鹏鼎控股
AVARY HOLDING

2025 SUSTAINABILITY REPORT

Develop technologies for the betterment of human beings;
Protect the environment for a greener earth.

CONTENTS

About This Report

Report Introduction

This is the 7th sustainability report of Avary Holding (Shenzhen) Co., Limited (Stock Code: 002938). Based on objectivity, standardization, transparency and comprehensiveness, it discloses the Company's practices and performance in governance, products, environment and social aspects in 2025.

Report Scope

This report covers Avary Holding (Shenzhen) Co., Limited and its subsidiaries. Unless otherwise stated, the scope is consistent with the annual report. See appendix "Boundary of Sustainability Information Collection".

Reporting Period

January 1 - December 31, 2025. Some historical data are included for comparability and completeness.

Preparation Basis

Prepared in accordance with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation) (hereinafter referred to as the Guidance), with reference to GRI Standards 2021, TCFD, and UN SDGs.

Data Sources

The financial data included in this report is excerpted from the Company's audited 2025 Annual Report; in the event of any discrepancies, the Annual Report shall prevail. Other data is sourced from relevant internal statistical reports, administrative documents, and other materials.

Reliability Statement

Approved by the Board on March 30, 2026. The Board supervises content and warrants authenticity, accuracy and completeness with no false or misleading statements.

Report Access

This report is available in electronic format. You can access the electronic version of this report at the following website: https://www.avaryholding.com/development.aspx?type=43

Feedback

If you have any comments, suggestions, or questions regarding this report, please feel free to contact us using the information below:

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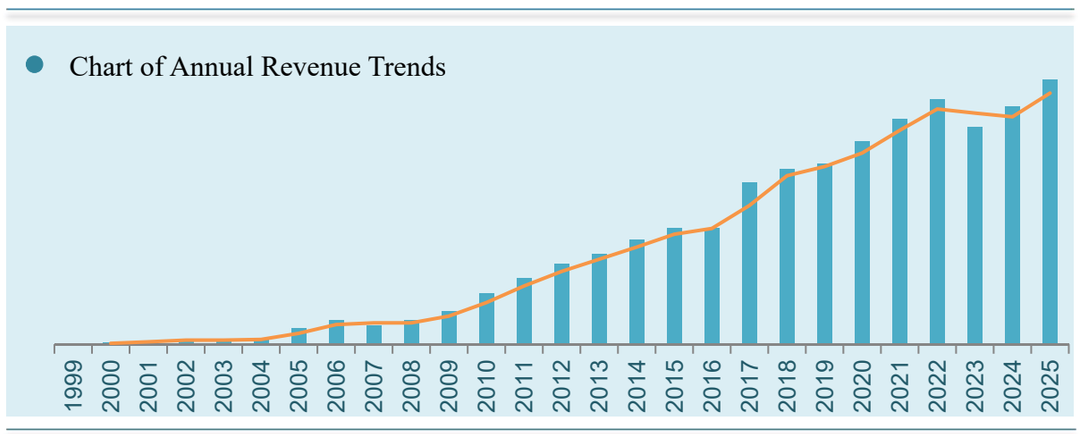
About Avary Holding

Avary Holding (Shenzhen) Co., Limited ("the Company") was founded on April 29, 1999, and listed on the Shenzhen Stock Exchange on September 18, 2018, under the stock short name "Avary Holding" with stock code 002938.

The Company is a large integrated manufacturer covering R&D, design, fabrication, sales and services of various PCBs. The Company provides full-range PCB products and end-to-end customized solutions across the whole industrial chain to premium customers in line with bespoke specifications of downstream end products. The Company tops China's PCB industry rankings released by CPCA year after year. Per Prismark's 2018 - 2026 global ranking by revenue, the Company has remained the world's largest PCB manufacturer for nine consecutive years from 2017 to 2025.



Corporate Culture

Avary Holding's corporate culture consists of five core philosophies: upholding upright conduct, advocating diligence, cultivating accountability, promoting unity and resource sharing, and rewarding contributors accordingly. The Company takes employees as its foundational asset. To achieve outstanding performance and sustainable development, the Company prioritizes employees' integrity and self-worth, inspires proactive accountability, guides staff to live out corporate values, and deliver positive impacts on families and communities.

Mission	Develop technologies for the betterment of human beings; Protect the environment for a greener earth.
Business vision	Develop PCB and other related industries to become a leader in the industry.
Core values	Integrity, responsibility, innovation, excellence and profitability.

Core Business

Development History

• 1999

Huahong Electronics (Taiwan) established Fukui Precision Components (Shenzhen) Co., Ltd. in Fuyong, Shenzhen

• 2005

Huahong Electronics (Taiwan) was renamed Hong Sheng Technology

• 2006

Shareholding restructured; Hong Sheng Technology Holdings established in Cayman Islands, Shenzhen Industrial Park developed.

• 2007

Constructed Huai'an Phase 1 Comprehensive Industrial Park and Qinhuangdao Industrial Park

• 2011

Hong Sheng Technology Holdings renamed to Zhen Ding Technology Holdings, listed in Taiwan on December 26, 2011

• 2013

Ranked No.1 in China and No.2 worldwide among PCB manufacturers

• 2014

Constructed Huai'an Phase 2 Industrial Park

• 2016

Equity restructuring consolidated PCB businesses into Fukui Precision Components (Shenzhen) Co., Ltd.

• 2017

- Fukui Precision Components (Shenzhen) Co., Ltd. was renamed Avary Holding (Shenzhen) Co., Limited
- **To become the world's largest PCB company**

• 2018

Avary Holding was listed on the Shenzhen Stock Exchange

• 2019

Constructed India Industrial Park

• 2020

- Shenzhen Phase 2 Industrial Park completed and put into operation;
- Construction of Huai'an Phase 3 Industrial Park launched

• 2021

Kaohsiung Industrial Park planned

• 2023

- Avary Times Building officially inaugurated;
- Ground-breaking for Pengsheng (Thailand Industrial Park)

• 2024

Kaohsiung Industrial Park completed construction

• 2025

- Pengsheng (Thailand) Phase 1 Industrial Park entered trial production
- Ground-breaking for Pengsheng (Thailand) Phase 2 Industrial Park

Global Layout

Operation Center

Taoyuan, Shenzhen

Manufacturing Bases

Shenzhen Phase 1 Industrial Park | Shenzhen Phase 2 Industrial Park | Huai'an Phase 1 Industrial Park | Huai'an Phase 2 Industrial Park | Huai'an Phase 3 Industrial Park | Qinhuangdao Industrial Park | Kaohsiung Industrial Park, Taiwan Region | Chennai Industrial Park, India

R&D Center

Shenzhen
Huai'an
Qinhuangdao
Kaohsiung

Service Hubs

Beijing | Shanghai | Kunshan | Shenzhen | Huai'an | Wuhan | Zhengzhou | Chengdu | Taiyuan | Longhua | Guanlan | Qinhuangdao | Taiwan, China | Japan | South Korea | Vietnam | United States | Thailand | India

Message from the Chairman

Build a solid foundation through digital intelligence, forge ahead toward a sustainable future.

In 2025, the global economic landscape saw profound adjustments. The electronic information industry underwent pivotal changes amid the tides of surging AI computing power, supply chain restructuring and green transition. As one of the world's leading PCB manufacturers, we have always upheld long-termism, coped with uncertainties with strategic perseverance, made steady strides in global layout, smart manufacturing, ESG and other fields, and honored our solemn commitments to all stakeholders through high-quality development and sustainable practices.

Faced with the trend of diversified global supply chains, we accelerated the deployment of global production capacity. In 2025, the Company accelerated construction at bases in Thailand, Kaohsiung of Taiwan Region and Huai'an. Centering on high-end tracks including AI servers, automotive electronics and optical communications, we achieved efficient coordination of global production capacity via proximity to customers and rapid response, and built a secure, efficient and resilient capacity supply system.

The AI wave is profoundly reshaping the boundaries of the manufacturing sector. We have designated smart manufacturing as our core strategy, and built the Company's solidest competitive moat with digital and intelligent technologies. In top-level design, we established a digital infrastructure benchmarked against semiconductor industry standards, bringing our system integration and dynamic optimization capabilities up to the level of wafer fabs, which provides solid guarantees for the consistency and stability of high-end manufacturing.

In terms of value creation, we consistently leverage digital intelligence technologies to boost production quality, cut costs, lift efficiency and reduce carbon emissions, turning smart factories into the Company's core competitiveness. The Company has fully deployed a full-process quality management system. Relying on big data, we realize proactive anomaly identification and advance early warning, transforming quality management from passive troubleshooting to active prevention, so as to speed up product yield ramp-up and lower trial-and-error costs.

The Company is not only a core supplier of AI hardware, but also an in-depth practitioner of AI technologies. Facing market opportunities brought by upgraded AI computing power, we have formulated a clear digital transformation roadmap to fully convert our traditional manufacturing advantages into an AI-driven digital moat. By deeply applying AI technologies in core links such as high-end product R&D, intelligent process optimization and supply chain collaboration, we continuously strengthen risk resistance and lead high-quality industrial development through technological innovation.

In corporate governance, we adhere to the bottom line of integrity and compliance, continuously improve the corporate governance system, strengthen the performance efficiency of professional committees, and ensure all decisions are scientific and compliant. Meanwhile, we improved internal control and risk early-warning mechanisms covering the whole chain of R&D, production, supply chain and finance to build a solid defense against operational risks, and erected a bridge of trust with shareholders, regulators and partners from all walks of life through transparent and efficient governance practices.

On the environmental front, we anchor the dual carbon goals, implement the "Avary Seven Green" philosophy, and empower green production with smart manufacturing. The Company actively promotes the implementation of energy-saving and carbon-reduction technologies. By upgrading energy-saving production line equipment and optimizing energy dispatching systems, we effectively cut energy consumption and carbon emissions per unit output value. In circular economy, we deepen resource recycling and build closed-loop recovery systems for electronic waste, water resources and others to comprehensively boost resource utilization efficiency. At the same time, the Company increases R&D investment in low-carbon technologies, explores innovative applications of green materials and low-carbon processes in PCB production, facilitates the low-carbon transformation of the industry via technological innovation, and promotes harmonious coexistence between production operation and the ecological environment.

Upholding the philosophy of "People-Oriented & Win-Win Collaboration", we keep optimizing employee compensation, incentive and welfare systems. We attach great importance to employees' career growth and physical & mental well-being, and strive to build a diverse and inclusive workplace. The Company prioritizes talent development by establishing systematic training and career advancement pathways, strengthening industry-university cooperation to cultivate specialized professionals for the PCB sector. In terms of supply chain responsibility, we drive upstream and downstream partners to jointly cut carbon emissions and operate in compliance with rules, so as to advance the sustainable development of the whole industrial chain. Besides, we actively engage in public welfare initiatives focusing on education assistance and rural revitalization to give back to society.

Chairman of Avary Holding 沈慶芳

Looking ahead, AI transformation and sustainable development will remain the mainstream trends. Seizing opportunities amid profound industrial changes, we will take smart manufacturing as the driving force, global layout as the foundation and ESG as the core guideline. Leveraging technology and shouldering social responsibilities, we will forge ahead to build a new ecosystem for the PCB industry and pursue high-quality industrial development.

ESG Key Performance

The company integrates its ESG systems and works with employees and the industry chain to support the UN SDGs.

