Excellence in Marine Equipment Supply

2025 China Automotive Industry Sustainable Development Practice Case

2025 Ringier Technology Innovation Award in the Smart Manufacturing Industry

SENSOR CHINA 2025 "Perception Power Award"

CFCF 2025 Annual Innovative Product Award.

Hgtech Central Research Institute: Source of Innovation

HGTECH focuses on strengthening technological innovation and product innovation as the logical starting point for high–quality development. It continuously increases R&D investment and optimizes the innovation system. At the group level, a Central Research Institute has been established to plan and deploy strategic and forward–looking innovation achievements from the top level. As a result, a team dedicated to independent innovation has been formed. With the mission of undertaking major national strategic goals, it promotes the self–reliance and self–im–provement of optoelectronic technology.

Taking the construction of the Central Research Institute as the starting point, HGTECH focuses on creating a cradle of innovation, a gathering place for high–end talents, and a platform for the concentration of innovative resources for itself. It continuously strengthens the construction of the technological innovation system, aims at the command–ing heights of future technological and industrial development, and in line with the new trends in industry develop–ment, has achieved phased results in a number of core technical fields, such as semiconductor (SiC) wafer process–ing and detection, silicon photonics chips and optical modules, green ships, visual sorting of intelligent cutting and blanking production lines in the construction machinery industry, and the PTC controller of the thermal management system for new energy vehicles. It has also made a comprehensive layout in terms of intellectual property rights, achievement awards, and the cultivation of technology–based enterprises. In 2025, a total of 433 patent applications were submitted, among which 220 were inventions and 148 were applications for software copyrights.
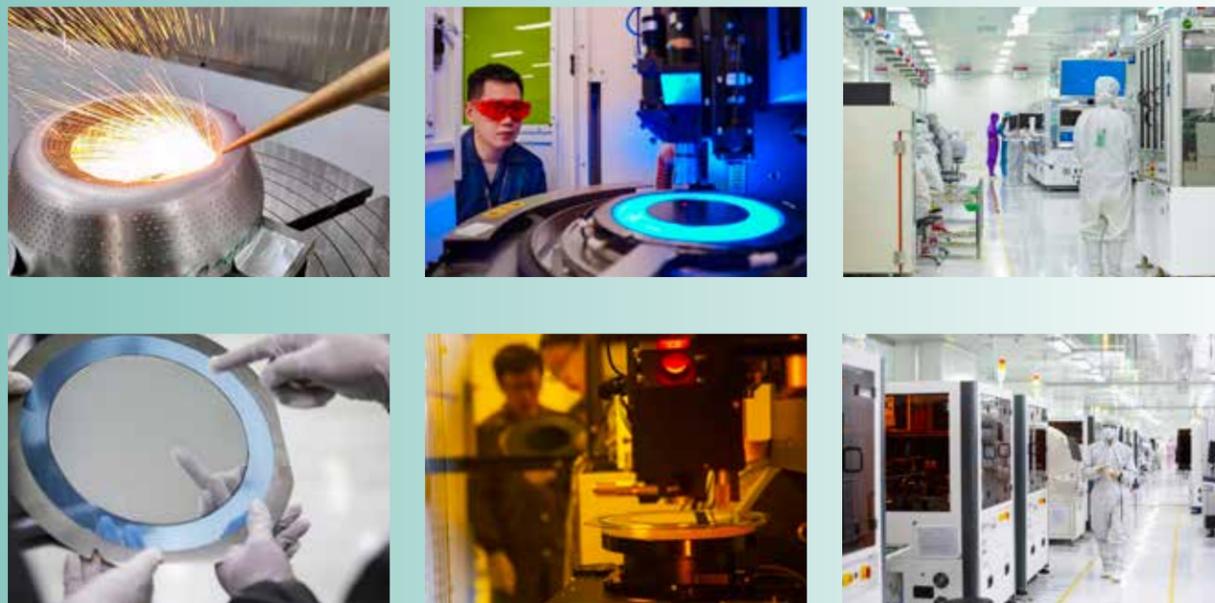
Furthermore, to fully stimulate the potential of R&D personnel, the company resolutely implements intellectual prop–erty and technological innovation reward systems. It has established dedicated reward mechanisms for researchers, promotes performance management reforms, and refines assessment and incentive mechanisms oriented toward innovation capability and value contribution. The Implementation Measures for R&D Personnel Assessment and Incentive Management have been enforced, granting corresponding rewards to personnel involved in project R&D.

Adhering to Organized Innovation

We have established a two–tier, four–echelon R&D structure vertically across the Central Research Institute and core subsidiaries to coordinate R&D resources across the entire group. At the group level, we integrate superior resources from upstream and downstream industry chains to advance the Central Research Institute, focusing on national needs and industry trends. We initiate project–based R&D targeting "forward–looking technologies, bottleneck technologies, monopolized products, and common technical challenges," thereby laying out product and technology roadmaps for the next three to five years. Meanwhile, the technology centers of each subsidiary are responsible for iterating specialized and sophisticated new products and improving processes. They conduct project–based R&D for projects that can be quickly implemented based on client orders and yield high gross margins, while also undertaking the engineering and industrialization of R&D outcomes from the Central Research Institute.

CTOs of primary core enterprises are uniformly appointed, with their performance assessments centered on technolog–ical innovation and R&D management to coordinate key tasks. Guided by corporate development strategies, we scien–tifically formulate and implement technological innovation development plans. We build a hierarchical R&D project management system with clear authority and responsibilities, improve the structuring of R&D personnel echelons with appropriate compositions and capabilities, strengthen the synergy and efficient linkage of internal and external innova–tion resources, and promote the standardization, process–orientation, and normalization of technology management. We focus on core technology breakthroughs in key areas and drive the transformation and application of technological achievements. Through systematic construction and focused breakthroughs, we aim to comprehensively enhance the efficiency of technological innovation and the core competitiveness of the enterprise.

Innovate the Future

The First HGTECH's "V5" Innovation and Entrepreneurship Competition

Since the launch of the inaugural "V5" Innovation and Entrepreneurship Competition of HGTECH, a total of 115 projects have been registered, with a large number of them being AI–related. The competition projects focus on cutting–edge fields such as high–end equipment manufacturing, intelligent sensing, and new materials, demonstrating both techno–logical innovation and industrialization potential. Internal projects deeply synergize with the company's existing businesses, while external projects offer innovative solutions for emerging markets. This competition has effectively ignited the innovation enthusiasm of young technical professionals. Through the exchange and cross–pollination of internal and external projects, it has achieved breakthroughs in key technologies and identified new product directions with strategic value. The implementation of these innovative outcomes will significantly enhance the company's overall innovation capability. HGTECH has always adhered to creating social value through technological innovation. By estab–lishing innovation platforms, the company aims to facilitate the successful transformation of more outstanding projects from the laboratory to the market.

HGTECH's 3rd Innovation Day

Themed "Intelligence Creates the Future," HGTECH's 3rd Innovation Day showcased a range of cutting–edge scientific and technological achievements on site. Nearly 300 attendees, including invited experts, representatives from strategic cooperation partners, fund signing representatives, collaborating institutions, key clients, core backbone talents, and employee representatives, gathered to conduct in–depth exchanges and discussions centered on technological innova–tion and optoelectronic frontiers.

Planning Innovative Talent Development

HGTECH is consistently anchored to the development core of "the company's future lies in innovation, the key to innovation lies in investment, and the focus of investment is talent." The company regards talent as the primary resource supporting high–quality development, broadly attracting talents guided by the need for "high–level, precision, cutting–edge, and urgently needed expertise." Focusing on core technological breakthroughs, the company dares to think and act, innovatively launching the "PhD 500" Plan, while continuously deepening the "Hunter Plan" and the "Young Seedling Plan." It encourages talent scouting by all employees, promoting a leap in both the quality and quantity of its talent force. The company deeply practices the broad talent view of "use–oriented, not necessarily owned but utilized," forming a high–level "think tank" for the Central Research Institute by engaging 30 top experts, including more than 10 academicians, to provide guidance on technological innovation. It continuously intensifies the implementation of the "Hunter Plan," building a benchmark talent pool for the industry, injecting strong momentum into the cultivation of top–notch talents, and safeguarding the company's high–quality development.

Deeply Integrating into the Wave of Artificial Intelligence

HGTECH AI Strategy

Strategic Positioning ▶▶▶

To build a globally leading enabler of full–stack AI capabilities in "Sensing, Transmission, Cognition, and Application"

Connectivity Business	Sensing Business	Intelligent Manufacturing Business
supported by information and communication technology	supported by sensitive electronic technology	supported by laser processing technology and software algorithms

New AI Products

(1) 3.2T NPO Product

Amid the wave of large scale AI cluster development, scale up interconnection networks face unprecedented challenges in bandwidth density and communication latency. Traditional pluggable optical modules suffer from high power consumption, while CPO solutions entail difficult maintenance and high manufacturing barriers. In contrast, the NPO solution exhibits a strong "greatest common divisor" characteristic: it significantly shortens the electrical signal transmission distance, reduces power consumption, while retaining the independent replace–ability of the optical engine, thus balancing signal integrity with maintainability.

HGTECH's 3.2T NPO product solution

Provides OIF–compliant 3.2T NPO optical engines and supporting external light source modules (ELSFP)

3.2T NPO Optical Engine

ELSFP Light Source Module

Technical Advantages：

☑ Utilizes advanced packaging technology

☑ Equipped with self developed silicon photonics chips

☑ Superior signal processing, reducing processing requirements on device side chips, with outstanding adaptability

☑ Linear optical technology, eliminating the need for DSP chips

Product Performance：

☑ High speed: 3.2 Tbit/s unidirectional, 6.4 Tbit/s bidirectional data transmission per second

☑ High integration density: rate capacity per unit area is 11.4 times that of traditional modules (800G OSFP)

☑ Low power consumption: energy consumption per bit reduced by 50%

☑ Maintainability: detachable design with external light source

☑ Compatible with both air cooling and liquid cooling thermal systems

☑ Industry chain decoupling

*(Based on laboratory measured data; actual results may vary depending on application scenarios, operating conditions, and other factors.)

HGTECH's industry first 3.2T NPO product has already been successfully deployed with leading industry clients, achieving not only a breakthrough upgrade in transmission rate but also a comprehensive leap in power consumption, cost, and reliability. This marks a new stage where all optical scale up enters engineering imple–mentation.Next, HGTECH's 3.2T NPO product will be deeply integrated into key scenarios such as AI large model computing and hyperscale data centers, building a solid computing power foundation for the advancement of AI technology!

(2) HG · Vision Series Industrial Embodied AI Products

From more precise perception capabilities to more flexible decision–making systems, From better–adapted full–scenario applications to more modular standardized units, The HG · Vision series industrial embodied AI products are fully upgraded, Making manufacturing smarter, and intelligence simpler.

「Eyes」Perceiving the Minute:
Multimodal sensing breaks cognitive boundaries

Eyes

HGTECH

Brain   Hands
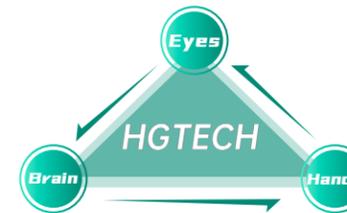
「Brain」Strategizing Globally:
Full–stack closed–loop drives
intelligent decision–making

「Hands」Executing Precision:
Flexible execution unlocks new
production frontiers

☑ >20m ultra–large field of view recognition

☑ Dynamic recognition of 10,000+ components, higher perception, higher flexibility

☑ Beyond one station, full–chain intelligent collaboration

☑ Intelligent sorting assistant empowers the entire chain, making sorting more intelligent and efficient

Order Architect ━ HG · Vision Sorting

【10,000+ Irregular Workpieces · Millisecond Response】

Breaks through visual limitations, achieving 99%+ precision in pickup and placement, bidding farewell to "seeing without sorting"
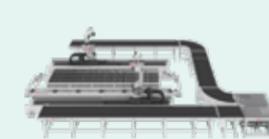
Articulated Robot Handling & Sorting Workstation

Articulated Robot Palletizing Workstation
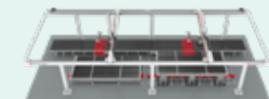
Gantry Robot Handling & Sorting Workstation

Gantry Robot Palletizing Workstation

Steel Artist — HG · Vision Welding
【Programming-Free Teaching · Stable Welding of Complex Seams】
Fully automatic, high-precision, easy deployment — digital welding experts make production easier
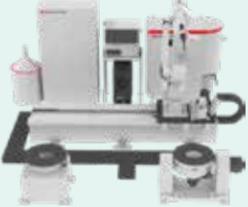
Ground-Rail Teaching-Free Welding Workstation

Cantilever Teaching-Free Welding Workstation
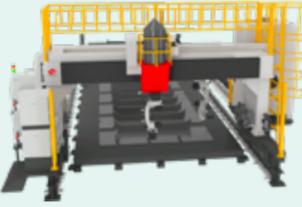
Gantry-Type Teaching-Free Welding Workstation

☑ AI + 3D vision, no teaching, no programming — simple and convenient operation

☑ High precision with high flexibility, weld seam positioning accuracy <1mm

☑ Multiple intelligent welding workstation configurations for multi-scenario adaptation

☑ Built-in expert welding process library, supporting various complex welding processes

☑ Compatible with both digital and analog signal sources, enabling effortless welding across the entire site

Process Judge — HG · Vision Inspection
【Predictive Intelligent Inspection · Full-Chain Feedback Traceability】
An "industrial quality inspection expert" that foresees before events, observes during events, and gains insights after events

☑ Perceives operational specifications, understands process and quality, improving yield rates

☑ Accurately identifies over 50 types of micro-defects with a detection accuracy rate of over 99%

☑ AI inspection expert provides yield analysis, quality fluctuation analysis, and optimization recommendations, achieving a prediction accuracy rate of over 90%

Intelligent Inspection Workstation

*(The above parameters are measured values for customized non-standard automation solutions.)

New Scenarios

(1) Vehicle-Mounted Optical Communication Solutions

Optical Communication for Vehicles has been selected as one of China's Top Ten Automotive Technologies for 2026 and incorporated into the national "15th Five-Year Plan" as a key R&D area for the intelligent vehicle indus-try. "Optical fiber onboard" and "copper-to-fiber transition" have become inevitable trends in vehicular commu-nication. From higher-speed transmission capabilities to more stable communication architectures, and from more comprehensive vehicle adaptation to more flexible networking modes, HG Tech's Automotive High-Speed Communication Optical Transceiver Module bring optical fiber onboard and enable smarter driving.
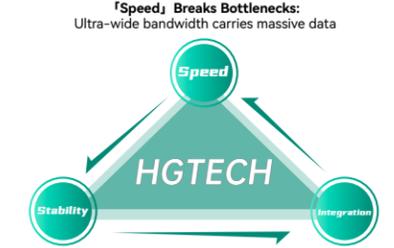
「Speed」Breaks Bottlenecks:
Ultra-wide bandwidth carries massive data

Speed

HGTECH

Stability **Integration**

「Stability」Conquers All Terrains:
Superior anti-interference ensures precise transmission

「Integration」Connects the Entire Vehicle:
Full-scenario adaptation empowers intelligent driving upgrades

Vehicle-mounted high-speed communication optical module

☑ Ultra-high bandwidth: Transmission bandwidth is 10 times higher than existing copper Ethernet

☑ Extreme compatibility: Supports vehicle interfaces such as MIPI, SerDes, Ethernet, SPI

☑ Flexible networking: P2P/P2MP connection methods are flexible

☑ Superior anti-interference: EMC performance improved by over 100 times compared to copper networks

Full-Domain Performance Leap — Intelligent Driving Domain

☑ Microsecond-level transmission delay, empowering the implementation of L3 and L4

☑ Supports next-generation megapixel-level high-definition cameras for intelligent driving

Full-Domain Performance Leap — Cockpit Domain

☑ Breaks through bandwidth bottlenecks for multi-screen interaction, enabling the implementation of AI large model applications

☑ Supports smooth display of next-generation 4K/8K ultra-high-definition large screens

Technological Innovation — EE Architecture Upgrade

☑ Provides high-speed support for future HPC architectures

☑ Backbone ring network transmission rate increases by 10 to 25 times

☑ Optical fiber weighs only 40% of copper cable, and costs only 1/2 of copper cable

(2) Satellite-Borne Optical Communication Modules

HGTECH's satellite-borne optical modules build a solid core foundation for 6G space-air-ground integration. From high-speed intra-satellite connectivity to long-distance satellite-to-ground and inter-satellite communication, From radiation hardening to ultra-long on-orbit stability, Using light as a bridge, connecting heaven and earth, jointly marching towards a new future of intelligent connectivity for all things.
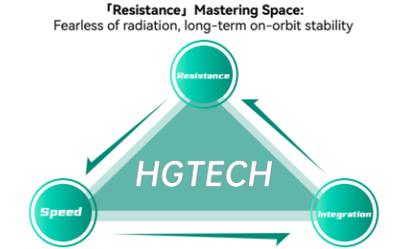
「Resistance」Mastering Space:
Fearless of radiation, long-term on-orbit stability

Resistance

HGTECH

Speed **Integration**

「Speed」Connecting Satellite to Ground:
Boundless bandwidth, links reaching afar

「Integration」Connecting All Domains:
Space-air-ground integration, intelligently connecting all things

100G SR Satellite-Borne Optical Module:
The Intra-Satellite Data Highway

Carries ultra-high bandwidth data exchange within the satellite platform and over short distances, adapting to core scenarios such as efficient data distribution within low-orbit satellites, space-based AI computing interaction, and interconnection of distributed processors.