Governance

100 %
Board Attendance Rate

A
Information Disclosure Rating

0
Material Illegal Incidents

0
Material Integrity Incidents

0
Material Cybersecurity Incidents

69,910 hours
Total Cybersecurity Training Hours

44,616 hours
Risk Management Training Hours

3 sessions
Risk Management Master Lectures Held

Product

2.459 billion
R&D Investment

7,881
Number of R&D Employees

2,801
Cumulative Patent Applications

1,647
Cumulative Granted Patents

100 %
Annual Supplier Audit Completion Rate

100 %
Responsible Mineral Sourcing Compliance Rate

100 %
External Quality System Audit Pass Rate

93.4
Average Customer Satisfaction Score

ESG Key Performance (Continued)

Environment

257,391 Thousands
Annual Environmental Investment

314,358 Thousands
Annual Operating Cost for Waste Gas, Waste Water and Solid Waste Treatment

730 kt
Annual Carbon Emission Reduction

1.282 billion kWh
Renewable Power Consumption

17.9 MWh
PV Installed Capacity

47 kt
Annual Water Conservation Volume

10.77 million tons
Annual Reused Water Volume

50.4 %
Wastewater Reuse Rate

94 %
Waste Resource Recovery Rate

13 Consecutive Years
Waste Resource Recovery Rate Exceeding 90%

Social

47,573
Total Number of Employees

89 %
Overall Employee Satisfaction Rate

97.9 %
Key Talent Retention Rate

27,745
Total Employee Training Courses Launched

4,280 Thousands
Public Welfare Activities & Donations

186
Number of Impoverished Students Sponsored

4,827 sessions
“Six-Care” Activities

869,993
“Six-Care” Participation Person-times

98 sessions
“Six-Assist” Activities

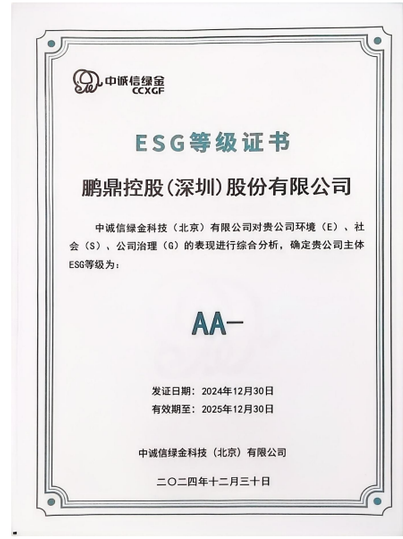
19,317
“Six-Assist” Participation Person-times

Major Honors & Recognitions

SZSE CNI ESG
AAA Rating

Sino-Securities Index Information Service (Shanghai) Co., Ltd.
AAA Rating

Wind
AA Rating



Morningstar
Low Risk Rating

SynTao Green Finance
A Rating

CSI ESG
A Rating

CCXGFI
AA- Rating

S&P CSA Score: 79; Included in 2026 S&P Global Sustainability Yearbook

Excellent Sustainable Development Practice Case CAPCO

Top 20 in Greater Bay Area for Corporate Governance & Green Governance

"Value 100" List
Easy Board

Outstanding ESG Value Communication Award
Panorama Net

Note: The above only shows a selection of our ratings and awards

Sustainability Management

The Company takes “Advance technology for humanity’s well-being; Elevate environmental protection to build a better planet” as its corporate mission. Based on this foundation, it fulfills commitments to sustainable operation and delivers lasting value for the economy, society and the environment.

The Company carries out sustainability practices in accordance with the following four principles:

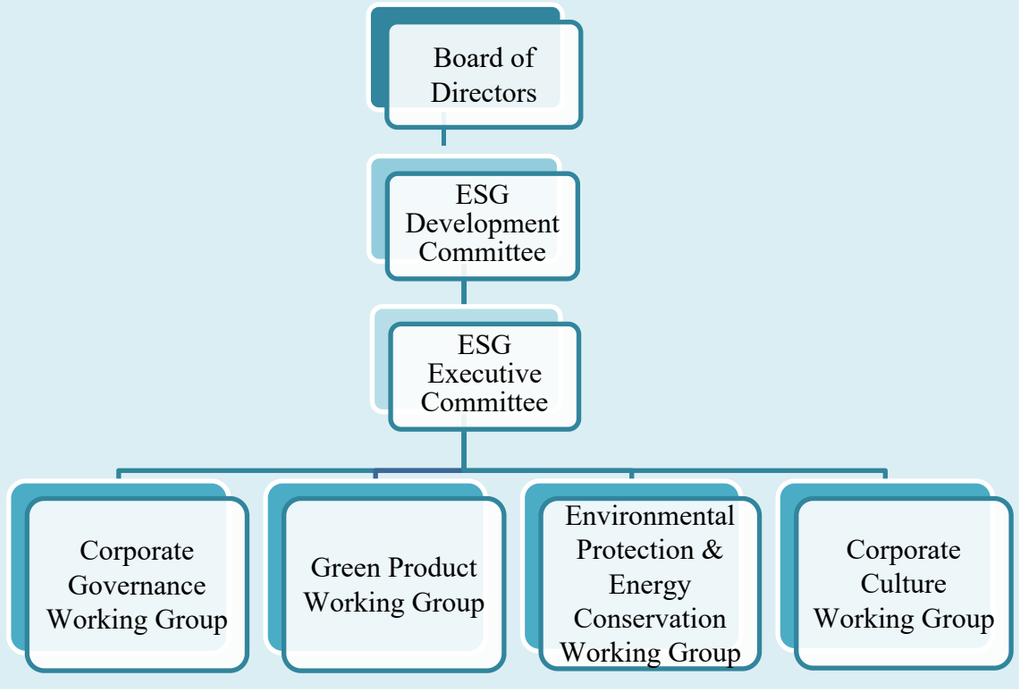
- **Implement sound corporate governance**
- **Advance sustainable environmental management**
- **Uphold social welfare responsibilities**
- **Strengthen sustainability information disclosure**

Sustainability Management Structure

The Company established the ESG Development Committee in 2022 to further elevate its management capabilities in environmental, social and governance (ESG) matters, improve the ESG management system and boost overall ESG governance capacity. The Committee is responsible for organizing, convening and chairing ESG Development Committee meetings. Through regular and ad-hoc sessions, the Board of Directors reviews proposals submitted by the ESG Development Committee, including sustainability strategies, sustainability targets and performance, implementation plans and improvement initiatives. Detailed job responsibilities for all tiers of the sustainability committee are available in the *Implementation Rules for the ESG Development Committee of Avary Holding* published on the Company's official website.

◆ Organizational Framework

The ESG Executive Committee has been set up under the ESG Development Committee. Its members consist of top leaders from each business segment. This setup strengthens overall coordination, process oversight, assessment and implementation of ESG initiatives, enabling efficient delivery of the Company's sustainability objectives.



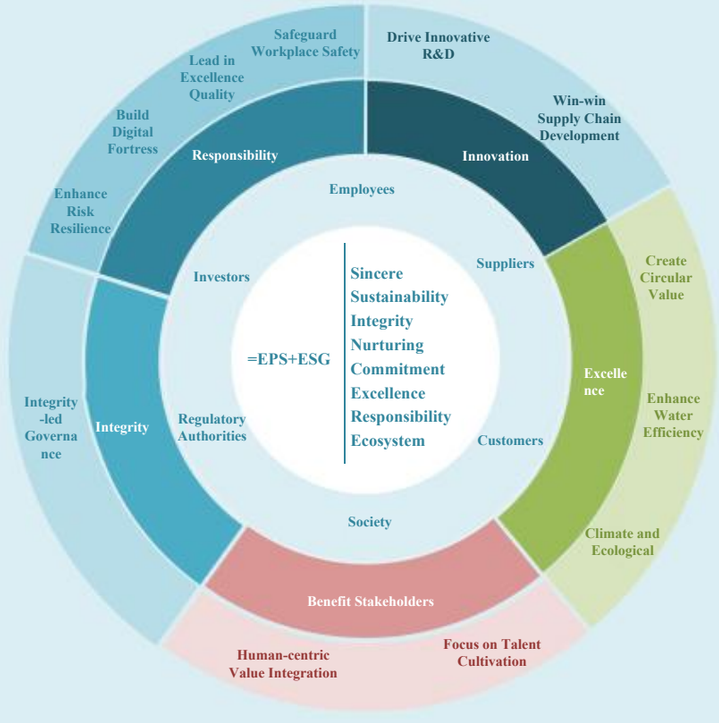
◆ Sustainability Management Strategy

Adhering to the principles of "strengthening corporate governance, fostering sustainable environmental performance, fulfilling social welfare obligations and enhancing sustainability information disclosure", the Company drives sustainability management across four pillars: Governance, Product, Environment and Social. Full details are set out in the Company's *Code of Sustainable Operation Practices*.

1 Core

5 Aspects

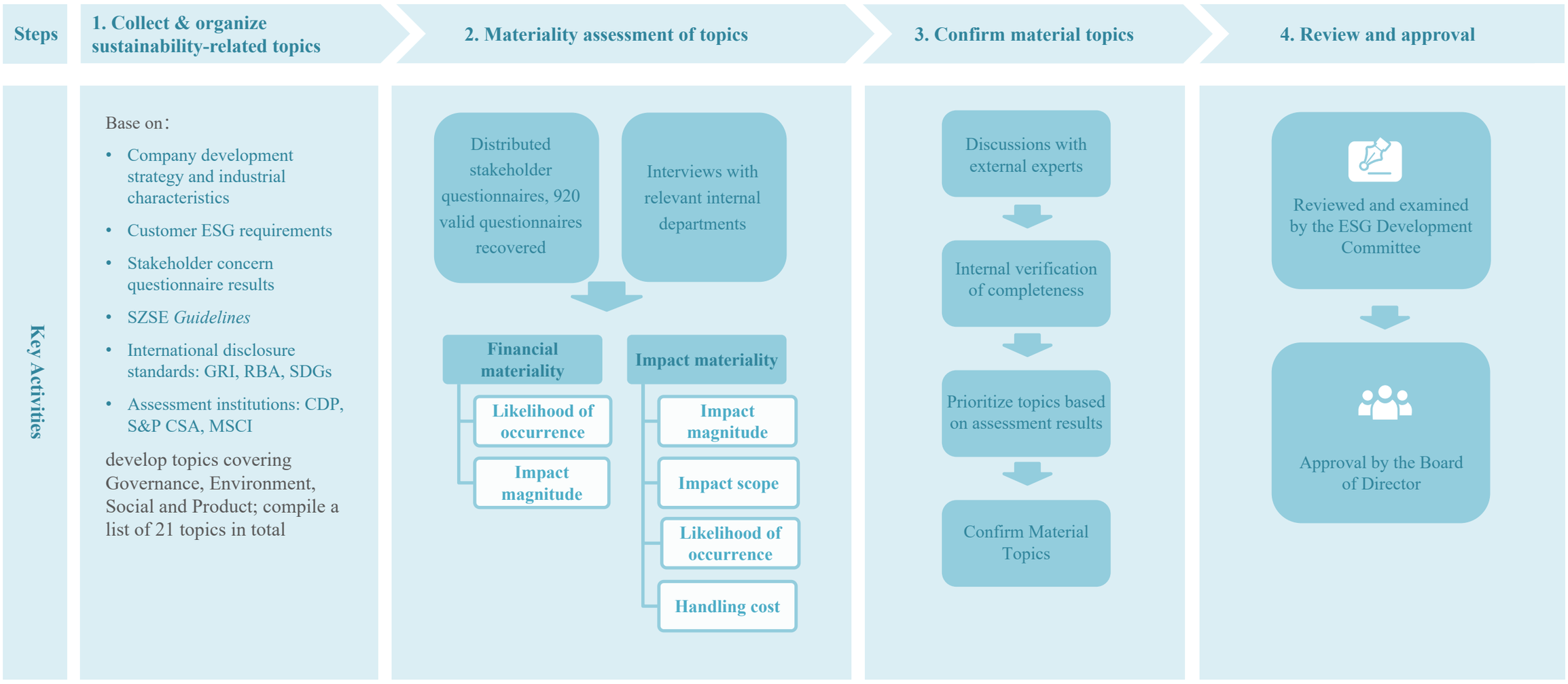
12 Guidelines



Material Topic Identification and Analysis

In accordance with global sustainability standards and frameworks, including SZSE Guidelines, Responsible Business Alliance (RBA) rules, S&P Global Corporate Sustainability Assessment (CSA) requirements, as well as the characteristics of its industry and business operations, the Company conducts identification and analysis of material sustainability topics.