Technical Advantages:

☑ Compared to copper cable communication, it offers smaller size, lighter weight, higher speed, lower power consumption, lower launch costs, and outstanding radiation and interference resistance, suitable for high–density integration needs

☑ Supports multi–channel ultra–wideband communication within the satellite, reaching rates of the 100G Ethernet standard

DWDM Spaceborne Transceiver

Primarily responsible for long–distance, highly reliable, large–capacity communication between satellites and for key satellite–to–ground links.

Technical Advantages:

☑ Compared to traditional microwave communication, it offers longer transmission distance, higher capacity, lower power consumption, smaller size, lower channel attenuation, and stronger interference resistance

☑ Wavelength adapts to the ITU–T C18~C52 range, rates covering 10G/25G+, combined with radiation resistance characteristics

☑ High–precision wavelength division technology paired with EDFA supports 100km–1000km satellite–to–ground and inter–satellite communication

In the future, HGTECH's satellite–borne optical modules will deeply empower 6G communication and space–based AI computing data centers, collectively building the "arteries" and "capillaries" of the low–orbit satellite communication internet. They will provide a solid cornerstone for the space–based internet in the 6G era, driving the comprehensive intelligent development of the integration of communication, remote sensing, navigation, and future space data centers.

(3) All–Weather AI Intelligent Laser Weeding Robot

The All–Weather AI Intelligent Laser Weeding Robot comprehensively covers the three dimensions of Environment (E), Society (S), and Governance (G), fully demonstrating the core value of technology enabling sustainable agricultural development and providing a practical reference for the green transformation of agriculture.

At the Environmental (E) level, the robot uses precise laser weeding to replace chemical herbicides, reducing pesticide residues and soil and water pollution at the source, protecting farmland ecology, contributing to the control of agricultural non–point source pollution, and promoting green and low–carbon production.

At the Social (S) level, the equipment can operate automatically around the clock, significantly reducing labor costs and intensity, improving production efficiency, helping to enhance the quality and efficiency of agricultural products, broadening income–generating paths for farmers, and empowering rural revitalization.

At the Governance (G) level, the company adheres to technological innovation and compliant development, building an intelligent agricultural equipment system, solving the pain points of agricultural green transformation with technology, and achieving a unity of ecological, economic, and social benefits.

In the future, the company will continue to optimize the robot's performance, expand application scenarios, promote the popularization of green and intelligent agriculture, and support the achievement of high–quality agricultural development and carbon neutrality goals.

(4) AI Field Investments

HGTECH Investment and HGTECH Laser jointly initiated the establishment of Harbin HGTECH Zhiyun Technology Co., Ltd. . Based on a deep insight into the pain points of agriculture and agronomy, HGTECH Zhiyun takes "Laser + AI + Robotics Technology" as its core, and through a full–chain technology closed loop of "Perception–Decision–Execution," vigorously promotes the transformation of modern agriculture from "chemical intervention" to "precise physical control."

HGTECH Investment has directly invested in 2 AI–related project, and the fund initiated by HGTECH Investment has invested in 2 projects within the AI industry chain. HGTECH Investment initiated the establishment of HGTECH Future (Wuhan) Venture Capital Fund Partnership (Limited Partnership), focusing on exploring investment opportunities in fields such as AI artificial intelligence, robotics, medical–engineering integration, low–altitude economy, and upstream and downstream areas of the industry chain. The investment area aims to connect resources from HGTECH's Central Research Institute, research institutes, and universities.

Collaborative Innovation for Industry-University-Research-Application Development

The company is always dedicated to the in–depth development of industry–university–research integration, focusing on strategic innovation projects and core technology R&D. By establishing joint laboratories, making equity invest–ments, dispatching excellent management personnel, and collaboratively overcoming key core technologies, it actively builds cooperation bridges with institutions of higher learning, research institutes, and industry clients. The company efficiently integrates and fully leverages social resources to promote the transformation of scientific and technologi–cal achievements into practical applications, fostering overall industry progress and innovation.

In 2025, the company collaborated with 19 strategic partners to establish a multi–dimensional collaborative innova–tion framework: to advance the product portfolio of intelligent microsystems and MEMS sensors; relying on the Laser Equipment Industry–University–Research Joint Laboratory, multiple independently developed semiconductor equip–ment sets have entered industrial testing; leveraging the Joint Technology Research Center to build industry–leading technological capabilities in the field of brittle material processing; co–founding the Laser and Intelligent Manufac–turing Technology Enterprise Joint Innovation Center with the Wuhan Academy of Technology Innovation and jointly establishing an angel fund to empower innovation development through capital. In the field of industry exchange, the company regularly visits suppliers and key clients and actively participates in various industry exhibitions and forums. By deeply engaging in communication and knowledge sharing, it keeps pace with industry development trends, grasps cutting–edge technological developments, and seeks potential cooperation opportunities, providing valuable industry insights and technical support for the company's development.

Building an Industrial Ecosystem and Innovation Chain

R&D ⟫ USE ⟫ IMPROVE ⟫ MATURE

HGTECH is consistently dedicated to collaborating with upstream and downstream enterprises, concentrating superi–or resources to collectively address technical challenges and drive collaborative innovation. This approach accelerates the resolution of critical component and fundamental common challenges, "deploying innovation chains around the industrial chain and laying out industrial chains around the innovation chain," thereby continuously enhancing the overall competitiveness of the entire industrial ecosystem and expediting the translation of innovative achievements into strategic industry applications. Leveraging its investment platforms, the company integrates high–potential targets across the industrial value chain. It has established a comprehensive presence in both the laser industry chain and the ICT optoelectronics industry chain, while strategically expanding into sensor domains such as new energy and MEMS, vigorously advancing the transformation and demonstration application of technological innovations.

Through mechanisms including equity participation, industrial empowerment, capital linkages, talent deployment, and collaborative breakthroughs in core technologies, HGTECH has cultivated a deep industrial network, fostering numer–ous innovative enterprises that possess proprietary core technologies. By signing strategic collaboration agreements with over 30 upstream and downstream entities to promote joint innovation, the company has enhanced the integrity and competitiveness of the energy optoelectronics and information optoelectronics industrial chains. This has estab–lished a product evolution pathway of "R&D — Application — Enhancement — Maturity," assisting product–focused business units in exploring new frontiers, cultivating new growth drivers, and developing new partnerships.

"Management Innovation" for Product Quality Enhancement

HGTECH comprehensively promotes a "Holistic Quality Concept," covering three dimensions: product quality, service quality, and operational quality. Key indicators are established in areas such as quality management and lean management to refine management granularity and increase profit margins. Specific measures include: improving headquarters' quality functions; establishing a quality qualification evaluation system; refining a 16–character Group quality policy ("Accurate Requirements, Scientific Planning, Prevention First, Do It Right the First Time") through executive training sessions; studying the "Zero Defects" management philosophy and reflecting on the quality loss costs of PONC (Price of Non-Conformance); initiating the first Lean Black Belt talent cultivation program; and introducing value stream mapping methodology for the first time to sort out key projects across the entire value chain, linking them with belt–level talents. Through these measures, a company–wide quality awareness has been preliminarily formed, product market indicators have significantly improved, and the company's brand value has become more prominent.

HGTECH consistently adheres to the "client–centric" value and implements it in specific work, focusing on client concerns, ensuring batch product consistency, and guaranteeing that product quality meets client requirements and conforms to standards. The company earnestly implements and complies with domestic and international quality management system requirements such as ISO 9001, ISO 14001, TL9000 (telecommunications industry), and IATF16949 (automotive industry), and possesses two categories of national CNAS–certified testing laboratories. In accordance with production standards of different industries and internationally leading quality management concepts, the company formulates and implements quality management regulations like the "Quality Management Manual," "Non–Conforming Product Handling Procedure," and "Measures for Quality Reward and Punishment Management," establishing a quality management system covering the entire product lifecycle from design, raw material procurement, production delivery, to after–sales service. Simultaneously, through measures such as production skills training, quality and efficiency improvement proposals, OCC (Operation Control Center) quality improvement activities, and supplier quality performance assessments, it comprehensively enhances product, service, and operational quality.

In terms of using management innovation to improve product quality, HGTECH is driven by the in–depth implementation of its quality policy, promoting the shift of quality management from institutional requirements to behavior embraced by all employees. Through a three–tiered progression of "key personnel internal training, full personnel transfer training, and scenario–specific training," it achieves 100% coverage in communicating the quality policy, ensuring that quality awareness truly permeates every aspect of daily work. At critical nodes such as supplier admission, R&D design, process control, and finished product reliability, the company fully introduces the Zero Defects management philosophy, emphasizing "doing things right the first time" to reduce deviations at the source, thereby building a quality assurance system covering the entire chain, continuously strengthening product consistency and reliability.

To further consolidate the quality talent echelon, HGTECH has established a quality engineer qualification assessment mechanism and held its inaugural Quality Training Camp, focusing on enhancing specific competencies around actual business scenarios. Through systematic cultivation, the professional level and management effectiveness of the quality engineer team have been significantly enhanced, providing strong support for deepening quality management. Concurrently, the company actively explores the implementation pathways of lean methods in quality improvement, encouraging various departments to undertake special projects focusing on operational quality. The development and application of lean tools, the exploration of modular improvement paths, and the gradual integration of AI technology into improvement practices make quality enhancement more concrete and quantifiable. The Group's annual improvement achievement presentation meeting and the lean study tour exchange platform create conditions for replicating and promoting frontline improvement experiences. The effectiveness of cost–down efforts far exceeded expectations, and the lean philosophy has since extended from the manufacturing center to a wider range of business units.

Through the aforementioned practices, HGTECH has not only achieved innovative breakthroughs in its quality management mechanism but has also gradually built a self–iterating and continuously evolving quality management ecosystem, providing long–term assurance for the stable improvement of product quality.

Safeguarding the "Golden Reputation" of Intellectual Property

As a listed company and an innovative enterprise, HGTECH integrates intellectual property (IP) protection into the entire process of corporate management as a crucial element of its development. It has formulated the "HGTECH Intellectual Property Management Measures" and its implementation rules, effectively implements laws and regulations such as the "Patent Law" and "Trademark Law," and continuously improves the IP management mechanism in line with the company's actual development situation. The company strengthens R&D management throughout the entire lifecycle to enhance the quality of IP and scientific/technological achievements. It drives the full integration of IP management into the implementation process of major special projects and key products, forming a comprehensive IP protection system encompassing patents, technical secrets, software copyrights, and other forms. A patent risk early warning and response working mechanism has been established. For key products of core holding companies, professional tools like the AI–empowered Eureka system and patent search databases are utilized, combined with trademarks, patents, standards, and other multidimensional elements, to provide comprehensive and standardized protection, weaving an IP protection net for specialized and sophisticated new products. The construction of the IP management team is strengthened, with regular training organized covering trade secrets, trademark usage, copyrights, etc., to comprehensively enhance the capability to create, utilize, protect, and manage IP. Concurrently, legal means are used to protect rights, avoiding risks of product counterfeiting and technology leakage caused by personnel turnover, thereby effectively safeguarding the company's legitimate rights and interests.

While strictly protecting its own IP rights, HGTECH also rigorously manages itself to ensure it does not infringe upon the IP rights of others. In the R&D and technological improvement of new technologies, processes, and products, it fully utilizes IP literature to determine correct research directions and technical routes, raising the starting point of R&D, and avoiding duplicate development or IP infringement disputes.

In 2025, focusing on market and client needs, and by guiding innovation in key new product and technology R&D, HGTECH filed a total of 433 patent applications for the year, including 220 invention patents. It also applied for 148 software copyrights and published 10 national standards and 9 industry standards where it led or participated in their formulation or revision.

HGTECH owns 13 national–level talent and innovation platforms, including a nationally recognized enterprise technology center, a national–level industrial design center, national CNAS laboratories, and a post–doctoral scientific research workstation. The company has been successively recognized as a National Innovative Enterprise and a National High–tech Enterprise. It has also received honorary titles such as National "Little Giant" Enterprise Specialized in Niche Sectors, and National Intellectual Property Demonstration Enterprise.

Governance

We and Governance

Sound governance and compliance management are the fundamental guarantees for an enterprise's sustainable development. HGTECH continuously promotes the enhancement and improvement of its corporate governance system, perfects the construction of its compliance management system, standardizes internal control systems and institutional development, and actively maintains good investor relations to ensure the company's steady and robust development.

03

Corporate Governance Structure

The Company strictly complies with the requirements of laws, regulations, and relevant normative documents, including the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and the Shenzhen Stock Exchange Listing Rules. It has established the shareholders' meeting, the board of directors, and the management team, forming a corporate governance mechanism with clearly defined powers and responsibilities and standardized operation. The board of directors has established the Strategy and ESG Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Audit Committee. Each committee has clearly defined powers and responsibilities and performs its own functions, effectively ensuring the impartiality and scientific soundness of the Company's governance decisions.

HGTECH Governance Structure Organization Chart

- Shareholders' Meeting
- Board of Directors
  - Strategy and ESG Committee
  - Nomination Committee
  - Compensation and Performance Committee
  - Audit Committee
- Executive Management
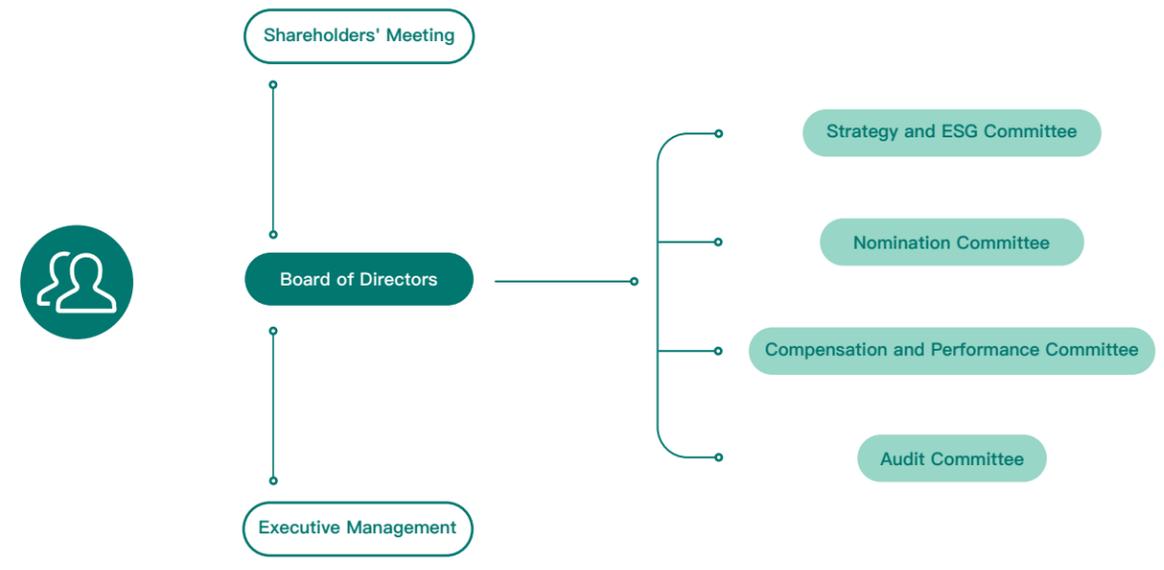
The Company's Shareholders' Meeting, Board of Directors are responsible for reviewing and approving major matters related to the Company's development.