Material Topic Analysis Process



2025 Sustainability Material Topic Assessment Results

Financial & Impact Materiality Topics

1. Resource & Circularity
2. Sustainable Supply Chain Management
3. Green Product and Innovation Management
4. Chemical Safety Management
5. Product Quality
6. Information and Communication Security
7. Diversity, Equity and Inclusion
8. Operational Risk Management
9. Occupational Health & Safety
10. Water Resource Management
11. Talent Attraction and Retention
12. Climate and Energy
13. Integrity Operation
14. Talent Training and Development

Impact Materiality Topics

15. Human Rights Protection
16. Employee Salary and Benefits
17. Air Pollution Management
18. Contribution to the Society

Financial Materiality Topics

19. Customer Privacy and Relationship Management
20. Compliance Management

Aspects	Material Topics	Corresponding SZSE *Guidance* Topics
Governance	Information and Communication Security	Data Security and Customer Privacy Protection
	Operational Risk Management	-
	Integrity Operation	Anti-commercial Bribery and Anti-corruption
	Compliance Management	-
Product	Sustainable Supply Chain Management	Supply Chain Security
	Green Product and Innovation Management	Innovation-driven
	Chemical Safety Management	-
	Product Quality	Safety and Quality Products and Services
	Customer Privacy and Relationship Management	Data Security and Customer Privacy Protection
Environment	Resource & Circularity	Energy Usage / Circular Economy
	Water Resource Management	Usage of Water Resources
	Climate and Energy	Climate Change Tackling / Energy Usage
	Air Pollution Management	Pollutant Discharge
	Biodiversity	Ecosystem and Biodiversity Protection
Social	Diversity, Equity and Inclusion	Employees
	Occupational Health & Safety	
	Talent Attraction and Retention	
	Talent Training and Development	
	Human Rights Protection	
	Employee Salary and Benefits	
	Contribution to the Society	Contribution to the Society

Material Topic Impact Boundary

Aspects	Material Topics	GRI Disclosures	Affected Value Chain Entities				Impact Aspect		Impact Scope		
			Avary Holding	Customers	Suppliers	Communities	Environment	Social	Own Operations	Products / Services	Supply Chain
Governance	Integrity Operation	GRI 205: Anti-Corruption GRI 206: Anti-competitive Behavior	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Operational Risk Management	Identified Under GRI 3 (Custom Topic)	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Information and Communication Security	GRI 418: Customer Privacy	✓	✓	✓			✓	✓	✓	✓
Product	Green Product and Innovation Management	Identified Under GRI 3 (Custom Topic)	✓	✓	✓		✓	✓	✓	✓	✓
	Product Quality	Identified Under GRI 3 (Custom Topic)	✓	✓	✓		✓		✓	✓	✓
	Sustainable Supply Chain Management	GRI 308:Supplier Environmental Assessment GRI 414: Supplier Social Assessment	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Chemical Safety Management	Identified Under GRI 3 (Custom Topic)	✓	✓	✓		✓	✓	✓	✓	
Environment	Resource & Circularity	GRI 301: Materials; GRI 306: Waste	✓	✓		✓	✓		✓		
	Water Resource Management	GRI 303: Water and Effluents	✓	✓		✓	✓		✓		
	Climate and Energy	GRI 302: Energy GRI 305: Emissions	✓	✓	✓	✓	✓		✓	✓	✓
Social	Occupational Health & Safety	GRI 403 Occupational Health and Safety	✓			✓		✓	✓		✓
	Talent Attraction and Retention	GRI 401: Employment GRI 402: Labor / Management Relations	✓	✓		✓		✓	✓		
	Talent Training and Development	GRI 404: Training and Education	✓	✓		✓		✓	✓		
	Diversity, Equity and Inclusion	GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining	✓	✓	✓	✓		✓	✓		✓

Note：Information and Communication Security encompass Customer Privacy and Relationship Management, Green Product and Innovation Management encompass Intelligent Property Management, Climate and Energy encompass Greenhouse Gas Emissions and Air Pollution.

Material Topic Management Targets & Performance – Governance Dimension

Material Topict	Impact & Consequence	Commitment	2025 Targets	2025 Performance	Short-term Targets (2026–2027)	Medium-term Targets (2028–2030)	Long-term Targets (2031~)	Action Plan	Grievance & Reporting Channel
Integrity Operation	The Company provides training on ethics, compliance, anti-corruption policies and procedures in line with the code of ethical operation to secure governance compliance and prevent corruption. Violations of laws or ethical principles will harm stakeholder interests and damage corporate brand reputation.	Prior to business cooperation, the Company assesses counterparts' legality and integrity records, and signs contracts to bind partners to comply with our ethical operation policies.	• Zero reported whistleblowing cases from authorities, • 100% completion of integrity training • 1.75 million views on broadcast platform • 330 supplier exchange sessions, • 92% Sunshine Policy coverage	• Zero reported whistleblowing cases from authorities • 100% completion of integrity training • 1.80 million views on broadcast platform • 522 supplier exchange sessions • 95% Sunshine Policy coverage • Awards: *National Outstanding Integrity Entrepreneur, AAA Credit Enterprise, 2024 National Model Enterprise for Integrity Operation* (issued by China Enterprise Reform and Development Research Society) • Passed the first surveillance audit of ISO 37301	• Zero whistleblowing cases notified by authorities • 100% completion of integrity training • 1.80 million exposures on broadcast platform • 350 supplier exchange sessions • 95% Sunshine Policy coverage	• Zero whistleblowing cases notified by authorities • 100% completion of integrity training • 1.82 million exposures on broadcast platform • 400 supplier exchange sessions • 95% Sunshine Policy coverage	• Zero whistleblowing cases notified by authorities • 100% completion of integrity training • 1.85 million exposures on broadcast platform • 450 supplier exchange sessions • 95% Sunshine Policy coverage	• Publish key integrity rules and procedures on Company and internal portals for anytime access • Boost suppliers' understanding and recognition of integrity principles • Include integrity training in employee performance appraisal • Formulate professional SOPs to ensure effective whistleblowing and incentive systems	
Operational Risk Management	The Company establishes a risk management framework for early identification, accurate measurement, effective monitoring and rigorous control amid internal and external changes to sustain stable business performance. Inadequate response and follow-up for operational risks may trigger operational losses amid crises.	• Maintain 5 medium-risk items among 14 major risk factors • Rolling overall risk self-assessment maintained, financial losses capped within 3%	• Reduce medium-risk items to 3 out of 14 major risk factors • Relevant staff complete 5,600 hours of risk management training • Rolling overall risk self-assessment maintained; financial losses capped within 3%	• Maintain 5 medium-risk items among 14 major risk factors • Rolling overall risk self-assessment maintained; financial losses capped within 3% • Total 44,616 hours of risk management training; first Risk Management Master Lectures held 3 times a year	• Reduce medium-risk items to 3 out of 14 major risk factors • Relevant staff complete 5,800 hours of risk management training • Maintain rolling overall risk self-assessment, financial losses capped at 3%	• Maintain 3 medium-risk items among 14 major risk factors, • Relevant staff complete 6,000 hours of risk management training, • Rolling overall risk self-assessment maintained; financial losses capped at 3%.	• Fully grasp all risk categories via identification, assessment, control, monitoring and communication; Sustain daily rolling management with PDCA cycles • Continuously mitigate risk probability and impact, implement robust risk management measures	• Maintain 5 medium-risk items among 14 major risk factors • Maintain rolling overall risk self-assessment, financial losses capped at 3%	Submit grievances via the Company's public email: avary@avaryholding.com
Information and Communication Security	Increased reliance on networks raises risks of malicious cyberattacks, system breakdown and service disruption. Automated manufacturing and control systems operate in complex environments, bringing tougher information security challenges. The Company must mitigate data leakage risks, protect confidential information, retain client trust and strengthen cybersecurity.	Advance information security management via coordinated administrative and technical measures, optimize security team functions, obtain international compliance certifications, safeguard client data and boost international order volume.	• Deploy unified identity authentication mechanism • Deploy website traffic cleaning and enterprise risk assessment services	• Launched unified identity authentication platform • Built security operation center for alert analysis and incident response • Deployed website traffic cleaning to filter and block perimeter traffic • Introduced third-party enterprise risk assessment to enhance external service security • Unified upgrade of web applications to HTTPS for encrypted data transmission, enhancing data transmission security • Established digital cybersecurity audit platform	• Deploy abnormal network traffic detection • Strengthen endpoint security defense • Roll out enhanced perimeter application security protection, • Upgrade intrusion prevention and detection	• Integrate SOC with AI for proactive alerting, consolidated reporting and joint defense with external threat intelligence centers • Upgrade network threat detection & response, and OA / OT endpoint protection mechanisms • Develop and deploy security governance frameworks • Adopt cloud security posture management	• Build intelligent cybersecurity operation center to unify security information governance • Establish supplier cybersecurity management framework for supply chain safety • Deploy zero-trust network monitoring and management	• Fully implement ISO 27001 standard; launch equipment self-audit via Information Security Committee to comply with SEMI E187 (OS support, network security, endpoint protection, security monitoring) • Enhance endpoint protection with new endpoint management software for PC and software asset governance • Deploy WAF for perimeter application security, reinforce authentication and input validation • Upgrade IPS to improve detection rate of emerging cyber threats	

Material Topic Management Targets & Performance – Product Dimension

Material Topict	Impact & Consequence	Commitment	2025 Targets	2025 Performance	Short-term Targets (2026–2027)	Medium-term Targets (2028–2030)	Long-term Targets (2031~)	Action Plan	Grievance & Reporting Channel
Product and Innovation Management	Focus on technological innovation and quality. Consolidate innovation platforms, promote industry-university-research collaboration and cultivate R&D talent to sustain core competitiveness and long-term growth. Adapt to future product trends and boost market competitiveness of PCB products.	Drive growth via innovation; develop green smart manufacturing and intellectual property portfolios, build high-efficiency low-carbon production systems, advance technological breakthroughs, pursue sustainable development and carbon neutrality.	• Accumulate 50 new high-tech projects • Simulation projects up 10% • Green technology patent filings up 10%	• Completed 62 high-tech projects • 165 simulation projects (target: 65) • 9 new green technology patent applications (140 cumulative); 2 newly granted patents in 2025 (86 cumulative)	• 50 new high-tech projects annually • 10% growth in simulation projects • 10% growth in green tech patent filings	• 50 new high-tech projects annually • 10% growth in simulation projects • 10% growth in green tech patent filings	• 50 new high-tech projects annually • 10% growth in simulation projects • 10% growth in green tech patent filings	• Build OneAvary framework to develop innovative technologies • Launch shared innovation platform to connect the Company, customers and suppliers for resource sharing and tripartite cooperation • Roll out process innovation initiatives to upgrade efficiency of processes, technologies, materials and equipment	Submit grievances via the Company's public email: avary@avaryholding.com
Product Quality	The Company prioritizes quality with the strategy *Quality First, Make AVARY a Benchmark of High Quality* and policy *Quality-oriented, Customer-centric, Full Staff Participation, Innovation-driven, Continuous Improvement, Win-win Future* to deliver high-quality goods and strengthen competitive edges.	Establish quality policy and targets, obtain third-party product certifications, meet customer specifications and safety compliance standards for product development.	• Average customer satisfaction score: 93.5 • 97.0% satisfaction rate (score ≥80 as satisfied threshold)	• Average customer satisfaction score: 93.4 • 97.6% satisfaction rate (score ≥80 as satisfied threshold)	• Average customer satisfaction score: 93.5 • 98.0% satisfaction rate (score ≥80 as satisfied)	• Average customer satisfaction score: 94.0 • 98.5% satisfaction rate (score ≥80 as satisfied)	• Average customer satisfaction score: 95.0 • 99.0% satisfaction rate (score ≥80 as satisfied)	• Set review benchmarks and segmented satisfaction targets for quality (environmental compliance included), delivery, engineering capability, service and cost; continuously rectify underperformance • Prioritize improvement on customer complaints and suggestions until full satisfaction • Benchmark competitors' strengths to optimize satisfaction performance, • Adopt digital satisfaction survey system for real-time feedback monitoring	Submit feedback via customer email or official website
Sustainable Supply Chain Management	Improving suppliers' green performance elevates corporate social responsibility influence. Lack of relevant management will fail global and client standards, damage brand image, cause customer churn and financial losses.	Adhere to the Company's Seven Green Principles. Source high-quality, eco-friendly raw materials with supplier support; explore alternative materials or reduce consumption; cooperate with suppliers and track emerging technical trends.	• Audited 235 suppliers • 100% conflict-free minerals across supply chain	• Audited 275 suppliers • 100% conflict-free minerals across supply chain	• Audited 280 suppliers • 100% conflict-free minerals in supply chain	• Audited 285 suppliers • 100% conflict-free minerals in supply chain	• Audited 290 suppliers • 100% conflict-free minerals in supply chain	• Select green supply chain partners and host seminars to lift industry environmental performance • Conduct on-site audits on high-risk suppliers per audit procedures to ensure full compliance • Draw up annual supplier training plans and conduct education & training courses • Perform OECD-aligned conflict mineral due diligence for suppliers	Submit feedback via supplier / customer email or official website
Chemical Safety Management	Proper control lowers environmental and health risks from chemical exposure; robust safety management lifts operational efficiency and market competitiveness.	Protect the Company's assets and employee lives, prevent sudden incidents, and enable rapid effective emergency response. All sites conduct drills for chemical spills under the prevention & self-rescue principle based on actual production conditions.	• 100% of products compliant with environmental regulations and client requirements • Phase out ODS; full Freon phase-out by 2028	• 100% products comply with *EU RoHS, IEC62474, EU REACH, EU POPs, California Proposition 65* and other applicable laws & customer specs • Procurement of ODC refrigerant (Freon) has been banned by the end of the reporting period	• 100% of products compliant with environmental regulations and client requirements • Phase out ODS, full Freon phase-out by 2028	• 100% of products compliant with environmental regulations and client requirements • Phase out ODS, full Freon phase-out by 2028	100% of products compliant with environmental regulations and client requirements	Verify environmental compliance of supplier materials and conduct internal testing & monitoring per *EPI12*	Submit grievances via the Company's public email: avary@avaryholding.com

Material Topic Management Targets & Performance – Environment Dimension

Material Topict	Impact & Consequence	Commitment	2025 Targets	2025 Performance	Short-term Targets (2026–2027)	Medium-term Targets (2028–2030)	Long-term Targets (2031~)	Action Plan	Grievance & Reporting Channel
Waste & Circular Recycling	The Company follows the 3R principles for waste management to optimize raw material consumption, cut waste at source and boost recycling rates. PCB manufacturing generates hazardous industrial waste; inadequate control will severely harm the environment.	Manage waste under reduction, recycling and harmless treatment to minimize hazards. Optimize design, procurement and production with green innovation, green sourcing and green manufacturing to maximize raw material efficiency.	Maintain waste recycling rate above 90% (compliant with UL2799)	Waste recycling rate reached 94%	Maintain waste recycling rate above 90%	Maintain waste recycling rate above 90%	Maintain waste recycling rate above 90%	• Establish an environmental expert team to develop innovative recycling technologies and lift resource recovery efficiency • Launch full-lifecycle waste management covering source sorting disposal, record-keeping and tracking • Conduct annual regular audits of general and hazardous waste processors	Submit grievances via the Company's public email: a-h-m@avaryholding.com
Water Resource Management	Technical innovation can lift wastewater reuse rates, water efficiency and operational resilience. PCB production consumes massive water; poor management strains local water supplies.	Boost wastewater recycling and reclaimed water adoption to ease water demand pressure.	• Wastewater reuse rate ≥50% • Plant-wide water reuse rate ≥41% • Discharged wastewater quality surpasses regulatory benchmarks (Compliant with AWS framework)	• Wastewater reuse rate: 50.4% • Plant-wide water reuse rate: 42.3% • Discharged wastewater quality surpasses regulatory benchmarks	• Wastewater reuse rate ≥50% • Plant-wide water reuse rate ≥41% • Discharged wastewater quality surpasses regulatory benchmarks	• Wastewater reuse rate ≥50% • Plant-wide water reuse rate ≥41% • Discharged wastewater quality surpasses regulatory benchmarks	• Wastewater reuse rate ≥50% • Plant-wide water reuse rate ≥41% • Discharged wastewater quality surpasses regulatory benchmarks	• Roll out multiple wastewater reuse and process water-saving initiatives • Participate in CDP Water Security questionnaire to strengthen water stewardship • On-site professional water quality labs at each site's wastewater treatment plant for daily testing, • Install online water quality & flow monitors at wastewater discharge outlets of major production plants	
Climate Action	Efforts aligned with 1.5°C pathway and net-zero transition unlock business opportunities, strengthen climate risk governance and adaptive resilience.	Build a Model Production Base complying with New Eco-Friendly PCB Standards, striving to be a sustainability promoter and benchmark.	• Cut Scope 1 & 2 GHG emission intensity by over 40% (2013 baseline) • Renewable energy share ≥15%	• Scope 1 & 2 GHG emission intensity reduced by 80% (2013 baseline) • Procured 1.282 billion kWh of renewable power	• Cut Scope 1 & 2 GHG emission intensity by over 40% (2013 baseline) • Renewable energy proportion ≥15% • Achieve 32% carbon reduction via renewables by 2030, target an ambitious 52% reduction		• Steadily advance toward the 2050 net-zero goal	• Conduct annual GHG inventory to verify carbon emissions of invested subsidiaries • Expand solar PV installation capacity and explore additional renewable energy opportunities • Adopt internal carbon pricing for decision-making and benefit evaluation of energy-saving projects	

Material Topic Management Targets & Performance – Social Dimension

Material Topict	Impact & Consequence	Commitment	2025 Targets	2025 Performance	Short-term Targets (2026–2027)	Medium-term Targets (2028–2030)	Long-term Targets (2031~)	Action Plan	Grievance & Reporting Channel
Occupational Health & Safety	Operations may cause occupational injuries, illnesses or safety incidents, harming staff health and disrupting operation and productivity.	• Comply with applicable occupational health & safety laws to prevent work-related injuries and occupational diseases • Set quantified OHS targets and formal management systems to pursue zero incidents	• Fatality rate from occupational injuries: 0 • Fatality rate from occupational diseases: 0	• Fatality rate from occupational injuries: 0.0082 • Fatality rate from occupational diseases: 0	• Fatality rate from occupational injuries: 0 • Fatality rate from occupational diseases: 0	• Fatality rate from occupational injuries: 0 • Fatality rate from occupational diseases: 0.	• Fatality rate from occupational injuries: 0 • Fatality rate from occupational diseases: 0	• Arrange pre-job, on-the-job and post-separation occupational physical examinations for staff in high-risk positions • Deliver regular occupational safety and health training	Submit grievances via the Company's public email: a-h-m@avaryholding.com
Talent Attraction and Retention	Labor shortages may delay or disrupt supply chains and negatively impact business operations.	• Integrate industry-academia-research resources to build a PCB industry platform for talent recruitment and cultivation to support operational goals • Leverage sound corporate culture and competitive remuneration & benefits to attract and retain key staff	• Key talent retention rate: 96%	• Key talent retention rate: 97.9%	• Key talent retention rate: 97%	• Key talent retention rate: 97%.	• Key talent retention rate: 98%	• Launch industry-university cooperation programs to build talent pipeline and support student development • Offer profit sharing, bonuses, stock incentives and group medical insurance for key talents and their families • Provide comprehensive training courses to upgrade employee capabilities	
Talent Training and Development	Proactive self-learning and on-the-job training drive business growth; employee development positively correlates with corporate expansion.	• Identify and develop high-potential employees, deploy diversified learning resources and self-learning systems for on-demand study anytime • Boost organizational learning capacity and individual growth to build a learning enterprise	• Average annual training hours per employee ≥62 hours	• Average annual training hours per employee: 92.5 hours	• Average annual training hours per employee ≥62 hours	• Average annual training hours per employee ≥65 hours	• Average annual training hours per employee ≥75 hours	• Customize personal learning plans and support flexible learning options • Promote Dingsheng E-learning platform, design role-based development programs to boost learning efficiency and self-study awareness	Employee service center, suggestion boxes, digital grievance mailbox, care hotline, employee relations.
Diversity, Equity and Inclusion	Diverse cultures fuel innovation and competitiveness, break geographical barriers, accelerate globalization and lift corporate strength.	Foster an inclusive, equitable workplace; value female employees and minority groups, respect personal aspirations, recruit diverse talent, support long-term retention and empower staff to create value for the company and society	• Female employee ratio>30%	• Female employee ratio: 34%	• Female employee ratio >31%	• Female employee ratio >31%	• Female employee ratio >32%	• Allocate resources to empower diverse talent amid global expansion • Roll out exclusive events and benefits for female staff, including childcare subsidies for multiple children	

Material Topic and Corporate Risk Management

Aspect	Material Topic	Risk Factor	Risk Level	Mitigation Measures
Governance	Integrity Operation	Damage to brand image and loss of customers & orders due to integrity violations.	Low	Formulate integrity policies and regulations; prohibit acceptance of improper benefits and dishonest / illegal conducts.
	Operational Risk Management	Impacts on operation from internal & external changes: price volatility, technological iteration, macroeconomic shifts.	Low	Identify external risks & opportunities via PESTLE analysis; assess internal strengths & weaknesses with VRIO framework for SWOT analysis.
	Information and Communication Security	Malicious cyberattacks against the internal network environment, resulting in collapse or disruption of automated production & control systems or leakage of confidential data.	Low	Optimize cybersecurity organization; deploy primary & backup data centers; conduct annual ISO 27001 recertification to comply with international standards and protect client data.
Product	Green Product and Innovation Management	Failure to follow market trends and deliver customer-demanded products.	Low	Monitor market shifts; review monthly progress of new clients, products and R&D to track and align technology roadmap.
	Product Quality	Non-compliance of products, materials, manufacturing and packaging with quality standards.	Low	Implement source control, in-process monitoring and MRB review; audit factory quality systems, strengthen staff training, material planning and equipment maintenance.
	Sustainable Supply Chain Management	Supply chain imbalance from geopolitical and business environment changes.	Medium / Low	Track market trends; regularly audit suppliers' capacity, locations and geopolitical risks; prepare alternatives (supplier switching, logistics rerouting); increase local procurement ratio.
	Chemical Safety Management	Higher exposure risks to environment & health from poor chemical handling; fines and reputational damage from regulatory breaches.	Low	Prioritize non-toxic / low-toxic alternatives; risk assessment for irreplaceable toxic chemicals; strict SOPs for loading, storage, usage and disposal; supplier qualification checks; filing & approval for precursor chemicals.
Environment	Resource & Circularity	Severe environmental harm from improper hazardous waste disposal.	Medium / Low	Classify, label and store waste per regulations; entrust licensed vendors for recycling & harmless disposal; install full monitoring at waste storage areas.
	Water Resource Management	Increased water stress from ineffective water governance.	Low	Deploy software to forecast regional water supply; build backup water sources and emergency tanks for minimum 24-hour production; prepare water transport backup plans; boost wastewater & reclaimed water reuse.
	Climate and Energy	Rising operating costs from insufficient resilience to extreme weather and long-term climate changes.	Medium / Low	Set carbon emission and renewable energy reduction targets; collaborate with suppliers on energy-saving and decarbonization projects.
Social	Occupational Health & Safety	Operational losses from work injuries, fire, explosion, chemical spills and other hazards.	Low	Establish safety management body, safety policies and regulatory compliance; conduct risk assessment & hazard rectification; set up OHS management team to secure safe workplace.
	Talent Training and Development	Business setbacks caused by stagnant employee growth (employee development correlates positively with corporate growth).	Low	Launch Dingsheng E-learning online platform; provide diversified learning channels to boost efficiency and self-learning awareness.
	Talent Attraction and Retention	Poor recruitment and retention due to uncompetitive compensation & benefits.	Low	Enhance care for key talents and spouses; offer profit sharing, bonuses, equity incentives and group medical insurance; provide physical check-ups for regular employees with ≥1 year tenure.
	Diversity, Equity and Inclusion	Failed labor management or inadequate human rights implementation at workplace.	Medium / Low	Set up SER (Social & Environmental Responsibility) Committee to improve employee welfare; comply with RBA *Code of Conduct* and ILO core conventions; regular human rights due diligence to safeguard staff rights.

Stakeholder Engagement

Via regular meetings of the ESG Development Committee, Avary Holding identifies stakeholders with close business ties and material economic, environmental and social impacts on the Company. Concerns raised by each stakeholder group are integrated into corporate operational decisions to achieve win-win collaboration with all stakeholders.

Stakeholder Concerns, Communication Channels & Frequency

Stakeholder	Regulatory Authorities	Shareholders	Suppliers	Customers	Employees	Local Communities
Key Concerns	• Integrity operation • Operational risk management • Resource & circularity • Regulatory compliance • Social engagement	• Integrity operation • Operational risk management • Green product and innovation management • Customer privacy and relationship management • Talent attraction and retention	• Integrity operation • Information and communication security • Sustainable supply chain management • Diversity, equity and inclusion • Customer privacy and relationship management	• Integrity operation • Green product and innovation management • Product quality • Information and communication security • Customer privacy and relationship management • Climate and energy	• Occupational health & safety • Talent attraction and retention • Talent training and development • Human rights protection • Employee salary and benefits	• Chemical safety management • Resource & circularity • Water resource management • Diversity, equity and inclusion • Air pollution management • Social engagement
Communication Channels & Frequency	• Compliance training (ad-hoc) • Governance assessment (annually) • Information disclosure (regular / ad-hoc) • Independent ambient water monitoring around sites (quarterly) • Release of environmental data & audit results on official website (real-time) • Forums, seminars & industry events (ad-hoc)	• Regular disclosure reports (regular) • Ad-hoc corporate announcements (ad-hoc) • Monthly revenue release (monthly) • Annual general meeting (regular) • Extraordinary general meeting (ad-hoc) • Earnings briefing (regular) • Institutional investor meetings (ad-hoc) • Reply via investor interaction platform (real-time) • Investor hotline (real-time)	• Sunshine policy promotion (quarterly) • Supply chain seminar (annually) • Supplier training (ad-hoc) • Supplier reporting channel (real-time) • Supplier exchange events (ad-hoc) • Supplier audit (annually)	• Customer satisfaction survey (annual) • Customer communication (ad-hoc / real-time) • Quality improvement proposals (annual) • ESG disclosure (regular) • ESG dialogue (real-time) • Customer visits (ad-hoc) • Product seminars (ad-hoc)	• Occupational hazard testing (annually) • Fire evacuation drill (semi-annually) • Safety proficiency assessment (quarterly) • Occupational physical examination (monthly) • Safety promotion activities (ad-hoc) • Employee training (ad-hoc) • Access to Dingsheng E-learning (real-time) • Suggestion boxes (real-time) • “Six love” activities (bimonthly)	• Energy & environmental protection month (annually) • Environmental promotion events (ad-hoc) • Routine ambient water monitoring around sites (regular) • Website mailbox (real-time) • Charity events (ad-hoc) • Donations via Avary Charity Foundation (ad-hoc) • “Six Assists” activities (bimonthly)
Phase Achievements (Current FY)	• 25 total training hours for directors, supervisors and management on compliance • A-level disclosure rating for six consecutive years • 77 total disclosure announcements issued	• 1 general shareholder meeting • 6 earnings briefings • Hundreds of investor site visits • 68 broker strategy conferences attended • Over 20 reverse roadshows for institutions • 100% reply rate on investor interaction platform • Over 1,000 investor hotline inquiries	• 275 suppliers audited • 100% suppliers signed commitment covering ethics, human rights and environment • Green supply chain seminar with 669 attendees from 252 suppliers • 522 supplier exchange sessions • 95% Sunshine Policy coverage	• Customer satisfaction score: 93.4 • 156,767 engineering innovation & improvement projects • Certified ISO 37301:2021 Compliance Management System	• 98 fire evacuation drills • 181,916 participations in safety proficiency tests • 27,745 courses available on Dingsheng E-learning • Average annual training hours per employee: 92.5 • 4,827 “Six love” activities	• 290,000 participations in energy & environmental month • RMB 4.28 million spent on charity activities & donations • 98 “Six Assists” Community Support charity events with 19,317 participants • 1,305 volunteer contributors, totaling 4,388 service hours