In 2025, the Company complied with the requirements of the new Company Law and abolished the Board of Supervisors.

The meeting statistics for shareholders and board of directors in 2025 are as follows:

The Shareholders' Meeting convened 5 times
Reviewing a total of 15 proposals

The Board of Directors convened 12 times
Reviewing a total of 40 proposals

Shareholders' Meeting

Shareholders' Meeting: As the highest authority of the Company, it makes decisions on the Company's operating policies and investment plans in accordance with the law; elects and changes directors ; and reviews and approves the reports of the Board of Directors.

Board of Directors

Board of Directors: The Board of Directors consists of 9 directors, including 3 independent directors.

As the decision-making body of the Company, its main responsibilities include appointing suitable candidates scientifically and reasonably in accordance with the procedures stipulated by the Nomination Committee, convening the Shareholders' Meeting, executing the resolutions of the Shareholders' Meeting, and managing the Company's information disclosure matters, among others.

The Company's Board of Directors has established a Strategy and ESG Committee. This committee is a specialized working body under the Board, primarily responsible for researching and making recommendations on the Company's long-term development strategic planning, major strategic investment decisions, sustainable development planning, and ESG matters. The committee is responsible for researching the Company's long-term development strategic planning, major strategic investment decisions, sustainable development planning, and ESG matters, and making recommendations to the Board of Directors on the following matters: (1) The Company's development strategy and medium-to-long-term development plans; (2) Plans for increasing or decreasing registered capital, issuing corporate bonds, merger, division, or dissolution; (3) Major asset or business restructuring, external acquisitions, mergers, and asset sales; (4) The Company's ESG vision, ESG development strategic plan, ESG governance structure, ESG management system, ESG-related disclosure documents, and ESG-related risks and opportunities with a significant impact on the Company's business; (5) Other matters stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission, and the Company's Articles of Association. The committee holds regular meetings and interim meetings. Regular meetings are held at least once a year. Interim meetings are convened irregularly as needed.

Internal Control Construction and Risk Management

The Company places high importance on internal control construction and risk management. During the reporting period, in accordance with the provisions of the "Basic Standards for Enterprise Internal Control" and its supporting guidelines, the Company updated and improved its internal control system in a timely manner, establishing a scientifically designed, concise and applicable, and effectively operating internal control system. This ensures that risk management processes are integrated into every aspect of the Company's operations and management. The Audit Committee and the internal audit department jointly form the Company's risk and internal control management organizational system, supervising and evaluating the Company's internal control management, which mainly includes environmental control, business control, electronic information system control, and internal audit control. Through the operation, analysis, and evaluation of the internal control system, the Company effectively prevents risks in its operations and management, promoting the achievement of internal control objectives.

In 2025, the Company engaged Daxin Certified Public Accountants (Special General Partnership) as its internal control audit institution for the year. They evaluated the effectiveness of internal controls for all headquarters functional departments and subsidiaries at all levels. The total assets of the entities included in the evaluation scope accounted for 94.99% of the Company's consolidated total assets, and their total operating revenue accounted for 99.58% of the Company's consolidated operating revenue. No material deficiencies were found in the design or implementation of the Company's internal controls throughout the year.

The Company's annual Internal Control Self-Assessment Report is published on the website of the Shenzhen Stock Exchange together with its annual report. In addition to the supervision of the Company's risk management and internal control system by internal and external audits, the Strategy and ESG Committee conducts feasibility studies on the Company's business strategies, major investment and financing plans, major capital operations and asset operation projects, and provides recommendations on potential risks.

Information Disclosure and Standardized Operations

The Company places high importance on information disclosure and communication with shareholders and creditors. In accordance with the provisions of laws and regulations such as the "Company Law of the People's Republic of China," the "Securities Law of the People's Republic of China," and the "Administrative Measures for Information Disclosure of Listed Companies," the Company releases information to investors through various meetings, publications, and online platforms. These channels include the Annual General Meeting of Shareholders, regularly published annual reports, semi-annual reports, and quarterly reports, as well as interim announcements, prospectuses, and press releases. Information about the Company is accessible on platforms such as the Shenzhen Stock Exchange website, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, and Cninfo (http://www.cninfo.com.cn). The Company discloses periodic reports and interim announcements as required, ensuring the content is truthful, accurate, and complete, free from material errors, and without instances of being questioned by regulatory authorities or media.

In 2025, the Company issued a total of 135 announcements and disclosure documents. During the year, the Company held several large-scale performance briefings and investor communication activities, with the Chairman and senior management team actively participating in interactions and exchanges. The Company was awarded an A rating (highest level) in the"2024—2025 Information Disclosure Assessment of Listed Companies"by the Shenzhen Stock Exchange, and has received this honor for 10 consecutive years. This recognition from the regulatory authorities and the broad investor community has enabled the Company to play an exemplary role in the market.

In 2025, the Company received a series of awards, including:
• Top 100 Value Listed Companies on the Main Board by Securities Daily;
• Golden Award for Investor Relations—Outstanding IR Team by Panorama Network;
• Outstanding Award for Concern for Small and Medium Investors by Panorama Network;
• Compliance Value Communication Award by Yidong.

Investor Relations Management

Investor communication methods

Issuing announcements and disclosing documents

135 pieces

hold an earnings briefing

3 sessions

Participate in various exchange meetings

380+ times

Accumulated number of investors communicated with

3000+ persons

In 2025, amidst a complex and volatile market environment, the capital market experienced fluctuations under the influence of multiple factors. The Company's Board of Directors placed significant emphasis on investor relations management, supervising and guiding the Company to promptly address market concerns, accurately and comprehensively respond to and clarify issues of market interest, and actively communicate the Company's long–term value and development strategy, thereby stabilizing market sentiment and enhancing investor confidence.

During the reporting period, the Company maintained high–frequency, in–depth communication with institutional investors through both online and offline channels, providing updates on the Company's development progress. Concurrently, the Company maintained communication with regulatory authorities and financial media, and continuously strengthened its engagement with small and medium investors. Leveraging diversified communication channels such as performance briefings, shareholder meetings, on–site research, Hudongyi interactive platform, and investor hotlines, it proactively conveyed the Company's development value, carefully listened to investor inquiries and suggestions, and facilitated an objective, comprehensive, and in–depth understanding of the Company. This has fostered a long–term, stable, and positive interactive relationship with investors, consolidated shareholder consensus, and contributed to the Company's long–term, stable, and robust development.

Shareholder Returns

The Company actively implements the important requirements of the China Securities Regulatory Commission to "strengthen the investor–oriented culture of listed companies and strive to enhance the investment value of listed companies." Adhering to the philosophy of creating more value for shareholders and considering the Company's sustainable development, it continuously improves scientific, continuous, and stable dividend distribution decision–making and supervision mechanisms. Dividends are distributed strictly in accordance with the profit distribution policy formulated in the Company's Articles of Association and the relevant provisions of the review procedures, fully protecting the legitimate rights and interests of small and medium investors and reciprocating investors' trust and expectations in the Company. Since its listing, the Company has distributed cash dividends to investors for many consecutive years, with cumulative cash dividends amounting to approximately RMB 782 million since 5 years. The dividend payout ratio has gradually increased, actively rewarding the vast number of investors and highlighting the Company's long–term investment value.

To promote the Company's stable and sustainable development and reciprocate investors' trust and expectations, during the reporting period, considering factors such as the Company's profitability, operational development needs, and reasonable returns to investors, the profit distribution proposal for HGTECH for the 2025 fiscal year was approved at the 22nd Meeting of the Ninth Board of Directors as follows: It is proposed that based on the total share capital of 995,702,707 shares (derived from the total share capital of 1,005,502,707 shares as of the end of 2025, after deducting 9,800,000 repurchased shares), a cash dividend of RMB 2.50 per 10 shares (tax inclusive) will be distributed to all shareholders. No bonus shares will be issued, and no capital reserve will be converted into share capital.The total cash dividend to be distributed amounts to RMB 248,925,676.75.The remaining undistributed profit of RMB 495,017,189.22 will be carried forward to the next fiscal year.

Cash Dividends on Ordinary Shares in the Past Three Years

For the fiscal year

2025

¥

cash dividend (pre-tax) amount:

248,925,676.75

(draft)

For the fiscal year
2024
cash dividend (pre-tax) amount:
¥ **201,100,541.40**

For the fiscal year
2023
cash dividend (pre-tax) amount:
¥ **150,825,406.05**

Share Repurchase：
In 2025, the Company proactively implemented share repurchases. Through centralized auction trading, the Company repurchased a total of 9.8 million shares of the Company's stock, accounting for 0.97% of the total share capital.The repurchased shares will be used for the employee stock ownership plan or equity incentive plans at an appropriate time in the future.This has not only effectively safeguarded the Company's value and market confidence, but also laid a solid foundation for improving the long–term incentive mechanism.

Stakeholder Communication

Guided by its operational philosophy of "providing satisfactory products to society, creating space for innovation for employees, and generating substantial returns for shareholders," the Company is committed to its responsibilities towards stakeholders including shareholders and investors, clients, employees, and value chain partners. It maintains regular communication with stakeholders through various channels and methods, actively soliciting their opinions and feedback.

Stakeholders	Key Concerns	Communication and Response
Shareholders and Investors	Standardized corporate governance Economic performance R&D and innovation Protection of shareholders' rights Investor relations management	Shareholders' meetings and board meetings Regular information disclosure Expanding investor communication channels
Regulatory Authorities	Legal and compliant operations Product quality and safety Promoting economic development Environmental management Social responsibility	Research and inspections Daily communication and information reporting
Clients	Product quality and safety Promoting product and service innovation Intellectual property protection Information security and privacy protection Protecting client rights	Online official website / official WeChat Offline exhibitions and promotional activities Professional sales team Factory open days After-sales service Regular visits Satisfaction surveys
Employees	Occupational health and safety Safeguarding employee rights and benefits Good working environment Sound career development system Information security and privacy protection	Establishing a reasonable compensation and benefits system Diversified training system Open communication channels Internal cultural publications Festival and recreational activities Satisfaction surveys
Suppliers and Partners	Sustained and stable cooperative relationship Open and fair procurement procedures Compliance with business ethics	Performing contracts in accordance with the law Technical exchange meetings Supplier bidding and audits Supplier training
Media	Accurate and truthful information disclosure Product R&D and innovation Maintaining good cooperation	Online official website / official WeChat Media open days Strengthening daily communication
Communities and the Public	Engaging in public welfare and charity Promoting industry development Environmental management	Social welfare projects Community volunteer activities Strengthening environmental management

Compliance Management System Development

The company continuously improves its four-level compliance organizational structure, coordinating and integrating resources from the group headquarters, subsidiaries, and external legal counsel to steadily advance the enhancement of its compliance management system.

Adhering to the principle of advancing all reform initiatives, including the "Science and Technology Reform Action," within the legal framework, the company strengthens legal review based on the principles of "risk orientation, serving the overall strategy, comprehensive coverage, and targeted focus." It refines the contract management system and promotes the development of a full lifecycle approach to contract management. Key compliance manuals have been issued in critical areas, including the Compliance Guidelines for Preventing Occupational Crimes, Ten Compliance Rules for Managers, Legal and Compliance Risk Alerts for Technology Companies, and Essential Knowledge of Common Overseas Compliance Risks for Chinese Enterprises. Focusing on key personnel, critical processes, and significant events, the company conducts regular and ad hoc compliance inspections covering contracts, litigation cases, and trade secrets, and oversees the implementation of corrective actions. It organizes "Business-Law Workshops" to integrate business and legal perspectives and conducts multiple training sessions, directly empowering over 2,500 participants. By consolidating resources from more than 40 domestic and international law firms and updating standard contract templates for sales, procurement, infrastructure projects, and technology collaborations, the company strives to build a robust compliance ecosystem.

Data Security and Clients Information Protection

In the digital era, information security has become one of the core elements of enterprise operation, which is directly related to the enterprise's reputation, client trust, and business continuity. HGTECH has been continuously carrying out and improving its information security work. In order to ensure the comprehensiveness and effectiveness of client data security, the company has established a multi-level and all-round information security architecture.

Physical Security
Protect the physical facilities, equipment, or areas of the information system from unauthorized access and misuse.

System Security
Manage and control system resources, operational activities, and users of the system, which serves as the foundation of information system security.

Database Security
Ensure the confidentiality, integrity, consistency, and availability of the information in the database.

Network Security
Ensure that the hardware and software of the network system, as well as the data within the system, are not subject to accidental or malicious changes, damage, or leakage. Guarantee the continuous, reliable, and normal operation of the system and the uninterrupted network services.

Terminal Security
Protect the security of computer terminals as the infrastructure for information storage, transmission, and application processing.

Information Security Architecture

Institutional Guarantee:

HGTECH has established a comprehensive information security management system, encompassing information security management regulations, system access management regulations, operation and maintenance management regulations, etc. At the core holding company level, the company has established regulations for computer room security management, laptop management, personal terminal behavior management, and removable media usage and disposal, as well as procedures for data authorization applications, data anomaly event management standards, and emergency response mechanisms. By conducting log reviews and supervision of relevant data and client information, data security and client privacy are fully guaranteed.

Information Security Management Measures

Category	Measures
Network Security	Construct the network according to the third-level security protection requirements, achieving high-level security standards in the five aspects of physical environment, network, host, application, and data, ensuring data integrity, confidentiality, and business continuity. Build a multi-layered protection system through technical and management means. Deploy firewalls, web application firewalls (WAF), threat detection and prevention systems to avoid external network attacks. Deploy Internet behavior management systems to regulate users' Internet behavior, improve network security, protect corporate information security, and enhance employees' work efficiency simultaneously. Deploy bastion hosts to achieve access control, auditing, and monitoring, preventing illegal access and operations. Deploy virtual private networks (VPNs) to enhance network security and privacy, encrypt data transmission, and ensure the security of remote access. Deploy access control systems to ensure compliant access and prevent security risks.
System Security	Deploy unified anti-virus software, issue strategies from the background to strengthen the operating system and ensure system-level security. Strengthen password management strategies. Regularly conduct vulnerability scanning and patch updates for the system, and promptly fix known security vulnerabilities.
Data Security	Use an all-in-one backup device for data backup, integrating backup, storage, and recovery functions to protect data security, quickly restore services, and ensure business continuity. Deploy cloud desktops to centrally manage and control R&D data, enhance data security, support remote collaboration, flexibly expand resources, and reduce operation and maintenance costs. Use encryption software to encrypt R&D data in real time to ensure data confidentiality, integrity, and availability.
Management Security	Improve information security management systems and processes. Through regular security audits, risk assessments, and other activities, ensure the effective implementation and continuous improvement of information security measures. Implement strict access control strategies to ensure that only authorized users can access sensitive information. Regularly review the account permissions of application systems and promptly clean up unnecessary permission settings.
Employee Awareness of Security	Regularly conduct information security training for employees to improve their security awareness and prevention capabilities. Educate employees to identify common network attack methods, such as phishing emails and malware, and learn how to prevent them.
Client Information Security	Data Encryption: Encrypt client information during storage and transmission to prevent the illegal acquisition or tampering of information during the storage and transmission processes. Access Control: Implement strict access control strategies to ensure that only authorized personnel can access client information. At the same time, regularly review and update access permissions. Security Audit: Regularly conduct security audits of the use of client information to ensure that the use of client information complies with laws, regulations, and company policies.

Anti-Bribery and Anti-Corruption

The Company consistently regards anti-bribery and anti-corruption work as the lifeline of its compliant operations, constructing a risk prevention and control network through a multi-level system. The Company fully leverages the guiding role of the "key minority." The management teams of the Group and its subsidiaries sign executive compliance commitments annually, conduct compliance oath-taking, and publicly demonstrate their compliance stance. Through systems such as the "HGTECH Co., Ltd. Compliance Management System" and the "HGTECH Co., Ltd. Internal Audit Punishment Management Measures," the Company establishes and improves a self-discipline and integrity system, highlighting anti-bribery and anti-corruption requirements. By distributing and promoting the "Integrity and Compliance Handbook" and conducting training, employees are prohibited from engaging in commercial bribery and corrupt practices in any form, including but not limited to directly or indirectly giving and accepting cash, gifts, marketable securities, physical goods, kickbacks, travel and entertainment expenses, as well as non-pecuniary benefits such as employment opportunities.

The Company publishes its reporting hotline and email address through public channels, and issues integrity proposals during major festivals. It exposes violations on the "Compliance Exposure Platform" and tracks accountability and disposal. The HGTECH compliance evaluation standards are updated annually and incorporated into the manager's annual salary assessment, promoting the implementation of compliance management actions from top to bottom. By setting up a "Suggestion Box" to unblock reporting and suggestion channels, daily supervision, discipline enforcement, and compliance management are strengthened and refined. At the same time, it actively carries out pairing and co-construction activities such as "Intelligent Integrity, Clear Breeze" with client enterprises, deepening the integrity concept through shared learning and construction, and continuously consolidating the defense line for clean employment. In supply chain management, it is clearly stipulated that anti-bribery and anti-corruption clauses are embedded in cooperation agreements, requiring suppliers to sign integrity commitments. Integrity reminder emails are sent quarterly to ensure both parties jointly abide by the code of business conduct. Concurrently, for the supplier admission process, a strict anti-unfair competition review mechanism has been established. Departments such as audit and procurement jointly conduct thorough verification of supplier relationships using public platforms like Qichacha. Enterprises with conflicts of interest or potential unfair competition risks are subject to a "one-vote veto" rule, resolutely eliminating violations and effectively building a "pro-clean" and win-win cooperative relationship.

Anti-Unfair Competition

The Company adheres to the principles of honesty and trustworthiness, equal negotiation, and mutual benefit and win-win results. It upholds business ethics, complies with relevant laws and regulations, and conducts market competition in accordance with the law. The Company places the concept of fair competition above its own economic interests, resolutely prohibiting acts of unfair competition and other behaviors that violate business ethics and disrupt the order of market competition. The Company promotes and implements its anti-unfair competition requirements through regular training and the distribution of warning cases.

Win-Win

We and Partners

The Company steadfastly upholds an integrity-based business principle, attaches great importance to its collaborative relationships with suppliers and clients, fully respects and protects their legitimate rights and interests, and adheres to the principles of integrity, fairness, and impartiality. By doing so, it jointly creates a sound cooperation ecosystem and atmosphere, continuously pursues the goal of mutual benefit, and achieves win-win outcomes.

04

Supply Chain Security

Regarding supply chain management, in order to standardize the bidding activities in the supply chain and promote the refined management of procurement, the company has formulated the "Measures for the Management of Supply Chain Bidding of HGTECH". A procurement committee has been established at the group level, and the construction of the group-level supply chain management system of HGTECH has been launched and continuously promoted. It supervises the implementation of the supply chain management system and major special projects. The procurement departments of each subsidiary are responsible for the qualification examination and daily management of suppliers to ensure that the procurement work is "open, fair and just".

In terms of supply chain management capabilities, the company is committed to promoting the high-quality development of the supply chain ecosystem. Through the strategy of "controlling resources upstream and channels downstream", it continuously optimizes and improves the supplier admission and evaluation system, and builds a stable, efficient and sustainable supply chain management system. This ensures that the introduced suppliers meet high standards and strict requirements, prevents supply chain risks, lays a solid foundation for the high-quality development of the supply chain ecosystem, and provides strong support for the long-term development of the company.

Supplier Admission

Controlling supplier admission is an important way to ensure the quality of goods or services from the source. The company strengthens the management of supplier performance evaluation by strictly implementing the "Measures for the Management of Supplier Development and Evaluation", and seeks for excellent supplier partners to establish long-term and stable cooperative relationships with them. The company adopts unified standards for the development, selection, evaluation and management of suppliers to ensure that suppliers enjoy equal rights to know, choose and participate. It scores suppliers according to the procurement amount, importance, delivery efficiency and quality, and conducts hierarchical management.

The list of supplier admission qualifications includes

Basic Qualifications	Business license / credit certificate / authorized agency license
Professional Qualifications	Product quality certification report /industry admission certificate (such as special equipment qualification) /quality management system certificate
Additional Verification	Social responsibility compliance certificate /environmental management system certification / etc

Procurement Process

In order to further standardize the company's procurement behavior, ensure the quality and efficiency of the company's material procurement, and reduce procurement costs, each subsidiary has formulated the "Procurement Management Measures" in combination with its own actual situation. The procurement process implements three-level business management covering requirements, procurement, and warehousing.

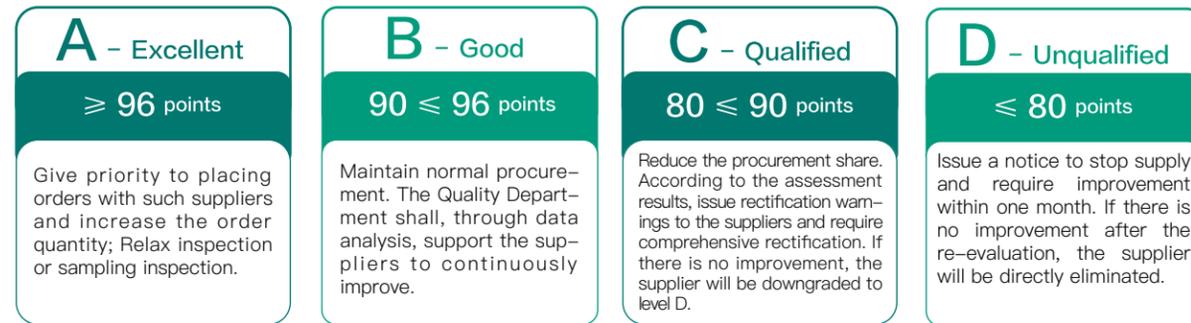|	
Requirements	Collect procurement requirement information and formulate a demand plan; Communicate with the procurement management department about the model selection; Fill in the "Procurement Application Form" and submit the demand application.
Procurement	Purchase management department is responsible for: standardized management of material coding; supplier sourcing, bidding, pricing, small-batch trial and bulk procurement; risk warning; supplier performance assessment.
Warehousing	Perform acceptance and warehousing, and warehouse management of purchased materials in accordance with the Incoming Inspection Control Procedure; Inventory / Dead Stock Early Warning.

Supplier Assessment

The Company has formulated the "Supplier Performance Assessment Management Measures" to conduct objective and comprehensive evaluations of suppliers from multiple dimensions, including supplier scale, product quality, order delivery, and after-sales service, through measures such as inspections, performance assessments, and capability evaluations. Suppliers are classified into four tiers (A, B, C, D) based on the assessment results, enabling the selection of the best partners and suppliers while eliminating underperformers. This process aims to establish a roster of excellent core partners and suppliers, thereby fostering a robust business ecosystem for the Company.

A – Excellent
≥ 96 points

Give priority to placing orders with such suppliers and increase the order quantity; Relax inspection or sampling inspection.

B – Good
90 ≤ 96 points

Maintain normal procurement. The Quality Department shall, through data analysis, support the suppliers to continuously improve.

C – Qualified
80 ≤ 90 points

Reduce the procurement share. According to the assessment results, issue rectification warnings to the suppliers and require comprehensive rectification. If there is no improvement, the supplier will be downgraded to level D.

D – Unqualified
≤ 80 points

Issue a notice to stop supply and require improvement within one month. If there is no improvement after the re-evaluation, the supplier will be directly eliminated.

Improve Supply Chain Management Capabilities

- Improve the supplier admission and evaluation system, strictly control the situation where technical personnel of product lines designate suppliers, and achieve the whole-life cycle management of suppliers.

- Optimize the supply chain process, enhance the collaborative efficiency of the supply chain, take into account both joint and coordinated management and differentiated competition, and establish a more efficient, flexible and competitive supply chain management system.

- Strengthen risk control and management, enhance the awareness of integrity and self-discipline, and ensure the legality and compliance of operations.

Supporting the High-Quality Development of Small and Medium-Sized Enterprises

In 2025, the company organized activities such as quality monthly meetings, quality quarters, and on-site audits to provide management guidance to some upstream enterprises.Case Study:

To effectively enhance the quality management and standards of its suppliers (small and medium-sized enterprises), HGGAOLI, in collaboration with internal and external expert resources, carried out a series of targeted training programs for suppliers. These included specialized training on the 8D methodology, OST report/PPAP submission requirements and problem explanation, change management training, PPAP production part standard procedure training, SMT key control items training, and foreign object control. In addition, several technical exchange activities were organized, including but not limited to inviting experts from friction welding equipment manufacturers and sealing ring suppliers for on-site technical discussions and benchmarking exchanges. Through comprehensive and diverse empowerment initiatives, the company effectively helped suppliers enhance their overall competitiveness, achieving coordinated development between supply and demand sides.
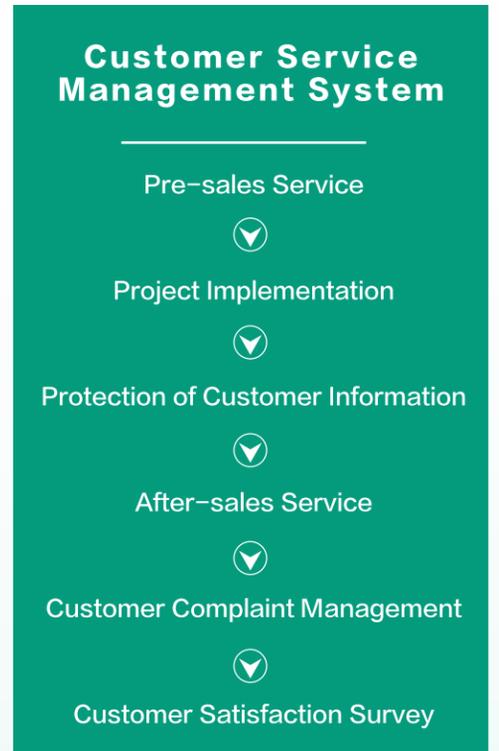
Protect Clients' Rights and Interests

Three "Alls"

In the open market environment full of fierce competition, HGTECH deeply understands that customers are the cornerstone of the company's survival and development. The company firmly implements the business philosophy of "market-oriented and customer-centric", and deeply implements the principle of "Three Alls": "All processes that do not create value for customers should be deleted; all departments that do not create value for customers should be abolished; all those whose value created for the company does not match their salaries should be adjusted or dismissed."

Create Value for Clients

From senior managers to various functional departments and then to each subsidiary, the company takes customer satisfaction as the core criterion for measuring the effectiveness of its work. HGTECH continuously optimizes its organizational structure, improves its informatization level, and promotes lean manufacturing to meet the diverse needs of customers, and is committed to establishing long-term and stable customer relationships. Through continuous improvement and innovation, it provides customers with excellent products and services, wins the trust of customers, strikes a balance between maximizing customer value and maximizing the company's profits, and achieves a "win-win" situation for both customers and the company.

Customer Service Management System

Pre-sales Service
▼
Project Implementation
▼
Protection of Customer Information
▼
After-sales Service
▼
Customer Complaint Management
▼
Customer Satisfaction Survey

Customer Service throughout the Whole Life Cycle

Under the guidance of the concept of "customer-centricity", all departments of the company and its subsidiaries, under the unified management system of the group, have formulated relevant customer management systems and management methods suitable for different customer groups according to their different business scopes. A management mechanism has been established to provide technical services throughout the whole life cycle of customers, covering the pre-sales, in-sales and after-sales stages, so as to achieve positive interaction with customers.

Each subsidiary has set up relevant departments such as the marketing department, quality department, marketing center, and after-sales service department. Their responsibilities include establishing and improving the regular customer visit syste coordinating customer complaint management, tracking product quality, and undertaking product installation and maintenance. In addition, the company regularly conducts training for personnel in the online and offline marketing systems to continuously improve their professional capabilities and customer service capabilities, and enhance the quality of customer service.

Customer Research

In view of the differences in customer needs in the domestic and international markets as well as among customers from different industries, there are obvious differences in determining customer needs, preferences, and even in product development and promotion. From the company's management team to the sales directors of each major region, they will pay irregular visits to key industries and major core customers every year to understand the industry situation and customer needs. The company has two major categories of methods for conducting market research on customer needs. One category is to directly obtain information from customers, such as customer satisfaction questionnaires, factory open day activities, offline salons, telephone follow-ups, and quality inspection tours across the country. The other category is to utilize the existing information of the company, such as product sales volume, customer feedback, industry forums, WeChat official accounts, Douyin accounts, and other platforms, and apply this information to the design of products and services, marketing, process

Customer Complaints and Feedback

In order to better improve the service level and respond to customer needs in a timely manner, regarding the management of customer complaints, the company strictly implements in accordance with the enterprise standard C06005 "Customer Complaint Handling Process". Each subsidiary has formulated documents such as the "Customer Complaint and Returned Product Handling Process", the "400 Telephone Management Measures", and the "Customer Communication Management Measures". The company timely receives customer complaints through channels such as the customer feedback hotline and the company's official website. All complaint information is classified by the company, and specific response and handling time limits are set. At the same time, the service department supervises the handling process to ensure that each complaint is resolved within the specified time limit.

7*24h Service Commitment

within 12 hours
Respond to customers' service requests.

within 24 hours
Service personnel will arrive at the problem site.

within 72 hours
Provide solutions to customers' service requests.

Solving Customer Complaint Issues

- Listening and Understanding
- Recording and Organizing
- Prompt Response
- Investigation and Analysis
- Providing Solutions
- Follow-up and Feedback
- Learning and Improvement
- Paying Attention to the Customer Experience

Solving customer complaint issues requires a proactive attitude, efficient communication and problem-solving abilities. The key is to focus on customers' needs, put customers at the center, and strive to provide solutions that satisfy customers.

Client Satisfaction Management

The Company consistently values client feedback and conducts client satisfaction measurements in strict accordance with the established "CX08-01 client Satisfaction Evaluation Procedure." Data is primarily collected through electronic questionnaires and telephone interviews. Upon completion of client satisfaction surveys, the Company requires each subsidiary to hold summary and analysis meetings to reflect on the measurement methods and survey results, and to generate client satisfaction reports. This process continuously enhances the Company's service quality and standards, strengthening its market competitiveness. Furthermore, the Company regularly conducts training for its online and offline marketing personnel, such as the "Tempering Plan" training courses, to continuously improve their marketing capabilities and client service skills, thereby enhancing the quality of client service.