Integrity Management for Long-term Steady Growth

This chapter addresses the double materiality topics:

• Integrity Operation • Operational Risk Management • Information and Communication Security

Governance

The Company has established a standardized, robust governance and decision-making system with clear division of responsibilities. The Board of Directors and specialized committees play core roles in major decision-making, operation management, supervision and checks and balances to ensure compliant operation and sustainable development.

A Strategy & Risk Management Committee is set up to research long-term development strategies, advise on major investment decisions, and coordinate the development of risk management systems, delivering professional support for strategy execution and risk control. An Integrity Management Task Force conducts regular integrity and compliance initiatives to consolidate bottom lines of clean operation and internal control compliance. A Information Security Committee holds periodic meetings to formulate, review and optimize cybersecurity management targets, policies and procedures, safeguarding corporate information and data security.

Strategy

The Company adheres to the overall business strategy of “stabilizing growth, adjusting structure, controlling risks and boosting innovation”. Based on steady operation, the Company continuously optimizes business mix and product portfolio to drive steady growth in revenue and profits. Structural upgrading is realized by focusing on high-end products, optimizing product mix and strengthening core competitiveness. The Company bolsters risk management and internal control systems, strictly abides by compliance and operational safety bottom lines to sustain long-term stable operation. Driven by technological innovation and R&D investment, the Company keeps upgrading products, manufacturing processes and smart manufacturing, strengthens core technological moat and sustainability capacity, and delivers high-quality, sustainable and stable development.

Indicator and Performance

Indicator	2025 Performance
Integrity management training coverage rate	100%
Anti-corruption and integrity training coverage rate for management	100%
Risk management training completion rate	100%
Major cybersecurity incidents	0
Major illegal and non-compliance cases received	0

Note: For details, please refer to Material Topic Management Targets & Performance – Governance Dimension

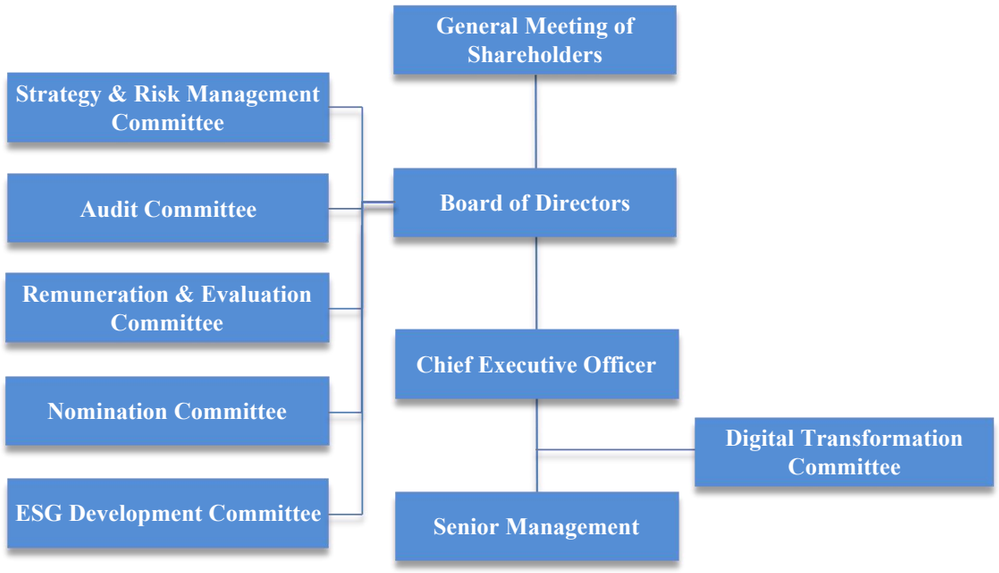
Corporate Governance

Upholding the philosophy of sustainable development, the Company deeply integrates ESG targets into its governance framework and builds a decision-making system with clear responsibilities and effective checks and balances. The Company rigorously complies with laws, regulations and regulatory documents to standardize business operations and continuously improve governance structure. The General Meeting of Shareholders, Board of Directors and each specialized committee fulfill core functions in major decision-making, operational management, supervision and balance, ensuring compliant and stable business performance. For economic value created and government subsidies, please refer to Section 10 Financial Statements of the Company's 2025 Annual Report.

Governance Structure

The Board of Directors has set up Strategy & Risk Management committee, Audit committee, Remuneration & Evaluation committee, Nomination committee and ESG Development committee. By reinforcing diversified professional expertise and full-range supervision mechanisms, the Board of Directors ensures scientific decision-making and adheres to long-term value development.

• Organization Chart & Board Profiles



Board Operations

As the highest governing body, the Board of Directors exercises core decision-making power in formulating, reviewing and updating corporate mission, development strategies and sustainable development targets. Board members are nominated by the Nomination Committee, reviewed by the Board and approved by the General Meeting of Shareholders. The Board consists of 9 directors, including 3 independent directors. Mr. Shen Qingfang serves as Chairman, responsible for convening board meetings and supervising the implementation of board resolutions. The Board operates in strict accordance with the *Articles of Association* and *Rules of Procedure for the Board of Directors*, holding no fewer than 4 meetings each year. During the reporting period, the Board reviewed and approved key documents including the *2024 Board of Directors Work Report*, *2024 Sustainability Report* and *2024 Annual Report*. The top management leader is the Chief Executive Officer who also serves as General Manager, in charge of business expansion and policy execution across the Company.

Diversified & Professional Board Composition

There are currently 2 female directors on the Board. Adhering to the recruitment principles of diversity and professionalism for board members, the Nomination Committee comprehensively evaluates candidates by gender, nationality, professional background and other criteria during nomination. Professionals specializing in corporate governance, electronics industry, law, finance and other fields are prioritized as director candidates. This continuously elevates corporate governance standards and delivers professional, valuable decision-making support for industrial expansion and strategic planning.

Name	Gender	Position	Age group		Expertise		Professional Background	
			Over 50	Under 50	Industry	Legal/Finance	Industry	Legal/Finance
Shen Qingfang	Male	Chairman	√		√	√	√	√
You Zhehong	Male	Director	√			√		√
Huang Chongxing	Male	Director	√		√		√	
Lin Yihong	Male	Director	√		√		√	
Ke Chengen	Male	Director	√		√		√	
Miao Chunna	Female	Employee Representative Director		√	√		√	
Zhang Milin	Female	Independent Director		√	√		√	
Zhang Jianjun	Male	Independent Director	√			√		√
Wei Xuezhe	Male	Independent Director	√		√		√	

Board Performance and Remuneration

In 2025, the Board of Directors and all specialized committees performed duties diligently and in full compliance with laws and regulations. They continuously optimized corporate governance systems, strengthened internal control and risk management, and ensured standardized operation and sustainable growth of the Company. During the reporting period, the Board convened 9 meetings; the Independent Directors Committee held 3 meetings; the Audit Committee held 6 meetings; the Remuneration & Evaluation Committee held 2 meetings; the Strategy & Risk Management Committee held 6 meetings; the Nomination Committee held 2 meetings. For full details of Board operations, please refer to the *2025 Board Work Report* and Section 4 Corporate Governance of the *2025 Annual Report*.

To improve the long-term incentive and restraint system and closely align the interests of core management, technical backbones with those of the Company and shareholders, the Company has formulated a special performance remuneration management system for management and core technical staff. Combining profit linkage, tiered decision-making and performance appraisal, the system realizes long-term incentive alignment between management and shareholder value, stabilizes core talent teams and boosts drivers for sustainable development. Details on directors' remuneration can be found under Remuneration of Directors, Supervisors and Senior Management in Section 4 Corporate Governance of the *2025 Annual Report*.

Director Training

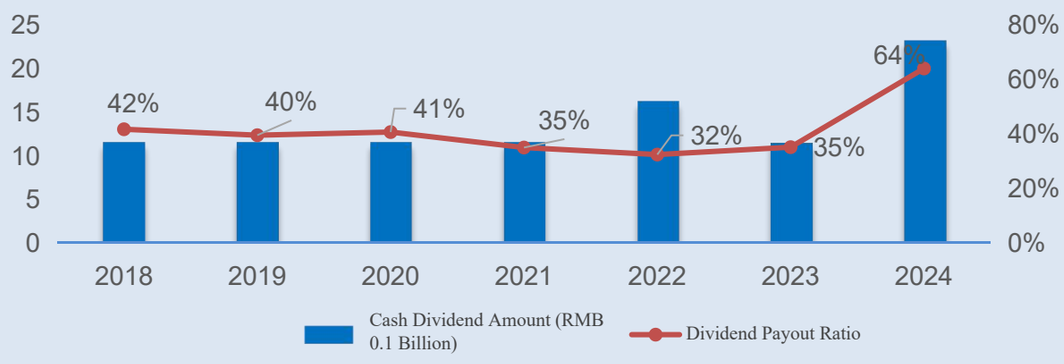
Against the backdrop of deepened capital market reforms and upgraded regulatory policies, the Company arranges targeted training sessions hosted by the China Association for Public Companies and regulatory authorities covering corporate governance and sustainable development, aiming to improve the Board's capacity for scientific decision-making and standardized duty performance. Such training helps directors grasp the latest legal requirements and industry trends, and reinforce awareness of compliant operation and sustainable development. In 2025, directors accumulated a total of 25 training hours.

Training Topic	Training Hours (Per Person)
Analysis of Material Sustainable Development Topics & ESG Data Management	**5**
Public Company Public Opinion Management	**5**
Study on Securities Laws, Regulations and Rules	**6**
Study on Typical Non-compliance Cases of Listed Companies	**9**

Protection of Shareholders' Rights and Interests

The Company attaches great importance to shareholder returns. Since its IPO in 2018, cumulative dividends totaled RMB **9.7** billion as of 2024.

• Annual Dividend Distribution Since Listing



• 2025 Dividend Proposal

Based on distributable profits of the parent company, the Company proposes to distribute a cash dividend of RMB 10.00 (tax inclusive) for every 10 shares to all shareholders. The calculation base is the total share capital of 2,318,051,016 shares as of December 31, 2025, minus certain restricted shares under the 2021 and 2024 Restricted Stock Incentive Plans to be repurchased and cancelled. No bonus shares will be issued, and no capital reserve will be converted into share capital.

Investor Relations Management

The Company has formulated the *Measures for Investor Relations Management* to establish a multi-tiered and regular mechanism for investor communication and value communication. The Company maintains efficient and sound interactions with the capital market through multiple channels including the Shenzhen Stock Exchange's investor interaction platform, investor hotline, performance briefings, investor open days, on-site due diligence, factory tours and broker strategy conferences.

During communications, the Company objectively and comprehensively briefs investors on operating results, development strategies, technology layout and risk management. The Company carefully collects investors' reasonable opinions and suggestions and promptly feeds them back to management. This deepens the capital market's understanding and recognition of the Company's long-term value, and fosters a stable, mutually trustworthy and win-win relationship between the Company, shareholders and investors.