In 2025, HGTECH and its subsidiaries received numerous awards and recognitions, including: Qianxing Award "Excellent Production Line Equipment Award", Deye Shares "Excellent Quality Award", Skyworth Electrical "Excellent Quality Award", Hisense Group "Strategic Partner Award" and "Quality Craftsmanship Award", TCL Industries "Outstanding Supplier", Li Auto "Excellent Quality Award" and "Efficient Cooperation Award", SAIC-GM "Enterprise Award", Haier Supplier Global Strategic Cooperation Award, EVE Energy "Excellent Quality Award". Additionally, the Inland New Energy Ship Manufacturing Demonstration Base Project was recognized as a Shandong Provincial Advanced-Level Intelligent Factory, and the Company received the Changhong "Annual Excellent Partner" award, among other honors and commendations.
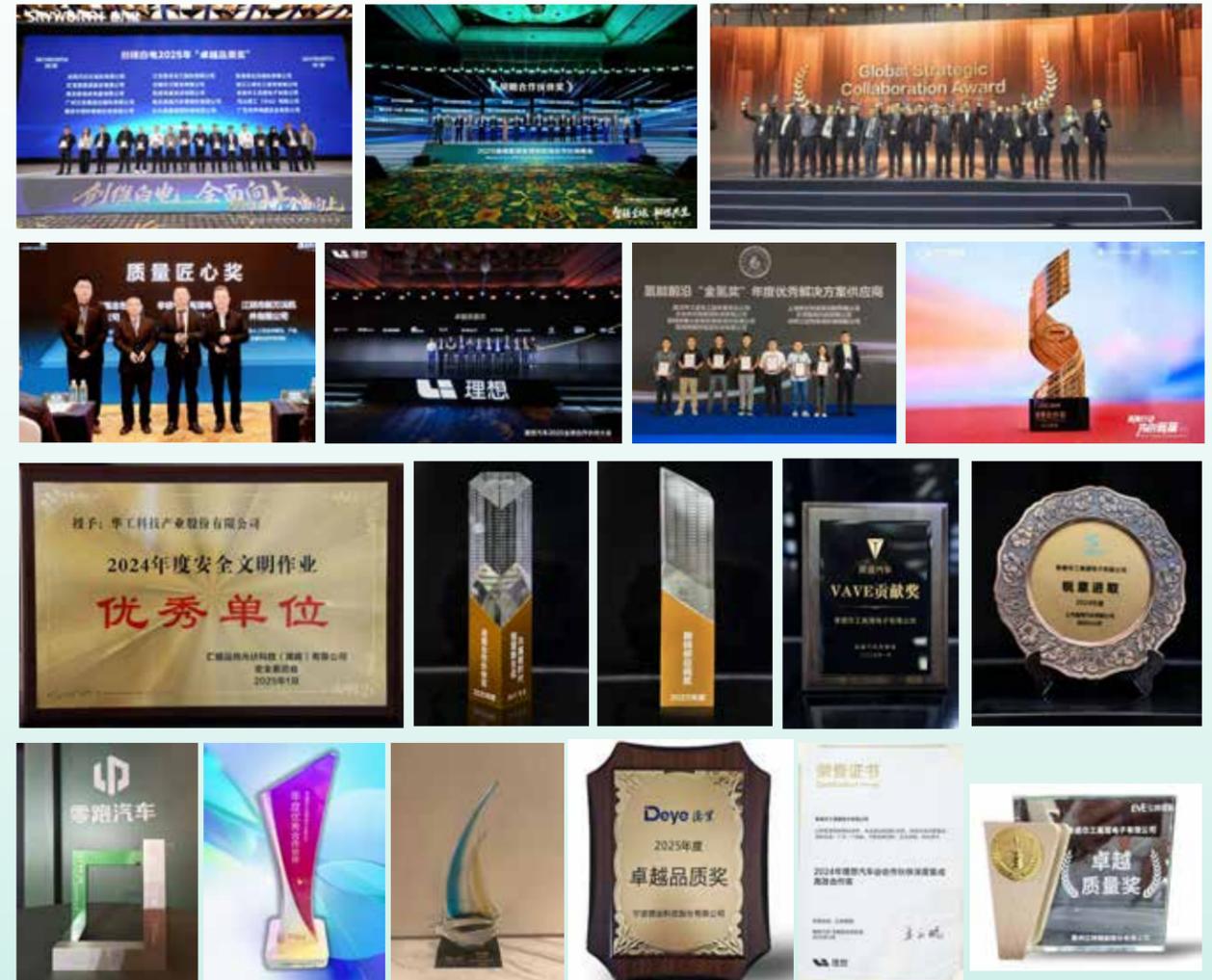
Environment

We and the Environment

HGTECH is deeply integrated into the national "Dual Carbon" strategic framework, consistently elevating the concept of green development to a strategic position within the company. Committed to the new development philosophy of innovation, coordination, green development, openness, and sharing, the Company continuously refines its environmental management system, strengthens resource recycling, and enhances energy consumption control. Through ongoing exploration in the practice of green, low–carbon, and sustainable development innovation, HGTECH is making every effort to contribute to the realization of the "Dual Carbon" goals.

05

Environmental Management System

HGTECH integrates the concept of sustainable development into the company's operation, deeply learns and implements Xi Jinping's idea of ecological civilization and takes the company's social responsibility work into overall consideration. In response to the "dual carbon goals", HGTECH integrates the concept of green, low–carbon and sustainable development into the company's high–quality development strategy. Complying with the trend of industry change under the concept of green energy–saving, HGTECH further promotes the construction of green industrial manufacturing system, emphasizes the catalytic role of industrial development in driving revitalization, and strictly implements regulations related to environmental protection, emission reduction, production safety and labor law, then promoting the sustainable development of the company and whole society.

Environmental Compliance Management

To ensure the orderly implementation of environmental management work, HGTECH has formulated a series of environmental protection systems, such as Environment and Occupational Health and Safety Management Manual, Procedures for Environmental Factors Identification, Evaluation and Control, Safe Production Responsibility System and Safety Management System, in accordance with Environmental Impact Assessment Law of the People's Republic of China and other relevant regulations. According to the requirements of GB/T 2400/ISO 14001 Environmental Management Systems— Requirements with Guidance for Use, GB/T 45001/ISO 45001 Occupational Health and Safety Management Systems—Requirements with Guidance for Use, and AQ/ T9006 Basic Specifications for Work Safety Standardization, and HGTECH adheres to the principle of safety first and environmental protection, combined with the characteristics of relevant EHS management activities involved in the company product design, development, production and service. Additionally, HGTECH establishes EHS management system and EHS Management Manual which clearly defines EHS management system policies, objectives, and operational procedures, in accordance with relevant laws, regulations and other requirements.

HGTECH actively responds to the industrial green development plan— Made in China 2025, carries out standardized and normalized management in strict accordance with ISO14001:2015 Environmental Management Systems—Requirements with Guidance for Use, firmly implements the national environmental policies and regulations, strictly enforces the national, local and industrial standards, also analyses, predicts and evaluates the impact on the ecological environment in advance. HGTECH has continuously increased investment in energy–saving, emission reduction and technological transformation, and taken the initiative to phase out inefficient production equipment. Based on ensuring that discharge of wastewater, waste gas, noise and solid waste meets the regulatory standards, HGTECH further promotes the lean management, continuously improves the products' process to enhance the treatment efficiency of three–waste and energy utilization, finally implements green manufacturing, and commits itself to the creation of green factory.

The safety and environmental protection departments of HGTECH and subsidiaries are responsible for the establishment, implementation, maintenance and improvement of the environmental protection system. In 2024, HGTECH was awarded the Certificate of Environmental Management System, and all its subsidiaries passed the supervision and audit of the environmental management system and hold the certificates . HGTECH reviews the implementation of environmental protection related regulations and the operation of environmental protection facilities of each subsidiary from time to time, and corrects behaviors that are not in line with the company's environmental protection policy, then proposes rectification measures. HGTECH regularly environmentally monitors the 'three wastes' on key emission enterprises, and make sure that the annual environmental monitoring results falls within the requirements of relevant laws and regulations. HGTECH has built an energy statistics system and power consumption monitoring platform, which can conduct monthly statistical analysis to improve the secondary measurement of water and electricity. The Subsidiaries like HGGaoLi and HGImage both have obtained pollutant discharge permits. For more information about environmental management performance, please refer to "Key Performance Table – Table 2" .

Environmental Compliance Management Cases:

1.HGGAOLI has formulated the "Environmental, Occupational Health and Safety Management Manual," which clearly defines its environmental management policy. The Company commits to establishing and maintaining an effective environmental management system, continuously improving its environmental performance, and promoting the harmonious development between the enterprise and the environment. Concurrently, it actively promotes and educates on its environmental policy and objectives to enhance the environmental awareness and capabilities of all employees. During the reporting period, the Company conducted environmental protection knowledge training and hazardous waste classification management training covering multiple departments. HGGAOLI has successfully met the requirements of the annual surveillance audit for the GB/T24001–2016/ISO14001:2015 environmental management system standard and has obtained the corresponding certification.

2.HGGENUINE:

System Name	Certification Name	Certifying Body	Certification Date	Validity Period
ISO14001：2015	Environmental Management System	Intertek	2025/6/24	2028/7/8
ISO45001：2018	Occupational Health and Safety Management System	Intertek	2025/6/24	2028/7/8
ESD S20.20：2021	Electrostatic Discharge Control System	TUV Rheinland	2024/12/27	2025/12/26
ISO5001：2018	Energy Management System Certification	Zhongqi Huaxin	2025/4/24	2028/4/23
ISO14064-1	2024 Greenhouse Gas Verification Statement	Renfeng Certification	2025	/
ISO14067:2018	Product Carbon Footprint Verification	TUV NORD	2024	/

3.HGIMAGE

After years of sustained environmental investment, in October 2025, Jingmen Image was officially upgraded from an Environmental Level D enterprise in the packaging and printing industry to a Level B performance-leading enterprise. The company has achieved an advanced industry level in environmental governance, process equipment, and emission control, effectively enhancing its green development competitiveness and laying a solid foundation for compliant operations and high-quality development.

Addressing Climate Change

HGLASER： Conducted a self-evaluation based on the newly released national standard "Green Factory Evaluation General Principle" (GB/T36132–2025). Following a comprehensive assessment, the enterprise demonstrated excellent performance in energy consumption, resource utilization, pollutant emissions, and environmental management, successfully passing the annual evaluation and maintaining its qualification in the dynamic green factory management database. In terms of energy low-carbonization, the enterprise continuously optimized its energy structure and actively promoted energy-saving technologies. Currently, the park's energy consumption is singular, relying solely on electricity. Through enhanced energy management, the company effectively reduced its carbon emission intensity during production processes. By the end of 2025, the park initiated a photovoltaic power generation project, laying photovoltaic modules covering an area of 13,000 square meters. Regarding resource efficiency, the enterprise implemented a customized batch procurement model, precisely ordering standard components according to production plans, effectively reducing inventory and material waste. Simultaneously, relying on information systems such as ERP and MES, it achieved refined control throughout the entire process, optimized production scheduling and material allocation, and significantly improved the utilization rate of raw materials.

HGGAOLI: CDP disclosed a Supplier Engagement Assessment (SEA) overall score of A−. From January to December 2025, the company's rooftop distributed photovoltaic power generation reached 4,092,800 kWh. In coordination with the third–party verification agency designated by the Provincial Department of Ecology and Environment, the company completed the inventory of its 2024 corporate carbon emissions data, which amounted to 25,855.6 tCO_2. An appeal was filed to change the carbon allowance calculation method from the historical method to the historical intensity method. As a result, the allowance compliance gap was upgraded to a surplus of 3,542 tons, saving approximately RMB 60,000 in costs, and reducing compliance expenses to RMB 123,899.

Green Products: Responding to the "Dual Carbon" Goals

HGTECH actively responds to the "Dual Carbon" goals by improving processes, upgrading production equipment, building green factories, researching and providing lightweight and intelligent green products and services, and refining and strengthening management. These efforts support the green transformation and upgrading of the manufacturing industry, empower green and low–carbon development, and contribute to the construction of a Beautiful China.

Tire Mold On–Line Intelligent Laser Cleaning Equipment

Laser cleaning technology utilizes a laser with narrow pulse width and high power density on the surface of the object to be cleaned. Through the combined mechanisms of rapid vibration, vaporization, decomposition, and plasma stripping, contaminants, rust, or coatings on the surface are instantly evaporated and stripped away, achieving surface cleaning. The advantages of laser cleaning, including being non–contact, environmentally friendly, efficient and precise, and causing no damage to the substrate, make its application scenarios versatile.

EV Battery Insulation Film Intelligent Laser Cleaning Equipment ————

Used for the automated cleaning of insulation film on reworked battery cells, replacing the existing manual cleaning process.

The battery cell is placed at the cleaning station using a mechanical structure or robot. By rotating the cell and moving the galvanometer, full–scale laser cleaning of the cell is achieved.
Reduces Harmful Dust Absorption: A line–scanning laser is used to remove the insulation film from the battery cell. While removing the film, the generated harmful dust is simultaneously absorbed, thereby preventing explosions and enabling direct exhaust.

Laser Intelligent Manufacturing Series Solutions for the Hydrogen Energy Industry ————

HGLASER presents a comprehensive "laser + automation" factory solution for the entire hydrogen industry chain, directly supporting the dual carbon goals and the high–quality development of the green hydrogen industry.
Fuel cells are core equipment for zero–carbon hydrogen utilization, efficiently converting green hydrogen into electricity with no combustion and zero emissions throughout the process. This supports deep decarbonization in transportation, industry, and distributed power generation, significantly reducing end–terminal carbon emissions.
Alkaline electrolyzers are key carriers for green hydrogen production, converting renewable electricity such as wind and solar power into green hydrogen. This enables large–scale storage and cross–regional allocation of clean energy, replacing fossil fuel–based hydrogen production at the source and driving the low–carbon transformation of the energy structure.

These two high–end production lines leverage laser intelligent manufacturing to ensure high performance, high reliability, and mass production of equipment, accelerating the closed–loop implementation of green hydrogen "production–storage–transportation–utilization". They provide solid equipment support for global carbon neutrality and the development of the green hydrogen industry.

Smart Factories ————

To date, HGTECH's intelligent manufacturing business segment serves clients across key sectors of the national economy, including shipbuilding & marine engineering, energy equipment, construction machinery, steel structures, and new energy materials. It has provided over 700 enterprises with intelligent manufacturing–related services covering top–level design planning, production line planning and implementation, warehousing and logistics integration, and digital products. The company has received numerous national honors, including the development of 12 billion–yuan–level smart factories and the creation of industry–first applications for smart factories in multiple sectors. This has facilitated the digital and intelligent transformation and upgrading of numerous smart factories, including those at China Merchants Industry (Weihai) Shipyard, Wison New Energies, Hubei Guangji New Energy Shipbuilding, Jining Energy New Energy Shipbuilding, Jiangnan Shipyard, Zoomlion, Taiyuan Heavy Industry, Weichai Lovol, Shunte Electric, and Jiangsu Huachen.

In 2025, HGTECH continued to deeply cultivate the shipbuilding industry and energy equipment sector, successfully signing projects such as the "China Merchants Industry (Weihai) Shipyard Digital Green Smart Factory," the "Wison Clean Energy Startup Base Intelligent Material Preparation Line," and the "Hubei Provincial Intelligent New Energy Ship Industrial Park Joint Workshop Intelligent Production Line." In December 2025, multiple projects for the "Jining New Energy Shipbuilding Smart Factory" successfully passed acceptance, receiving high recognition and praise from the client. This project was selected for the 2025 Shandong Provincial Advanced–Level (provincial) Smart Factory list. The project innovatively applied independently developed high–end laser cutting equipment, laser hybrid welding equipment, and full–format multi–head marking and coding equipment. It adopted multiple self–developed new–generation information technologies, including intelligent generation and recognition technology for cutting lines, intelligent hybrid nesting technology, weak feature high–precision recognition and positioning technology, an AI + vision intelligent sorting system, a yard management system, an intelligent central control system, and a digital twin system. This achieved intelligence and reduced manpower across the entire process, from steel warehouse entry/exit, yard management, loading/unloading, marking, cutting, sorting, logistics transfer, plate frame assembly welding, sub–assembly fitting and welding, to longitudinal member fitting and welding. The sub–assembly fitting and welding production line utilizes automatic fitting and tack welding technology, overcoming industry technical barriers and obtaining an invention patent (ZL 202411631986.2), achieving a welding pass rate of up to 98%. After project completion, the production efficiency of hull components increased by 50%, overall design efficiency improved by 10%, operating costs were reduced by 20%, the first–pass yield rate of products increased to 95%, energy consumption per unit of output value decreased by 15%, the CNC rate of key equipment exceeded 95%, the data acquisition rate reached over 98%, and the self–developed rate of hardware and software for the intelligent system solution exceeded 95%. The technological process level is ranked first in the domestic inland new energy vessel manufacturing industry, promoting the standardized development, industrial integration, and large–scale application of inland new energy vessels.

In the field of new energy equipment, HGTECH successfully signed projects such as the "Jiangsu Huachen New Energy Power Equipment Digital Intelligence Factory Project" and the "Ningbo Aoneng Electric Intelligent Welding Production Line Project." Integrating the production process of new energy oil–immersed transformers, HGTECH built an intelligent production line for Jiangsu Huachen encompassing cutting and blanking, automated welding, and warehousing logistics. The main products processed are new energy oil tanks, achieving a full–process operation from raw material warehousing — cutting and blanking — automatic sorting — AGV transfer — automated welding — painting. Upon completion, it is expected to produce 30 units per day, with an automation rate of over 80% and equipment utilization rate of over 85%. This solves multiple problems in the oil tank production process that severely restrict enterprise development, such as low welding efficiency, difficult production scheduling, and information opacity.

Laser + Intelligent ●

Manufacturing Pioneers the Automotive Industry's New Journey Toward Low-Carbon Transition

Driven by "dual carbon goals", new energy vehicles are entrusted as a historic mission of our era. As an advanced production tool, laser is widely used in the design, process and production of new energy vehicles, etc. HGTECH actively explores the typical application of advanced laser technology in the manufacturing of new energy vehicles, and assisting the traditional automotive industry in the upgrading of intelligent manufacturing.

3D 5-Axis Laser Cutting/
Welding for Automotive A/B Pillars

Weakening Process for Airbag Covers
Welding of Airbag Initiators

Roof Panel Welding for
Body-in-White

Tailgate Welding for
Body-in-White

Wheel Hub Cutting/
Welding

Seat Systems Cutting
/Welding

Bumper Beam &
Crash Box Welding

4-Door & 2-Hood Cutting
/Welding/Hemming/Sealing

Side Panel Welding for
Body-in-White

Battery Tray Welding

Cutting/
Welding of Automotive Plastic
Components

Floor Panel Welding for BIW

Laser Drilling for
Automotive Bumpers

Drivetrain Component Cutting
/Welding

Headlight/Taillight Cutting & Welding

Automotive Lightweighting

On the basis of keeping strength and safety, automotive lightweighting is to reduce the overall vehicle mass as much as possible, improve the power performance of automotive and to reduce fuel consumption. HGTECH empowers the automotive industry transformation with "Laser + Intelligent Manufacturing". The evolution toward automotive lightweighting—encompassing advanced material processing, structural and modular design methodologies, and next-generation joining technologies—demands parallel innovations in manufacturing processes. HGTECH drives this industrial transformation through its "Laser + Intelligent Manufacturing" solutions, so laser cutting and welding technologies, with their unique advantages in efficiency, precision, flexibility, and non-contact processing, have emerged as critical enablers of automotive lightweighting.

Application of Automotive Lightweighting

3D Five-Axis Laser Cutting Intelligent Equipment

Specially developed for automotive hot-formed components, this intelligent laser processing system effortlessly cuts through ultra-high-strength steel up to 2000 MPa. It enables precision thinning of hot-formed high-strength steel sheets, achieving 20% weight reduction per component—making automotive materials thinner, lighter, yet harder and stronger.

PTC Heater »

Typically, the weight of a single PTC heater is around 2kg. By increasing the power density of the heating pack, the heater's volume can be reduced by 10% while maintaining the same power output, enabling an optimal balance of high performance and light weight.

New Energy Battery Pack Module and Battery Box (Tray) »

Welding automation production line replaces steel with aluminum to achieve "weight reduction" of the body. The unique welding anti-deformation technology of HGTECH can control the welding seam precision at 1mm, which can be applied to all-aluminum battery pack shells. Also it can reduce the weight of the battery pack by about 26.7%, bringing a new choice of process with lighter quality and higher strength.

Body-in-White Roof Panel Laser Welding Automation Production Line »

The first all-aluminum body laser welding production line independently built by HGTECH reduces the edge width of parts and connecting auxiliary materials by about 20%, and further reduces the weight of the body-in-white, and still maintains the stability of the equipment, welding speed and strength.

Integrated Laser Welding Equipment for A utomotive Door Rings »

Compared with the traditional stamping-welding technology, the application of the integrated double door ring laser welding thermoforming solution reduces the weight of the door ring parts by about 10k, increases the material utilization rate to 71.9%, and improves the collision safety performance of the local area, which is an important path for the lightweighting of the steel parts of the body-in-white to be realized.

Solar/Light/Rain/Defogging Sensor »

It is a multi-functional integrated sensor that combines solar, rain, temperature & humidity monitoring and HUD functions into a compact unit. It compacts multiple separate sensors into a single unit that weights less than 20g, enabling intelligent bus control and functional integration.

Tire Mold Laser Cleaning Intelligent Equipment

Low-carbon Automation, High-end Laser Equipment to Help Tire Industry Transformation
Pneumatic tires are the "feet" of automobiles. As an indispensable component in automotive manufacturing, pneumatic tires are vital to ensuring safety, water drainage, grip, and driving comfort during use—all of which depend on regular cleaning of tire molds . However, traditional tire mold cleaning methods suffer from low efficiency, high energy consumption, and significant pollution, failing to meet modern tire production demands for energy savings, emission reduction, and low-carbon sustainability. Laser cleaning technology, non-contact, abrasion-free, and eco-friendly solution, will replace the traditional cleaning process inevitably.

HGTECH independently researches and develops "Tire Mold Laser Cleaning Intelligent Equipment". HGTECH has overcome the laser, cleaning head, vision guidance technology and many other core components and processes, fearless of high temperature "baking test". The equipment can make the dirt swept away if "not dismantle the mold", also can clean a pair of tire molds online at 45 minutes. The equipment can effectively solve those tough problems, such as "long standby time, repeated disassembly, mold wear and tear, non-complete cleaning, environmental pollution, high energy consumption", so as to reduce the downtime of vulcanizer, improve the production efficiency and tire quality. The equipment brings a new era of "low-carbon, automated" tire mold cleaning.

Environmental Protection Investment

In 2025, the enterprises under HGTECH have cumulatively invested over RMB 10,665,400 in environmental governance, mainly for the disposal of hazardous waste, the construction and operation and maintenance of waste gas treatment facilities, the improvement of on-site environmental facilities, environmental monitoring, regular monitoring of wastewater and waste, carbon emission compliance, the formulation of environmental contingency plans, environmental impact assessment and acceptance, and other environmental protection expenditures . The affiliated companies have paid environmental protection taxes in accordance with the law.

Waste Disposal

HGTECH strictly abides by the Environmental Protection Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations to carry out pollutant management. HGTECH has formulated documents on sustainable development such as Carbon Emission Management System, Prevention and Control of Environmental Pollution, Energy Management Procedures, Clean Production Management Procedures etc. For the wastewater, waste gas, hazardous wastes and general industrial solid wastes generated in the course of production and operation, the company has formulated an effective internal management system, monitored all kinds of emission indexes in accordance with the national and regional emission standards, and carried out strict emission management, making sure that all waste disposal is Compliance treatment and discharge. Clean production is throughout the entire process of project planning and product planning, giving priority to the use of clean production technologies, processes and equipment with high resource utilization and low pollutant generation, and giving priority to the selection of non-toxic, non-hazardous, easy to degrade or easy to recycle solutions. Through the reduction and control of environmentally hazardous substances, promote green design and production, effectively preventing environmental pollution. Enhance energy performance and reduce greenhouse gas emissions by purchasing energy-saving equipment and products, improving processes and conducting energy-saving activities.

Waste Water	**Management system: Wastewater Discharge Management Standards.** Discharge category: domestic sewage, production wastewater. Pollution Prevention Measures: regular inspection of sewage discharge pipelines; regular sampling and monitoring; environmental pollution insurance coverage; establish a chemical wastewater depository; recycling and disposal by a qualified treatment center.
Waste Gas	**Management System: Management Measures for Exhaust Gases, Norms for Air Emissions Management.** Emission categories: volatile gases from chemical substances, exhaust gases from cutting and welding processes, etc. Pollution prevention and control measures: open fume extraction equipment during production;
Hazardous Waste	**Management System: Waste Management Regulations, Waste and Discarded Materials Management Regulations.** Discharge categories: mercury-containing batteries, waste mixed hardware, waste electronic components, waste activated carbon, chemicals, etc. Pollution prevention and control measures: set up corresponding waste storage areas and garbage containers, and mark them; use chemical crates when turn over or transport corrosive chemical bottles.
General Industrial Waste	**Management System: Waste Management Regulation, Waste and Waste Management Regulations.** Emission categories: waste cartons, waste metals, waste glass products, waste plastics, etc. Pollution prevention and control measures: for recyclable waste: sold to waste collectors or direct recycling on its own; for non-recyclable waste: managed through a sanitation service agreement between the property management company and local municipal sanitation department, ensuring centralized processing in compliance with environmental regulations.

Waste gas ●

HGGAOLI: The waste gas treatment facility has been upgraded to a secondary activated carbon adsorption device in accordance with the "National Pollution Prevention and Control Technology Guidance Directory (2024 Edition, Restricted and Eliminated Categories)" (Draft for Comments).

废气在线监测

Hazardous Waste ●

HGIMAGE and its subsidiaries have established and strictly implemented the "Management System for the Collection, Storage, and Transfer of Hazardous Waste" and the "Emergency Plan for Environmental Incidents." They have safely disposed of 183.07 tons of hazardous waste, including harmful chemical substances. Additionally, they have conducted emergency drills for environmental incidents such as chemical leaks, focusing on key scenarios like leak disposal and emergency rescue. These drills standardize emergency operating procedures and further strengthen employees' safety awareness and prevention capabilities.

Case Study on the Management of the Three Wastes ●
(Wastewater, Waste Gas, Industrial Residue)

In accordance with the self-monitoring requirements of its pollutant discharge permit, HGGAOLI commissioned a third-party institution, Hubei Lanke Testing Technology Engineering Co., Ltd., to conduct environmental testing in 2025. Tests were carried out on the company's wastewater, waste gas, and plant boundary noise. The test results complied with the relevant standards. The testing frequency included organized waste gas twice a year, domestic wastewater and unorganized waste gas once a year, and plant boundary noise four times a year.

Pollutant Emission Management

In compliance with national environmental protection policies, HGGAOLI, a wholly–owned subsidiary of HGTECH, has estab–lished a comprehensive set of sustainable development documents, including the "Carbon Emission Management System," "Management System for the Storage and Disposal of Hazardous Waste," "Noise Control Management System," "Regulations on Designated Scrapping of Waste in the Industrial Park," "Management System for Precursor (Highly Toxic) and Explosive Chemicals," and the "Energy Saving and Consumption Reduction Management System." These systems enable the Company to analyze, predict, and assess potential impacts on the ecological environment in advance.

The Company continuously increases investment in energy conservation and emission reduction, phasing out outdated equip–ment to ensure that wastewater, waste gas, noise, and solid waste are discharged in compliance with standards. Concurrently, it deeply promotes lean management, improves processes, enhances the efficiency of "Three Wastes" (wastewater, waste gas, industrial residue) treatment and energy utilization, and actively works towards creating a green factory.

Thanks to its rigorous management, HGGAOLI successfully changed its pollutant discharge permit to simplified management. In 2025, it passed the recertification audit for its environmental management system and holds the corresponding certificate. The Company achieved zero violations in pollutant emissions throughout the year, with no minor injuries or more severe accidents, nor any environmental incidents. This has strongly promoted the sustainable development of the Company, the economy, and society, setting a benchmark for green development in the industry.

Rational Utilization of Resources

HGTECH has always been an active responder to environmental protection, adhering to a two–way management model of "technological transformation and management." It has formulated management systems such as the "Energy Management System" and the "Management Specification for Resource and Energy Conservation" to achieve the energy management goals of "refined energy management, scientific energy metering, responsible energy conservation, and visualized on–site management." These efforts aim to reduce the company's consumption of resources and energy, improve the utilization rate of resources and energy, minimize waste, lower costs, fully realize the scientific, rational, and effective use of resources and energy, and enhance the company's modernized level of energy management.

Circular Economy

Hubei Image, following the principles of recycling and reuse, as well as cost reduction and waste minimization, continuously carries out technological transformations and process optimizations. This includes the secondary reuse of stripped PET film. The annual recycling and reuse of PET film amounts to 81 tons, further effectively reducing the generation of solid waste.

Resource Management and Energy Saving Measures

Electricity Consumption

Lighting, Office Electricity

Office area: Use natural light as the main lighting, and turn on 2/3 (on cloudy days) or 1/3 (on sunny days) of the lighting during the day.
Corridors, locker rooms, restrooms: natural light is the main source of illumination during the day; turn on 1/2 of the lights on cloudy days when there is insufficient light.
Roads in the factory: keep lighting off during the day, and keep lighting on at night.
Each production workshop:keep lighting on according to the workforce and work part of the lights; in non–work areas, only open a (or a row of) lights; during non–working hours, only part of the lights (a or a row) to ensure that the channel lighting to facilitate personnel's movement .
Office appliances (such as: computers, printers, water dispensers, etc.) must follow:turn on only when needed, shut down immediately after use; computer monitors are automatically sleep after 3 minutes of inactivity; computer moni–tors are manually power off when leaving workstations. unplug power cords at end of day.

Electricity Consumption of Production and Power Equipment
According to centralized production, each department should avoid equipment empty run, and follow the three optimal energy – saving status labels for equipment startup frequency in the Equipment Management Procedures (i.e., use upon startup, intermittent shutdown, and keep running for long – term use) to determine when to switch on or off. When the equipment shuts down or not in use, it should be turned off and the power supply should be cut off.
Power equipment: According to the temperature and humidity of the workshop, refrigeration mainframe, boiler, humidifi–er, dehumidifier, wind cabinet, cooling water pump, chilled water pump, shall be adjusted to the most energy– saving way.

Air Conditioning Management
During summer cooling, the temperature should not be set below 26° C; during winter heating, the temperature should not exceed 18 ° C. When the air – conditioner turns on, the doors and windows connected with outdoor area should be kept closed.The water system of the central air conditioner should be cleaned once a year, improving heat exchange efficiency and reducing operational load.

Water Consumption

According to the water consumption plan issued by the Municipal Water Conservation Office, the company strictly controls the clean water, water consumption and sewage discharge.
Each subsidiary equipment management department is responsible for inspecting water supply pipe network, timely discovering and repairing leakage faults, and preventing leakage and water waste. Water usage in the restrooms should be paid special attention. Close the valve in time after flushing the toilet. Only turn on the faucet halfway when washing hands and turn it off promptly after use.

Oil Usage

During the operation of various types of equipment, attention should be paid to lubricating materials used (such as the lubricating oil for air compressors) to avoid waste. The company's shuttle buses are electric vehicles, which helps reduce greenhouse gas emissions.
When maintaining equipment and facilities, each department should pay attention to the amount of lubricant to avoid excessive application, and waste and leakage to the ground, polluting the environment.

Gases Usage

Nitrogen, air pressure gas, etc.
All subsidiary equipment manage–ment departments must perform regular maintenance on gas supply systems according to the Gas Supply Equipment Maintenance Work Instructions.
Each gas–consuming department should adjust the gas pressure range and the requirements of the produc–tion process to the minimum pres–sure, to reduce the flow rate and save gas.
According to the requirements of equipment and process, all gas–us–ing departments do not use nitrogen gas if they can use air pressure gas, and do not use high–purity nitrogen if they can use general nitrogen, so as to reduce the cost of gas source.

Office supplies

The company actively promotes office automation and networking, tries to use electronic documents and electronic mailboxes in work, and advocates revising manuscripts on electronic media to reduce paper consumption.
A designated person should be assigned to manage the daily office supplies of each department, and the system for requisitioning office supplies should be strictly implemented; except for the confidential information of the company, the paper materials should be utilized on both sides.
Streamline documents. For matters that do not necessarily require issue official documents for deployment, try to deploy them through meetings as much as possible. For matters that truly require the issuance of official documents, the printing quantity should be accurately calculated to avoid reprinting and excessive printing.
Economically use cleaning and sanitation tools. Mops, rags, waste paper baskets should be properly stored to extend the service life.

Raw materials

The company purchases main raw and auxiliary materials according to the amount of usage and existing stock.
The use of raw and auxiliary mate–rials should strictly adhere to the principle of "first in, first out" to prevent from ineffective or deteri–orating.

In addition, the company implements lean production, supports agile management through informatization and digital tools. The company continues to improve the turnover efficiency of products and the utilization rate of the site, which promotes quality improvement and reduces waste, effectively reduces production costs, and shortens the product development and production cycle.