Information Disclosure

In strict compliance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Stock Listing Rules of the Shenzhen Stock Exchange*, *Guidelines for the Standard Operation of Companies Listed on the Shenzhen Stock Exchange* and other applicable laws, regulations and regulatory requirements, the Company adheres to the principles of truthfulness, accuracy, completeness, timeliness and fairness in information disclosure. The Company faithfully fulfills disclosure obligations to ensure all investors obtain corporate information simultaneously and equally.

The Company continuously optimizes internal control procedures for information disclosure, strengthens review and quality control, and improves disclosure standardization and transparency. Beyond mandatory disclosures, the Company discloses monthly operating revenue data to help investors track business performance timely and accurately. High-standard information disclosure underpins the Company's long-term stable development.

Information Disclosure Rating for Six Consecutive Years

A Grade

Participation in Broker Strategy Conferences

68 Sessions

Reply Rate on Interaction Easy Platform

100 %

Tax Governance

The Company strictly abides by tax laws, regulations and policies in all operating regions, establishes and fully implements internal tax management systems, and adheres to tax governance principles of tax payment in accordance with law, compliant operation and controllable risks.

The Company has set up a clear tax management structure. The Chief Financial Officer bears ultimate responsibility for tax management. The Chief Accountant oversees daily tax administration, and a competent, experienced tax team is deployed to fulfill tax liabilities. Tax risk management has been integrated into the Enterprise Risk Management (ERM) system. The Company keeps refining mechanisms for tax risk identification, assessment and control to safeguard tax compliance and operational security.

For detailed tax payment data and relevant accounting treatments, please refer to the 2025 Annual Report. Full details of tax risk management are available in the *Risk Management chapter* of this report.

Corporate Commitments

1. File tax returns and pay taxes in a timely manner in compliance with local tax laws of all operating jurisdictions.
2. Conduct tax risk assessment and evaluate tax impacts when making material corporate decisions or facing revisions to local tax legislation.
3. Comply with applicable laws and rules for tax disclosure.
4. Do not utilize tax havens or implement tax arrangements for tax avoidance purposes.
5. Build a relationship of mutual trust and respect with tax authorities, communicate and clarify tax matters timely, and maintain harmonious interactions.
6. Support government tax incentives designed to boost corporate innovation and economic growth.

Effective Tax Rate Analysis

The Company's primary operations are based in Chinese mainland, where the statutory corporate income tax rate stands at 25%. The effective tax rate for 2025 was 13%, mainly attributable to the preferential 15% tax rate for high-tech enterprises and additional tax deductions for R&D expenses.

Total Coprorate Income Tax Paid in 2025

RMB **0.57** Billion

13%	87%
Proportion of Other Regions	Proportion of Chinese Mainland

Integrity Operation

Since its establishment, the Company has adhered to the core principle of integrity in operation, and formulated a full set of policies and rules governing integrity management. Acceptance of improper benefits and any acts violating integrity principles or laws are strictly prohibited. The Company closely tracks updates to external regulatory standards, and regularly reviews, revises and optimizes internal policies based on internal supervision outcomes to guarantee effective implementation of integrity management measures.

Relevant Integrity Management Policies:

- *Code of Corporate Governance Practices*
- *Code of Sustainable Development Practices*
- *Code of Ethical Conduct*
- *Administration Rules for Registration of Persons with Access to Inside Information*
- *Operational Procedures for Preventing Insider Trading*
- *Measures for Anti-Corruption and Malpractice Rectification*
- *Code of Integrity Operation*
- *Operational Procedures and Behavioral Guidelines for Integrity Operation*
- *Supplier Code of Conduct*

Responsible Unit for Integrity Promotion

The Company has set up an Integrity Management Task Force jointly formed by the Chairman's Office, Human Resources, Legal Affairs and other core departments. The task force submits annual reports to the Board of Directors summarizing progress and outcomes of integrity initiatives. Auditors conduct routine supervision of implementation. Any irregularities or reported complaints are addressed promptly, with resolution results and improvement plans reported to the Board afterwards.

Implementation & Enforcement

Key integrity policies, rules and operational procedures are published on the Company's website for unrestricted review and oversight by internal staff and external stakeholders. Standard commercial contracts with business partners include clauses requiring counterparties to comply with the Company's integrity policies. All Board members and senior management have signed written undertakings to fully uphold integrity requirements.

Performance During the Reporting Period

- All relevant employees completed training on integrity, anti-corruption and confidentiality, with a 100% pass rate in assessments.
- Major suppliers received briefings on the Company's transparent business policy and signed commitment letters.
- No material illegal incidents occurred.

Reported Cases & Material Violations Received by Regulators During the Reporting Period

Scope	Case Count
Corruption and Bribery	0
Discrimination and Harassment	0
Customer Data Breach	0
Conflict of Interest	0
Money Laundering and Insider Trading	0

Training & Promotion

During the reporting period, multi-level training centered on integrity was rolled out across onboarding, quality control, technical skill upgrading and management talent development. Special seminars covering integrity regulations, ethical codes, internal information management, internal controls, material information and insider trading were also arranged. Total training hours exceeded 152,000 with over 0.099 million participant attendances. Educational content was continuously displayed on lightboxes in staff living quarters, reaching an estimated annual viewership of over 1.8 million person-times.

Employee behavioral standards are stipulated in the Operational Procedures and Behavioral Guidelines for Integrity Operation and Employee Handbook, covering corporate business ethics, regulatory compliance and workplace conduct to guide daily work for all staff. Employment contracts contain binding ethical clauses for both employer and employee, addressing intellectual property ownership, indemnification against infringement, confidentiality, external communication protocols, data security, integrity and self-discipline, non-compete obligations and conflict-of-interest recusal. This framework ensures all employees fully understand and abide by professional ethical standards.

Communication on Anti-Corruption and Anti-Competition Policies & Procedures

During the reporting period, 9 senior executives completed anti-corruption training, achieving a 100% coverage rate. Around 1,208 key suppliers signed integrity commitment documents, representing a coverage rate of approximately 95%. In 2025, no material corruption risks were identified, and there were no legal lawsuits involving unfair competition, antitrust or monopolistic acts at home and abroad.

Counterparty Assessment

Prior to establishing business ties with agents, suppliers, customers and other trading partners, the Company conducts rigorous legitimacy vetting to avoid cooperation with entities with poor integrity records. Adhering to a transparent policy of *fairness, integrity, honest cooperation and mutual benefit*, the Company communicates this principle clearly to all partners. A list of *strictly prohibited practices* is posted on the official website to demonstrate the Company's firm stance and determination on integrity operation.

Conflict of Interest Prevention

The *Code of Ethical Conduct* stipulates that all employees shall conduct business objectively and efficiently, and are prohibited from seeking improper gains by taking advantage of their positions. The *Code of Integrity Operation* and the *Operational Procedures and Behavioral Guidelines for Integrity Operation* set out detailed recusal rules for stakeholders with conflicts of interest concerning Board proposals. Directors shall proactively disclose potential conflicts to the Board, while senior management may report promptly via the compliance channel.

Risk Control and Audit

The Company has established comprehensive risk control procedures and internal control systems, with project managers responsible for implementation and monitoring. Based on integrity risk assessments, internal auditors formulate audit plans covering auditees, scope, items and frequency, then verify compliance with prevention measures. Audit findings are notified to senior management and the dedicated integrity team, and full audit reports are submitted to the Audit Committee. An integrity risk assessment mechanism collects information via interviews, emails and other channels to regularly identify high-risk issues. Combined with internal audits, targeted prevention plans against unethical conduct are formulated.

Reporting Channels, Incentive and Disciplinary Mechanisms

The Company implements systems for reporting, rewards, disciplinary actions and appeals for violations of integrity policies. Internal and external reporting channels are available at all global operating sites, including suggestion boxes, dedicated email and an online reporting portal, encouraging internal and external parties to report illegal and unethical conduct. Clear disciplinary measures are defined; violations by relevant personnel are disclosed timely via internal platforms and public information channels, and an appeal system safeguards the rights of involved parties.

Corporate Reporting Channels

Email: avary@avaryholding.com

Online Reporting Portal: http://www.avaryholding.com.cn/contact.aspx

Investigation Procedures and Protection Measures

The Company has formulated standard operating procedures for reports. Complete records are retained for case acceptance, investigation processes, outcomes and supporting documents. For verified reported violations, relevant departments are required to review and upgrade internal controls and workflows to prevent recurrence of similar issues.

Specialized staff and departments in charge of report handling shall immediately notify management upon discovering serious violations or circumstances that may cause substantial losses to the Company. A strict confidentiality framework is in place to allow anonymous reporting; written commitments protect the reporter's identity and report details, ensuring reporters will not face unfair treatment for submitting reports.

No material integrity violations occurred during the reporting period. For details, please refer to the 2025 Integrity Implementation Performance Report.

Operational Risk Management

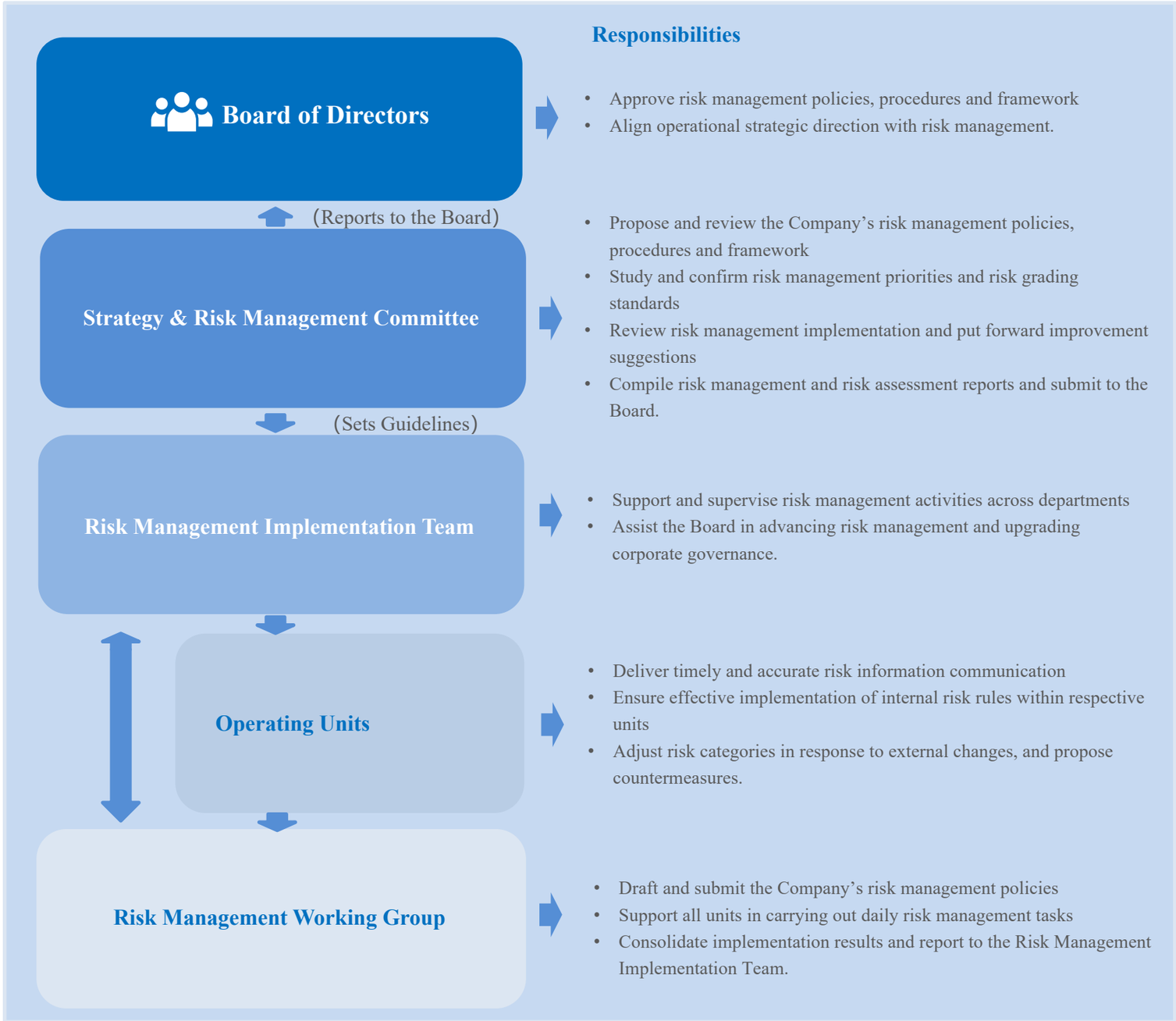
Risk Management Policy

To prevent and mitigate operational risks and sustain long-term stable business growth, the Company established the Strategy & Risk Management Committee. The Committee researches and puts forward proposals on long-term development strategies and major investment decisions, drives enterprise-wide risk management, and prevents and addresses business risks.