Environmental Protection Measures at Overseas Bases

Since its establishment, the Thailand base has strictly complied with relevant Thai laws and regulations, continuously improving its environmental, occupational health and safety management system. It has formulated and implemented a series of policy documents covering sustainable development and environmental protection, including but not limited to multiple sustainable development management systems such as the "Management System for the Storage and Disposal of Hazardous Waste," "Noise Control Management System," "Regulations on Designated Scrapping of Waste in the Industrial Park," "Management System for Precursor (Highly Toxic) and Explosive Hazardous Chemicals," "Energy Saving and Consumption Reduction Management System," "Safety Inspection Operating Procedures," and "Wastewater Discharge Management Specifications." The base actively integrates legal and regulatory requirements into its daily operations, continuously optimizes its own strategies, and promotes the achievement of sustainable development goals, making positive contributions to the local society and environment. Simultaneously, the base actively implements environmental protection and occupational health and safety management measures, continuously conducts wastewater, waste gas, and noise testing, transfers hazardous waste in compliance with laws and regulations, and regularly organizes occupational health check–ups, ensuring that the entire production and operation process meets environmental protection and safety standards.

In 2025, the factory has obtained certification for ISO 14001:2015, ISO 45001:2018, ISO 9001:2015, and ESD S20.20:2021 management systems. It has currently initiated work on ISO 14064 system certification, ensuring that the management system operates in a standardized and effective manner.Through strict implementation of relevant laws, regulations, and systems, the factory achieved zero violations in pollutant emissions throughout the year, with no environmental incidents or personnel casualties, demonstrating the company's outstanding achievements in environmental protection and safety management.To build a "data–driven green factory," the Thailand base has deployed a factory online management system that integrates intelligent temperature and humidity control, power consumption data monitoring, and safe refrigeration of workshop glue freezers. This system represents a core pathway for the company to achieve a triple value leap in Environ–ment (E), Society (S), and Governance (G). It is not merely an isolated functional module but an infrastructure for constructing a "data–driven green factory," directly responding to international ESG rating standards and Chinese regula–tory requirements, thereby forming a quantifiable, auditable, and financiable sustainable competitive advantage.

ESG Dimension	Implementation Measures	Technical System Support	Corresponding International Standards	Environmental/Social/ Governance Value
Environment (E)	Achieve real-time monitor-ing of the plant's energy flow and energy efficiency optimization	Power Energy Monitoring System	GRI 302-1 (Energy consumption), GRI 302-2 (Energy intensity), CDP C8 (Operational efficiency improvement)	Reduce annual energy consumption per unit of output value, decrease Scope 2 carbon emissions (CO_2e), supporting the net–zero pathway.
Environment (E)	Predictive maintenance of compressed air systems to reduce leakage and no-load energy consumption	Gas Automatic Control Retrofit System	SASB MFG-EN-1a (Energy efficiency), GRI 305-3 (Greenhouse gas emissions)	Reduce indirect emissions.
Environment (E)	Real-time leak monitoring and automatic linkage to prevent water resource pollution and waste	Leak Detection and Monitoring System	CDP Water Security Q4.2 (Leak control), GRI 306-1 (Water and effluents)	Reduce resource waste.
Environment (E)	Continuous monitoring of particle concentration in cleanrooms to ensure pollution-free production	Airborne Particle Counter System	SASB MFG-EN-3 (Hazardous substance control), ISO 14644-1 (Cleanroom standards)	Reduce product scrap rate, minimizing resource waste.
Environment (E)	Precise temperature con-trol for power distribution cabinets and glue freezers to reduce VOC emissions and electrical fire risks	Power Distribution Cabinet Temperature Safety Detection System	GRI 305-4(Emissions and releases), Thailand Ministry of Industry Standard B.E. 2563 (VOCs management)	Glue freezer temperature control devia-tion ≤ ±1 ° C, reducing annual VOC emis-sions by 0.9~1.3 tons, complying with cross-border application requirements of the "Measures for the Administration of Corporate Environmental Information Disclosure in Accordance with the Law."
Governance (G)	Build a unified data middle platform to achieve central-ized management of produc-tion, energy consumption, and equipment data	Automation System Upgrade and Integration Platform	IFRS S2 (Climate-related financial disclosures), SASB MFG-GV-1(Data governance)	Support third-party ESG audits.
Governance (G)	Standardize hierarchical alarm mechanisms and emergency response procedures	Automation System Upgrade and Integration Platform	TCFD Governance (Risk management structure)	Alarm response time reduced from 60 minutes to 20 minutes, enhancing operational resilience and reducing the probability of environmental incidents.
Society (S)	Remote monitoring reduces the frequency of manual inspections and improves operational safety	All six major systems	SASB MFG-SO-1 (Occupational health and safety)	Reduce the frequency of manual inspections in high-risk areas by 50%, decreasing exposure risks to high temperatures, high pres-sure, and chemicals.

06

Guardianship

We, Our Employees, and Social Responsibility

Employees can find a platform for growth and development. The company provides a diverse and flexible training system to assist employees in continuously improving themselves and achieving their career goals. At the same time, we value the physical and mental health of our employees and strive to create a friendly and harmonious working environment, so that employees can feel the company's care while working.

Employee Rights and Benefits

Employee Employment and Basic Rights

The company strictly complies with Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, and Personal Information Protection Law of the People's Republic of China, as well as relevant laws and regulations applicable in overseas areas. In combination with the actual situation, the company has formulated a complete human resources management system and relevant regulations.

The company adheres to the principle of equal employment and opposes all forms of discriminatory behaviors resulted from differences such as gender, age, region, educational background, religious belief, nationality, race, and disability status. The company devotes itself to striving to create a diverse and inclusive working environment. At the same time, the company has established a fair, just, and open mechanism for selecting and employing personnel. Use of child labor, forced labor, overtime work, harassment, and abuse are definitely prohibited, and HGTECH firmly safeguards the legitimate rights and interests of employees.

During the reporting period, the labor contract signing rate was 100%, and the social insurance payment rate for employees under the labor contract system was also 100%. There was no use of child labor or forced labor. For more information on employee employment performance, please refer to "Key Performance Table – Table 5".

Employees Rights & Management Methods

Recruitment and Dismissal

Recruitment: The company has formulated management systems such as the Interim Provisions on Recruitment Management and the Management Measures for Implementing the Falcon Plan. Adhering to the principles of "open recruitment, fair competition, scientific evaluation, and selection of the best candidates", the company conducts recruitment activities, standardizes the employment procedures, protects employees' privacy and information security. The company firmly prohibits employment of child labor, and resists all forms of forced labor.
Dismissal: The company conducts dismissal–related work with employees in accordance with local laws and regulations.

Salary and Promotion

Salary: The company adheres to equal pay for equal work, continuously optimizes the system management system, and provides employees with competitive salary. A precise incentive mechanism is set up according to different job categories, enabling those value– contributors to have a greater sense of fulfillment and fully stimulating employees' potential.
Promotion: The company implements the principles of open, fair and just promotion management. There are four basic principles in managers selection:
·having both ability and integrity, and integrity taking precedence;
·focusing on performance and conducting multi–position rotations;
·competing for employee with open procedures, keep flexible for both upward and downward mobility;
·giving more chances to young cadres with professional expertise.

Working Hours, Overtime, and Vacation

Working Hours: The company has formulated management systems to ensure that working hours in different locations comply with local regulations. Different shifts are set according to production needs, and employees' rights and interests are protected as stipulated.
Overtime: The company advocates "Happy Work, Healthy Life" and opposes all forms of perfunctory overtime. There is an application for overtime work in advance if necessary. The company aims to continuously improve work efficiency by enhancing employees' professional qualities, optimizing processes, promoting informatization, and carrying out production automa–tion transformations, enabling employees to strike a good balance between work and life.
Vacation: In accordance with local laws and regional policies of the working locations, the company provides employees with paid annual leave, marriage leave, maternity leave for female employees, nursing leave, etc.

Additionally, the company organizes symposiums for different employees:"Angel Interview" for new employees before their regularization; "Falcon Symposium" for structural talents; "Youth Symposium" for school recruits;"Technical Symposium"for R&D personnel; "Engineering Master and Doctor Symposium"for engineering and technical experts; "Expert Symposium" for technical experts.The company gain multi–dimensional understandings of employees' evalu–ations of the company's management as well as their suggestions. The company actively responds to the demands of employees, strengthens the sense of belonging of employees, and improves their satisfaction.

Employee Benefits

In accordance with relevant national laws and regulations, the company has formulated management systems such as the Interim Provisions on Unified Welfare Management to further optimize the employee welfare system. Also the company provides employees with diverse welfare guarantees including statutory benefits, health benefits, living benefits, consolation benefits, and growth benefits.

★ Consolation Benefits
Condolences to employees in difficult situations
Condolences to retired employees
Condolences to sick employees
Condolences for the death of employees' near kin, etc.

✔ Statutory Benefits
Statutory holidays
Marriage leave
Maternity leave and paternity leave
Annual leave, etc.

📈 Growth Benefits
Learning allowances
Remuneration for in–house trainers
Allowances for in–house trainers
Evaluation for excellence and commendation

➕ Health Benefits
Annual physical examination
Supplementary commercial insurance

♥ Living Benefits
Commuting shuttle buses
Canteen services and meal allowances
Telephone bill subsidies
Team–building activities and festival benefits, etc.

Employee Care

The Company adheres to the working philosophy of "Work happily, live healthily," and is committed to creating a comfortable working atmosphere for its employees. It actively carries out various employee care and appreciation activities to foster a warm and harmonious workplace environment.

The Company consistently cares for the health and well–being of its employees and their families, offering support to those facing financial difficulties. During the reporting period, the Company provided a total of RMB 154,500 in assistance to employees in need. The Company continues to deepen and improve its measures for the employment and support of persons with disabilities. HGTECH Gaolin was recognized as a National Base for the Proportional Employment of Persons with Disabilities. It has installed accessible facilities for employees with disabilities in buildings such as canteens and offices, and organized a sign language lecture event on the 35th National Day of Assist–ing Persons with Disabilities.

Employee Development and Training

Talent Echelon Construction

On June 28, 2022, General Secretary Xi Jinping emphasized that technological innovation depends on investment and talent during his inspection to HGTECH. HGTECH has always holds the concept of "the future of enterprise lies in innovation, the key to innovation lies in investment, and the focus of investment is talent". Based on the principle of "introducing and cultivating at the same time, and incentivizing and restraining synergistically", HGTECH has set up an employee career development system, so as to manage effectively and create a favorable environment for the growth of talents.

As a high-tech enterprise, HGTECH advocates that "To be a manager who understands technology, to be a technical expert who understands management", and always insists on two promotion paths of management and profession. The company prioritizes character, core competencies, and primary strengths in talent selection, embracing the following principles: No perfectionism — Valuing growth potential over flawless track records; Merit-based advancement — Rejecting seniority- driven promotion systems; The company has consistently built the qualification system, regularly gives evaluation of employees, which helps employees improve professionalism. In addition, the company encourages cross-department rotations to develop multi-skilled talent.

Management Channel — Employee Promotion Methods — Professional Channel

Job Competition and Selection

Evaluation of Professional Title

Multi-dimensional Talent Cultivation System

The Company, guided by the principle of "maximizing individual potential and creating value together," adheres to the development philosophy that "everyone has potential." It innovates talent cultivation methods by actively building a three-tier training system comprising the "Young Seedling," "Elite," and "Executive Training" programs. The Company promotes distinctive talent development initiatives such as the "Product Line General Manager Bootcamp," "Sales Mobile Classroom," "Academician Online," the "Jointing Plan," and the "91 Talent Classroom." It explores the establishment of a reverse mentorship program for employees born after 1995, strengthens the development of a younger management team, continuously develops online training methods, and comprehensively promotes the OPE Micro-College. By integrating online and offline training, the Company encourages employees to learn independently and empower themselves, fostering a learning organization where everyone wants to learn, can learn anywhere, and can learn anytime. Simultaneously, leveraging the construction of the Central Research Institute, the cultivation of outstanding engineers, and the training of master's and doctoral engineering students, it forms a tripartite collaboration model involving government, universities, and enterprises.

Offline Training	Training Attendances	Average Training Hours Per Person	Micro Classes Created
11200 Sessions	**15,3000** Person	**15.5** hour	**341** Class

2025

Training Systems for Employee

Research & Development	Marketing	Managers	General Training
Academician Online	Mobile Classroom for Salesman	Executive Charging Workshop	New Employee Training
IPD	Wolf Class	Product Line General Manager Training Camp	Lean Office
Technical Night Talk	Industry Show	Elite Class	Space Swap
Engineering	Sales Toolkit	Youth Class	Book Reading Club
Laser First Classroom	Hardening Program		Xin Xin Xiangrong

1 Reverse Mentoring Post-95
Employees Born After 1995
The Development and Challenges of AI

18 HR New Employees
HR Strategy, AI-assisted Music Composition, AI-assisted PPT, AI-assisted Marketing Tools, Incremental Strategy & Performance, etc.

1 Sales Mobile Classroom
Marketing Personnel
Company News Overview / Expert Sharing / World Cafe / Business Promotion Exchange

2 Youth Class
Young employees
HR Strategy, AI-assisted Music Composition, AI-assisted PPT, AI-assisted Marketing Tools, Incremental Strategy & Performance, etc.

1 Bajie Program
(Jointing Program)
Skilled Personnel
Lean Lecture Hall / Digital Factory Implementation Path

1 Academician Online
Technology & Management
"Design and Control Technology for High-end Equipment Dynamics" / "Beidou and New Quality Productivity", etc.

1 91 Talent Classroom
All Employees
Professional Capability Building / Live Courses

3 Elite Class
Middle Management
Market-oriented / client-centric / Intelligent Manufacturing Overview, etc.

3 New Employee Training
Newly Hired Employees
Company Profile and Corporate Culture

4 AI Training
All Employees
New Trends and Business Transformation in Artificial Intelligence from the Perspective of DeepSeek
The Second Half of Large Models – Inspirations and Reflections from DeepSeek
Innovation Management Enhancement for Enterprises in the AIGC Era
AI Programming Assisting Software Development

3 Executive Charging Station
Senior Management
Company Executive Empowerment / Product Line Experience Sharing / Industry Expert Lecture "Organizational Management Psychology" / "Exploring Quality Value, Creating New Quality Competitiveness"

2025 Training Projects
partially

Employee Promotion and Incentives

The company advocates "let value contributors have more sense of achievements, let value contributors stand in the center of the stage", establish the precise incentive management system, make smaller accounting unit, designs more attractive material incentive and spiritual incentives, such as annual salary assessment for managers, five firewalls for management personnel, regularly conduct performance assessment openly and fairly every year, constantly update the method of selecting and appointing managers, integrate the performance appraisal into job promotion, which effec-tively identifies outstanding talents, and realizes precise incentives. At the same time, according to employees' willing and needs career development, the company improves the qualification system, internal transfer, internal competition, exchange of space and other mechanisms. Besides, the company gives full play to the leading role of independent evaluation, as to accelerate the growth of employees.