Per the risk management policy, 4 core risk categories are defined: operational risk, strategic risk, financial risk and incident hazard risk. Based on internal and external environment analysis, action plans are rolled out for 14 key risk factors. Full-spectrum oversight is achieved through risk identification, assessment, control and monitoring, with ongoing iterative management adopting the PDCA (Plan-Do-Check-Act) cycle.

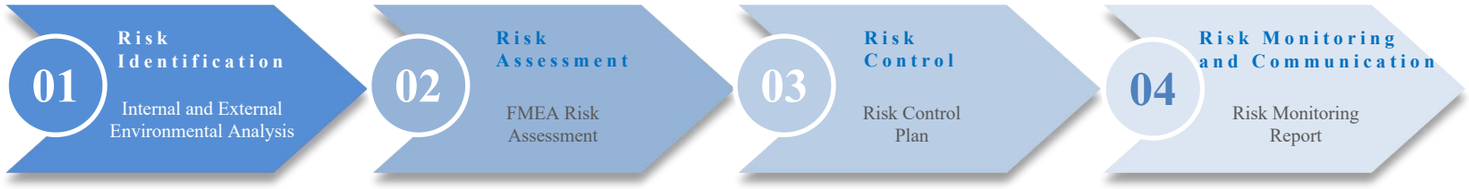
The Company regularly conducts in-depth analysis on potential operational shocks and challenges, and closely monitors shifts in global geopolitics and economies to guard against latent corporate threats. According to the *Global Risks Report* released by the World Economic Forum on January 15, 2025, shifts in global political and economic landscapes rank among the top ten emerging risks over the past two years, posing severe hurdles to corporate sustainability. Key concerns include escalating armed conflicts, widening social polarization, growing inequality and rising involuntary migration. Furthermore, misinformation and disinformation can sway public sentiment and create adverse impacts for listed firms. Such risk signals remind the Company to navigate global volatility with heightened prudence.

Risk Management Organization and Responsibilities



Risk Management Process

The Company conducts risk management via risk identification, risk assessment, risk control, risk monitoring and communication to fully grasp all risk areas. Leveraging the PDCA (Plan, Do, Check, Act) cycle, the Company continuously optimizes and tracks risk factors to reduce the probability and impact of risks, and deploys appropriate actions for robust risk management. In line with sustainable development principles, the Company references shifts in global geopolitics and emerging risks highlighted by the World Economic Forum to assess medium- and long-term operational shocks and challenges. Potential risks are identified early with targeted oversight measures for proactive prevention and response.



I. Risk Identification: Internal and external environmental analysis and risk identification are carried out covering operational environmental, social and governance dimensions. In accordance with the risk management policy, four core risk categories are defined: operational, strategic, financial and incident hazard. Action plans are formulated for 14 major risk factors. Iterative management consisting of identification, assessment, control, monitoring and communication enables full oversight of all risks. Risk items by category are listed below:

Risk Items of the Four Core Categories

Operational Risks	1. Market Risk: Risks stemming from shifting market trends, fluctuating product demand, volatile raw material prices, and performance defaults by customers and supply chain partners.
	2. Geopolitical Regional Risk: Assessment of operational impacts caused by political and economic fluctuations in regions hosting the Company's production bases.。
	3. Cybersecurity Risk: Deployment, administration and maintenance of cybersecurity hardware and software, plus staff training and awareness initiatives.
	4. Supply Chain Risk: Oversight and mitigation of supply chain disruptions triggered by domestic and global geopolitics and environmental shifts.
	5. Quality Process Risk: Prevention and inspection of operational defects covering products, materials, manufacturing and packaging quality control.
	6. Industrial Safety Risk: Management and inspection of workplace hazards including work injuries, fire, explosion, chemical spills and other forms of environmental pollution.
	7. Human Resource Risk: Review of labor administration, working conditions and employee welfare matters.
	8. Intellectual Property Risk: IP risks and countermeasures, alongside management of impacts from updates to domestic and international laws and policies.
Strategic Risks	9. Strategic Risk: Operational impacts arising from corporate development roadmap, product, pricing and technology positioning, and supply chain operations.
	10. Business Integrity Risk: Compliance oversight covering laws & regulations, environmental and social accountability, protection of corporate data and assets, and prevention of bribery, money laundering and unfair competition.
Financial Risks	11. Investment Risk: Evaluation of internal and external environments for all investments, plus performance review and investment portfolio governance.
	12. Financial & Tax Regulatory Risk: Monitoring and management of profit impacts from regional fiscal / tax policy adjustments and global financial market volatility.
Incident Hazard Risks	13. Natural Disaster Risk: Preparedness and response capacity for typhoons, heavy rain, earthquakes, lightning strikes, fire, explosions, pandemics (e.g., avian influenza), heatwaves and extreme high temperatures.
	14. Environmental Risk: Impacts from long-term ecological changes, carbon neutrality requirements and climate transition risks.

For the 2025 risk management implementation plans and mitigation measures, please refer to the document 2025 Risk Management Implementation Status under the Sustainable Development section of the corporate website.

II. Risk Assessment: Risk assessment is carried out in accordance with the *Operating Procedures for Risk and Opportunity Management*. Each functional department identifies potential risk factors via Failure Mode and Effects Analysis (FMEA) or SWOT analysis, or self-developed identification and evaluation criteria. Departments classify risk items and risk levels to implement corresponding controls. Three indicators including severity, occurrence and detection difficulty are calculated to quantify the likelihood and impact of risks, serving as benchmarks for prioritizing risk control and response plans.

III. Risk Control: Business units implement iterative PDCA risk control for daily operational risks. For major cross-department or cross-site crises, cross-team risk assessments are launched, led by the convener of the Risk Management Implementation Team or an assigned representative. Teams formulate preventive strategies, emergency response workflows and recovery plans for crisis incidents.

After assessing and consolidating risks, each functional department monitors its business risks and rolls out appropriate solutions. All risks and countermeasures are submitted to the Risk Management Working Group for review and follow-up tracking.

IV. Risk Monitoring: The Company conducts regular iterative reviews covering 14 major risk categories, with full documentation of implementation outcomes to verify the effectiveness of risk management frameworks and control activities.

2025 Risk Management Training Implementation

To foster a robust risk management culture, the Company hosts annual internal and external risk management training open to all staff including Board members. Training completion and risk management performance are factored into annual performance reviews for supervisors and employees. The initiative embeds risk awareness into daily operations and routines to boost full-scale implementation. Total risk management training hours reached 44,616 in 2025.

2025 Training Hours by Risk Management Personnel

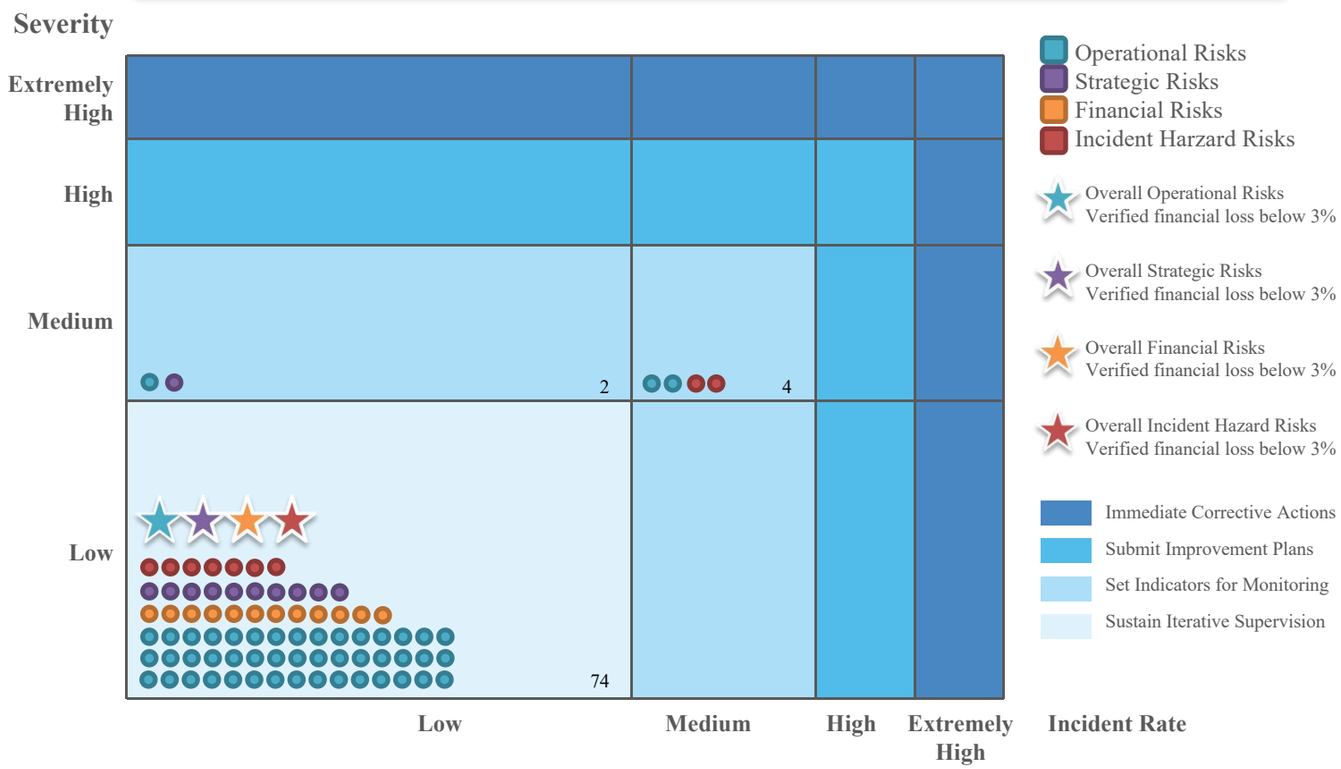
Unit: Person	Training 0–25 hours	Training 26-50 hours	Training 51-100 hours	Training Over 100 hours
Independent Directors	3	-	-	-
Responsible Staff	5	20	14	1

2025 Risk Management Performance Outcomes

The Company self-assessed its overall risk level as low for 2025. Moderate and low-level risks mostly relate to natural disasters and global geopolitical shifts, which business units continuously identify and mitigate via ongoing iterative controls to enhance resilience. Privacy protection and operational stress tests were newly added this year, expanding audit items from 76 to 80. Each operational unit identifies and evaluates risks under its management system, and results are plotted into a risk matrix. Four tiers of responses are deployed: immediate corrective actions, submit improvement plans, set indicators for monitoring and sustain iterative oversight.

Analysis shows most audited risks remained under iterative monitoring in 2025. To quantify financial exposure, potential financial losses for each risk factor were estimated based on prior-year revenue. Potential financial impacts across the four core risk categories were kept within the Company's targeted tolerance range during the reporting period.

2025 Corporate Risk Matrix



Note: The risk matrix is plotted based on severity and occurrence

Medium and Long-Term Emerging Risk Tracking

To implement sustainable development concepts and fulfill responsibilities as a global corporate citizen, the Company comprehensively reviews potential operational risks and challenges in line with emerging risk categories outlined in the *World Economic Forum's Global Risks Report*. Three core risks are prioritized for medium and long-term tracking: shifts in labor force structure, fluctuations in global geopolitical and economic conditions, and spread of misinformation and disinformation. For relevant control mechanisms and implementation results, please refer to the document 2025 Emerging Risk Implementation Status on the Company's official website.

▲ Invited external risk management experts to provide professional training for the Company's risk management personnel

Compliant Operation

Compliance Status and Implementation

Since its establishment, the Company has continuously upgraded its legal support system and compliance management framework. The Company closely tracks policy adjustments and legal revisions in all operating regions to guarantee full adherence to local laws and regulations. As of the disclosure date of this report, no material illegal incidents have occurred. During the reporting period, there were no legal lawsuits involving unfair competition, antitrust or monopolistic acts at home or abroad. The Company has formulated the *Code of Business Ethical Conduct*, committing to fair transaction and competition standards, and takes zero material violations as its long-term compliance objective. The Shenzhen site obtained the ISO 37301:2021 Compliance Management System Certification in 2024. The Company will further optimize the compliance system and fulfill legal compliance obligations going forward.