Company Performance Management Model
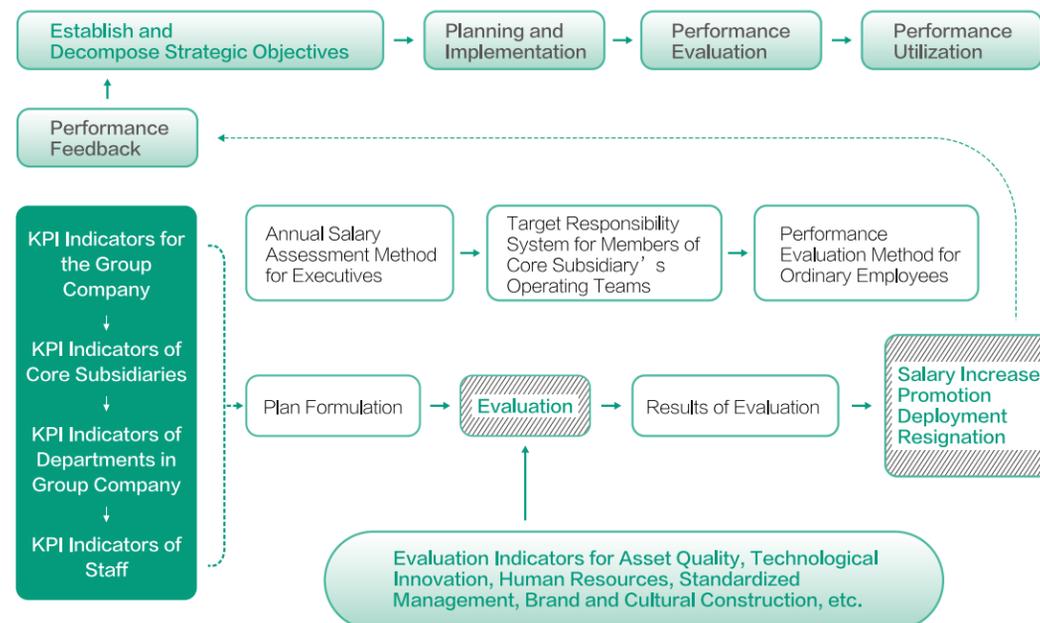
Main Incentive Measures

Material incentives

Manager	Professional and technical personnel
Internal Shareholding Plan Stock option plan (pending)	Technology Innovation Million Award Intellectual Property Rewards

Marketing personnel	Production personnel
Sales Revenue Commission Award	QCC Quality Improvement Reward

Non-material incentives

All personnel

Outstanding Employee Award
Labor Skills Competition Award
Innovation Team Award
Ten-Year Gold Medal Award

Occupational Health and Safety

Work Safety

In terms of work safety, the company strictly implements relevant laws and regulations such as the Work Safety Law and the Fire Protection Law, adhering to the safety policy of "Safety First, Prevention Focused, Com-prehensive Management". Guided by the principles of "full coverage, zero tolerance, and practical results", the company reinforces the primary responsibility for work safety at all levels and clearly defines the division of duties. It has established and released management systems including the Accident Management System, Ten Safety Prohibitions, Work Safety Education and Training, and Management of Labor Protection Supplies to standardize work safety management processes. The company consis-tently prioritizes the development of employees' safety competencies, building a robust safety culture system. It conducts regular safety training for all employees, organizes annual "Work Safety Reinforcement Month" activities, and continuously monitors the effectiveness of safety training to enhance employees' safety awareness and competence. This fosters a safety culture characterized by full participation and shared responsibility.

Emergency Response

In order to strengthen the ability to respond to emergencies, the company has formulated the Emergency Dispos-al Plan for Safety Emergency. HGTECH carries out firefighting drills and special emergency drills for key processes, by simulating safety accidents, rehearsing disposal and rescue actions. To strengthen our safety production team, we have organized all kinds of training related to safety production, such as mechanical injury prevention training, first aid training, fire safety training and drills, traffic safety training, forklift use safety train-ing, etc. Besides our daily safety work:monthly inspection, annual replacement of firefighting equipment,annual inspection of gas body detectors, various types of special equipment on schedule, "Special Equipment Safety Management System", "Temporary Electricity Operation Management System", "Management System of Oper-ations at Height", "Management System of Fire Operation", etc. HGTECH still have completed: re-filing of the emergency plan for work safety accidents, strengthen limited space management, make a numbered record on all limited space, clarify safety management requirements, post warnings in public.

Occupational Health

To effectively prevent, control, and eliminate occupational hazards and protect the health and related rights of employees, the company has established systems such as the Occupational Health Management System and Occupational Health Examination in accordance with the relevant provisions of the Law on the Prevention and Control of Occupational Diseases. Through measures including system standardization, training and education, and occupational health promotion, the company continuously strengthens the management and monitoring of occupational hazard prevention. The main occupational disease risks involved in the company primarily include noise, dust, chemical substances, and laser radiation.

In daily operations, the company provides employees with personal protective equipment (such as earplugs, earmuffs, dust-proof masks, and anti-toxic masks), installs protective facilities such as dust removal, ventilation, and sound insulation walls, and urges employees to collect and wear daily labor protection supplies to ensure their health and safety during work.

In addition, in strict compliance with national occupational health standards such as the Technical Specifications for Occupational Health Surveillance, the company entrusts qualified third-party medical institutions to conduct occupational health examinations for employees in positions exposed to occupational hazards. Health records are established and monitored, and employees are promptly informed of their occupational health examination results.

HGTECH has obtained the Occupational Health and Safety Management System Certification Certificate. The company has experienced no incidents affecting social or internal safety and stability, no fire safety accidents, no explosion incidents, no major or serious public security cases, and no unrest incidents seriously endangering society. It has successfully completed its annual work safety objectives.

Fulfilling Social Responsibility

Under the guidance of Hubei Province's "Rise of Central China" strategy, HGTECH fully leverages its role as a leading enterprise to drive industrial development. Guided by application scenarios, the company strengthens forward-look-ing systematic industrial deployment, increases investment in innovation, and promotes the cross-industry and cross-regional integration of innovation resources. It fosters innovative collaboration within the industrial and supply chains, driving the development of industrial clusters by extending, supplementing, and strengthening the chains. This has continuously stimulated the growth of the local electronic and advanced equipment manufacturing industries, establishing HGTECH as a model for the radiating influence of Wuhan's high-tech industry on surrounding area, thereby injecting strong momentum into the coordinated development of the regional economy.

The company has invested over RMB 300 million to build the HGTECH Opto electronic Information Industry R&D and Innovation Park in Optics Valley, adding new momentum to the development of a world-class optoelectronic infor-mation industry cluster inOptics Valley.Leveraging its intelligent terminal manufacturing base and sensor manufac-turing base in Xiaogan, as well as its anti-counterfeiting packaging industry base in Jingmen, the company actively creates job opportunities for impoverished residents in surrounding areas and continues to develop positions suitable for persons with disabilities. It was among the first to join the Xiaogan City Caring Enterprise Alliance for Employment and Entrepreneurship of Persons with Disabilities, carrying out initiatives to support persons with disabilities in various aspects, thereby helping to foster a positive social atmosphere of caring for and assisting persons with disabilities across the whole society.

In addition, as a major taxpayer, HGTECH pays taxes in full and on time, providing stable tax support for the local economy. The company has been honored as one of the "Top Ten Taxpayers" in the East Lake High-tech Zone for many consecutive years. In recent years, HGTECH has deeply explored high-end markets in emerging fields, contin-uously increased R&D investment, and built a hub for attracting high-quality talent. Within the new development paradigm featuring dual circulation, where domestic and international markets reinforce each other, the company forges long boards, addresses short boards, and forges new boards, fostering more new technologies, new products, and new directions. This injects strong momentum into the sustained growth of the regional economy.
HGTECH actively responds to the national call for the integration of industry and education, maintaining close ties with multiple universities to provide students with practical learning opportunities during winter and summer vaca-tions. Students delve into the front lines of the enterprise, actively putting into practice the earnest exhortations of General SecretaryXi the contemporary youth.

National Sports

In November 2025, HGTECH 2025 Optics Valley Marathon kicked off with great enthusiasm! A total of 13,000 runners gathered in Optics Valley to experience the dynamic blend of technology and culture, and feel the innova-tion and entrepreneurship vitality of the "World Optics Valley".As the title sponsor of the 2025 Optics Valley Mara-thon, HGTECH delivered professional, thoughtful and meticulous event services through elaborate planning and careful arrangement, striving to provide an outstanding experience for all participants.

On November 9, the final match of the Wuhan City Football Super League (Urban Group) was held at Wuhan Sports Center.The East Lake High-Tech Development Zone team, sponsored by HGTECH, claimed the championship of the inaugural Urban Group with an outstanding record of 8 wins in 8 matches.

Public Welfare Science Education and Awareness Promotion

As the first science and technology exhibition hall in China dedicated to laser science education, laser process applications, and intelligent manufacturing, the HGTECH Laser Science Museum aims to "popularize laser science knowledge and promote the application of laser technology." It is committed to providing the public with diverse and enriching science education, training, and practical activities.

Since its completion in June 2020 and its official opening to the public in early 2021, the Laser Science and Technology Museum has been conducting educational activities such as the "National Science Tour" and "Public Open Days" for audiences nationwide. Visitors can gain an in-depth understanding of the development history, application fields, and future trends of laser technology through various interactive methods, including interactive exhibits, guided explanations and demonstrations, and hands-on practice.

In 2025, the HGTECH Laser Science and Technology Museum hosted approximately 1,152 visits, welcoming around 20,000 visitors, including industry users, the general public, and students. It also provided science education services for 229 groups, including domestic primary and secondary school student groups and students from key universities, offering the public an engaging and informative scientific experience.

Public Welfare Practices and Rural Revitalization

HGTECH actively fulfills its social responsibilities by focusing on coordinated regional industrial development, science education, and public welfare initiatives. The company consistently integrates social responsibility into its production, operations, and management, giving back to society through concrete actions.

Volunteer service reflects the original aspiration, while solid action tempers youth. To enrich extracurricular reading resources for rural students and broaden their intellectual horizons, the company's "Young Seedling Program" continues to deepen its public welfare efforts. In the third phase of the "Fresh & Stale Fish" Innovation Practice Project, the program mobilized young employees by organizing two "Whisper" talk shows, which generated over RMB 150,000 in total revenue. All proceeds were donated to the Wuhan Youth Development Foundation to support the construction of a Hope Project library at Dougangang Central Primary School in Xiaonan District, Xiaogan City. To date, the HGTECH Young Seedling Program has funded the establishment of four Hope Project libraries.

Key Performance Indicator Table

Table 1: Economic Performance

Index	Unit	2023	2024	2025
Total Assets	Ten thousand yuan	1,751,509.12	2,082,432.87	2,291,885.39
Operating Revenue	Ten thousand yuan	1,030,973.30	1,170,917.55	1,435,476.05
Belonging to Shareholders of the ParentCompany Net profit	Ten thousand yuan	100,747.60	122,074.99	147,079.47
Basic Earnings per share	Yuan per share	1	1.21	1.47

Table 2: Environmental Performance

Index	Unit	2025
Energy usage management		
Total electricity consumption	linear measure	133638986.14
Total natural gas consumption	cubic meter	508507
Water resource utilization management		
Total water consumption	cubic meter	971042
Packaging usage management		
Total amount of packaging materials	ton	3500.32
Recyclable packaging usage ratio	%	27%
Pollutant discharge management		
Total greenhouse gas emissions	ton	54465.57
Total amount of domestic sewage discharge	ton	626922.5
Waste management		
The amount of hazardous waste disposa	ton	297.32
The amount of general industrial solid waste	ton	4108.35
Total amount of household waste	ton	1918.9
Environmental protection		
Annual environmental investment expenditure	Ten thousand yuan	1066.54
Number of incidents punished for violating environmentalprotection laws and regulations	piece	0

Table 2 Covers First-Tier Subsidiaries and Select Second-Tier Subsidiaries of HGTECH.

Table 3: Supply Chain Management Performance

Index	Unit	2025
Total number of suppliers	/	2514
Number of supplier training sessions	/	135
Passing rate of supplier qualification review	%	93%

Table 4: Product R&D and Innovation Performance

Index	Unit	2023	2024	2025
Product R&D investment	Ten thousand yuan	80,232	99,270	109,156
R&D investment growth rate	%	31.86%	23.73%	9.96%
R&D investment as a percentage of revenue	%	7.78%	8.48%	7.56%
Total number of R&D personnel	personnel	2176	2483	2698
Number of patent applications	/	324	421	433
Number of authorized patents	/	239	232	244

Table 5: Employee Management Performance

Index		Unit	2025
Total number of employee		person	9462
By Gender	Proportion of male employees	%	63.4
	Proportion of female employees	%	36.6
By Personnel Type	Total number of production personnel	person	4740
	Total number of Sales staff	person	1051
	Total number of financial staff	person	128
	Total number of technician	person	2698
	Total number of administrative personnel	person	845
By Age	Proportion of Under 30 years old employees	%	28.3
	Proportion of 30 to 50 years old employees	%	69.1
	Proportion of Over 50 years old employees	%	2.6

Table 6: Employee management performance

Index		Unit	2025
By Educational Background	Proportion of employees with a master's degree or above	%	15.9
	Proportion of employees with a bachelor's degree	%	40
Proportion of female employees in management		%	25
Proportion of male employees in the management team		%	75
Proportion of employees under the age of 30 in the management team		%	7.9
Proportion of employees aged 30 to 50 in the management team		%	87
Proportion of employees aged 50 and above in the management team		%	5
Employee Rights Management			
Coverage rate of employee labor contracts		%	100
Social security coverage rate		%	100
Expenditure amount for supporting financially distressed employees		Ten thousand yuan	15.45
Employee Health and Safety			
Health check-up coverage rate		%	100
The Amount of safety accidents and environmental pollution incidents		次	0
Employee safety training coverage rate		%	100
Coverage rate of supplier employee safety training		%	100
Employee training management			
Employee training coverage rate		%	100
Average training hours for employees		hour	15.5
Proportion of senior administrators		%	100
Proportion of intermediate administrators		%	100
Proportion of ordinary employees		%	100

Benchmarking Index Table

Comparative Index Report on the Self–Regulatory Guidelines for Mainboard Listed Companies No. 1 — Standard Operations of the Shenzhen Stock Exchange

Content of Norm	Corresponding chapters
8.2: Business Principles	Compliance Management System Development
8.3: Social Responsibility Strategic Planning and Working Mechanism	Concise Overview of ESG Management
8.4: Disclosure of Social Responsibility Reports	Information Disclosure and Standardized Operation
8.5: Protection of Employee Rights and Interests	Employee Rights and Benefits
8.6: (I) Comply with environmental protection laws, regulations, and industry standards	Environmental management system
8.6: (II) Environmental Protection Plan	Response to climate change
8.6: (III) Natural Resource Utilization	Reasonably utilize resources
8.6: (IV)Pollutants disposal in compliance with laws	Waste Disposal
8.6: (V) Pollution Prevention Facilities	Waste Disposal
8.6: (VI) Taxes and fees payment related to environmental protection	Environmental Protection Investment
8.6: (VII) Supply Chain Security	Supply chain security
8.6: (VIII) Other environmental protection responsibilities	Environmental management system
8.7 and 8.9: Environmental Information Disclosure	We and the Environment
8.8: Implementation Situation and Corrective Measures of Environmental Protection Policies	Environmental management system
8.10: (I) Laws, Regulations, and Industry Standards about Product Safety	Enhancing Product Quality through "Management Innovation"
8.10: (II) Production Environment and Production Process	Safe production
8.10: (III) Safety Assurance Mechanism for Product Quality and Accident Emergency Plan	Emergency response
8.10: (IV) Other production and product safety responsibilities	Occupational Health and Safety
8.11: (I) Employee Management System and Measures for Handling Violations	Employee Rights and Benefits
8.11: (II) Prevention on Occupational Hazards and Supporting Safety Measures	Occupational Health and Safety
8.11: (III) Employee Training	Employee Development and Training
8.11: (IV) Protection Responsibilities of Other Employee Rights	We, Our Employees, and Social Responsibility
8.12: Scientific Ethics Standards	Not Applicable
8.13: Content of Social Responsibility Report	We, Our Employees, and Social Responsibility

Feedback Form

Thank you for reading 2025 Environmental, Social and Governance ESG Report of HGTECH. To continuously improve our ESG practices and provide more valuable information to stakeholders, we sincerely invite you to share your feedback and suggestions with us via the following channels. Your support for our ESG efforts is greatly appreciated!

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Contact Person: Office of the Board of Directors in HGTECH

1.For HGTECH, what is your identity?

☐ Employee ☐ Client ☐ Shareholder/Investor ☐ Supplier

☐ Government/Regulatory Department ☐ Media

☐ Other (please specify): _____

2.What is your evaluation about this year's ESG Report?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

3.How does the Report address to stakeholders' concerns?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

4.What's your evaluation of the information, indicators, and data in the Report, is it clear, accurate, and complete?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

5.What's your evaluation of the language and wording, structural organization, and layout and design of this report?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Very Poor

6.What's your most satisfactory parts in this Report?

7.What additional information would you want in later reports?

8.What other comments or suggestions do you have regarding our ESG practices and sustainable development management?

HGTECH

INNOVATION DRIVES A BETTER WORLD