Privacy and Personal Data Protection

The Company attaches great importance to privacy and personal data protection and has issued the *Privacy and Personal Data Protection Policy* to build a structured management system with clear responsibilities at all levels. It strictly complies with internal privacy rules and applicable laws to safeguard personal information of employees, customers, suppliers and visitors against leakage and misuse. Sites in Chinese Mainland undergo biennial audits by independent third parties for privacy control effectiveness. Throughout the reporting period, collected personal data was only utilized for predefined authorized purposes. Systematic reviews and improvements are implemented to strengthen privacy protection continuously. Regular training programs cover new hire briefings on privacy statements and refresher sessions for existing staff to raise awareness. A total of 40,296 attendances were recorded with 20,148 training hours, achieving a 100% passing rate after training.

Information and Communication Security

In line with customer security requirements and the international standard ISO/IEC 27001:2022, the Company rolled out an information and communication security management policy. Annual recertification audits by external certification bodies are successfully passed each year, alongside routine internal security audits to sustain stable operation of the ISMS. A secure, reliable IT operating environment is maintained to fully protect corporate electronic data, systems, hardware and networks, ensuring non-repudiation, verifiability and accountability for all information assets.

Information Security Policy, Organization and Objectives

Based on the three core CIA security principles — Confidentiality, Integrity, Availability, the Company formulated the *Information Security Management Policy* and built a systematic security governance framework with multi-layered controls. This framework aligns operations with legal requirements and effectively defends against malicious internal / external attacks and accidental security risks.

Core Principles (CIA)

Confidentiality

To prevent unauthorized access or disclosure of information through strict access permission control

Integrity

To guarantee information remains accurate, complete and unaltered during storage, transmission and processing

Availability

To enable authorized users to access information and assets timely and reliably upon demand

Governance Framework and Control Measures

A systematic information security management framework is built upon CIA principles with multi-layered controls to ensure regulatory compliance and effective mitigation of internal and external threats

Key Implementation Actions

Continuous Optimization & Risk Resilience

Conduct regular system assessments and process upgrades to strengthen risk resistance capacity

Full-Range Access Control

Enhance technical protection and access governance to block unauthorized access and safeguard assets

Dynamic Monitoring & Defense

Deploy real-time network threat monitoring with early warning and proactive defense strategies

Emergency Response & Containment

Implement tiered notification and emergency response protocols to limit the impact of sudden security incidents

Security Roles and Responsibilities

Clarify departmental accountabilities, roll out security management for third-party partners, and build a multi-level protection barrier

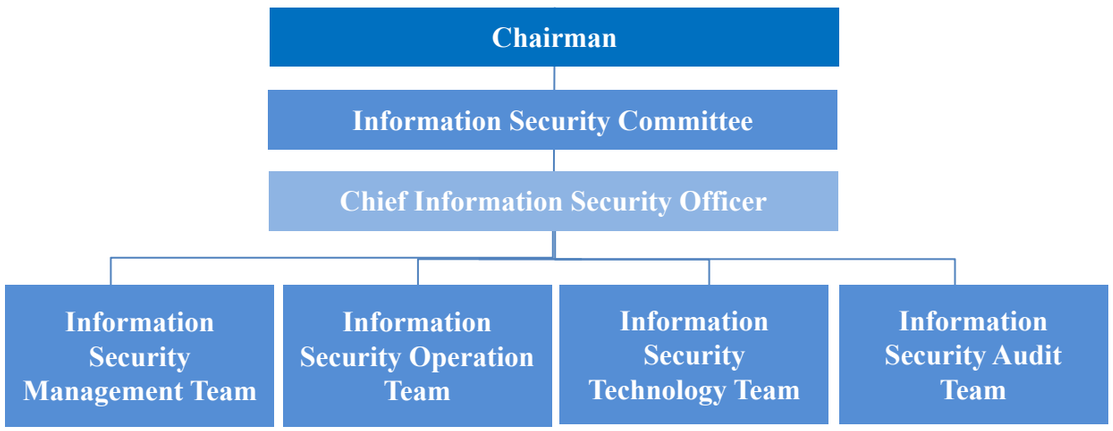
The Company has established an Information Technology Department. Aligned with the Group's long-term development goals and digital transformation strategy, the department leverages diverse IT systems and platforms, collaborates with external professional consultants, and interconnects various business systems. The Company steadily delivers the development vision of "digitalized operations, platform-based data, intelligent platforms and practical intelligent applications", delivers high-quality technical support for operation management and decision-making across all Group entities, and helps the Group improve quality, boost efficiency, cut costs and reduce inventory.

To ensure effective execution of information security policies, an independent dedicated Information Security Department is set up separately from the IT Department, with the Chief Information Security Officer (CISO) acting as the top supervisor for overall information and communication security. The department consists of four full-time teams: Information Security Management Team, Information Security Operation Team, Information Security Technology Team and Information Security Audit Team for daily operations. Meanwhile, an Information Security Governance Promotion Team is formed with representatives assigned from each department to disseminate policies and drive implementation, sustaining stable business continuity.

To further centralize information security governance, the Company formally founded the Information Security Committee in 2021. The CISO oversees security management work, with management executives serving as committee members. Quarterly meetings are held to review, formulate and evaluate information security targets, policies and standard operating procedures.

The Board of Directors oversees the Strategy & Risk Management Committee, which supervises and guides the formulation of information security strategies and objectives. Centered on sustainable operation, the Company continuously builds a secure and trusted IT environment, protects data, systems, hardware and networks, and stabilizes overall Group operations.

Structure of the Information Security Management Committee



To effectively protect the trade secrets of the Company and its customers, the Company has established a classified data management system and continuously optimized controls for product and customer communication data. A top-security zone is designated for confidential customer information with stringent access controls over networks, equipment and personnel, delivering end-to-end protection centered on three core information security management objectives.

Core Information Security Management Objectives

- Security Management of IT Equipment
- Employee Information Security Training
- Network and Anti-Virus Management

Advancement of Information Security Protection

Security Management of Information and Communication Equipment

The Company enforces strict controls on portable IT devices carried by personnel entering computer rooms, production lines and restricted areas, and conducts routine monitoring and access governance for networks, computers, operating systems and applications across all departments. The Business Continuity Operating Procedures have been formulated for classified system management, forming a robust business continuity framework to sustain uninterrupted operations.

Backup and restoration drills are held semi-annually to enable rapid system recovery amid emergencies or disasters and minimize loss. In 2025, a total of 23 redundancy drills were completed, including 8 primary equipment failover tests and 15 data backup restoration tests at sites in Shenzhen, Huai'an, Qinhuangdao and other locations. Networks are segmented into multiple security zones by function and risk level with differentiated access permissions and security policies. Granular access controls block unauthorized entry and mitigate overall network threats.

Network and Anti-Virus Management

To defend against cyberattacks and monitor real-time security posture, the Company deploys firewalls, intrusion prevention systems, email security filters and anti-malware solutions for round-the-clock oversight of group-wide networks and systems. In 2025, over 10,817 cyberattacks were blocked and 71,779 malicious emails intercepted per month on average, successfully preventing operational losses from malicious activity.

A staged deployment protocol is applied for system development: full validation in test environments precedes production rollout to reduce post-launch risks. Strict software license compliance is enforced to avoid legal liabilities. Third-party professional tools power regular vulnerability scanning with iterative remediation. External specialists conduct penetration testing and social engineering drills to boost security resilience and lessen operational disruption from risks.

IT & Communication Security Training

Total information security training reached 69,910 training hours with 352,850 attendances in 2025. The Company prioritizes security awareness building: dedicated courses are hosted on the knowledge management platform as mandatory training for new hires; quarterly training materials are distributed, company-wide social engineering simulations are held regularly, and security knowledge is shared via the corporate newsletter. The employee handbook outlines clear rewards and disciplinary rules for IT security violations. Severe misconduct such as unauthorized device use, unapproved software installation and unauthorized access to others' computers may result in termination.

Information Security Incident Reporting Protocol

Upon discovery of an IT security incident, employees report to the IT Department in accordance with the Information Security Incident Handling Procedures. The Company follows standardized steps for identification, classification, risk grading and resolution to deliver fast, effective responses. From 2022 to 2025, the Company fully complied with applicable IT security regulations with zero security incidents and zero customer complaints related to privacy infringement or lost customer data.

Information Security Incident Performance in the Past Four Years	2022	2023	2024	2025
Total IT / Cybersecurity Violations	0	0	0	0
Incidents Involving Customer Personal Data Breach	0	0	0	0
Total Customers Affected by Security Incidents	0	0	0	0
Total Fines for IT / Cybersecurity Violations	0	0	0	0

Case Study: Monthly Information Security Column in *The Dingsheng Times* for Security Knowledge Promotion

Innovation Empowers, Quality Assures

This chapter addresses the double materiality topics:

- **Green Product and Innovation Management**
- **Product Quality**
- **Sustainable Supply Chain Management**
- **Chemical Safety Management**

Governance

Product-related matters are managed by the Green Product Working Group under the ESG Development Committee, together with the Equipment & Material Technical Committee and Central Quality Assurance Department. These entities ensure full-lifecycle compliance, delivery of green development targets, and product quality that meets customer expectations. The Green Product Working Group advances green product strategies, eco-friendly material adoption, and hazardous substance control to align products with international environmental regulations and sustainability requirements. The Central Quality Assurance Department oversees quality management system development, quality standard formulation, in-process inspection and customer quality support. The Company establishes end-to-end quality control mechanisms to steadily boost product reliability and customer satisfaction.

Strategy

Guided by the R&D core philosophy of “leading industrial technology and exceeding customer expectations”, the Company builds a product development system featuring technological superiority, reliable quality, low carbon and environmental friendliness. For R&D innovation, the Company carries out short-, medium- and long-term technological breakthroughs and intellectual property deployment, supporting carbon neutrality through technical advancement and green transformation. Adhering to the tenets of quality-first, customer-centricity, full-staff participation and innovation-driven development, the Company delivers steady quality improvements via preventive management, compliance accountability and technological empowerment. In supply chain management, the Company collaborates with high-quality strategic suppliers to optimize QCDS performance and strengthen ESG coordination, advancing sustainable development alongside value chain partners.

Indicators and Performance

Indicator	2025 Performance
Annual Supplier Audit Completion Rate	100%
Green Supply Chain Program Implementation Rate	100%
100% conflict-free supply chain minerals	Achieved
Average Customer Satisfaction Score	93.4
Major Safety Incidents Caused by Chemical Exposure	0
Products Complying with Environmental Laws, Regulations and Customer Requirements	100%

Note: For details, please refer to Material Topic Management Targets & Performance – Product Dimension

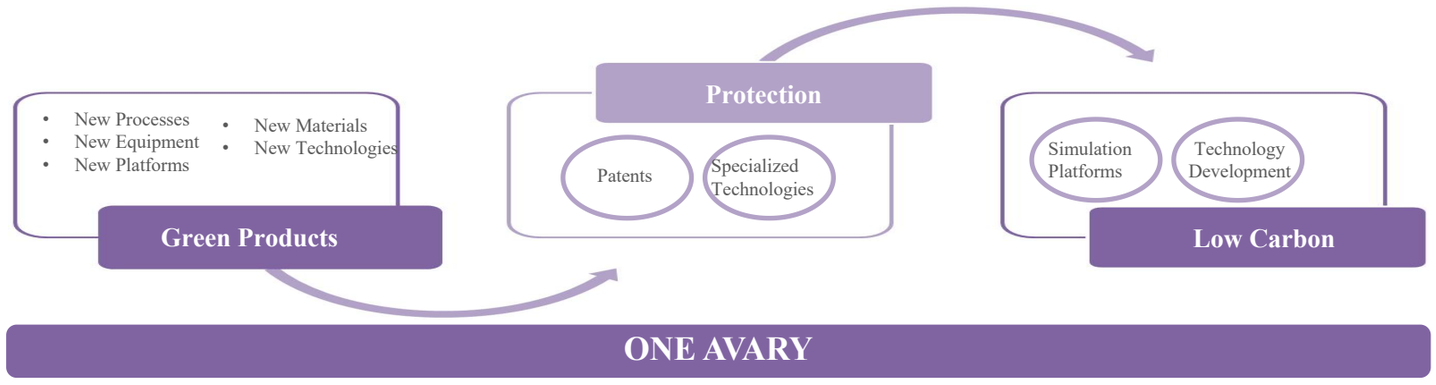
Innovation and R&D

The Company regards technological R&D as the core driving force for long-term growth. It engages in design and engineering verification at the early stage of customer product development, and continuously upgrades its overall R&D system and technical capabilities. The Company believes technological innovation and superior quality underpin corporate value creation. By integrating innovative technology platforms, deepening industry-university-research partnerships and nurturing professional PCB R&D talent, the Company consolidates core competitiveness and long-term growth potential. In 2025, R&D investment reached RMB 2.459 billion, accounting for 6.28% of annual operating revenue. The R&D workforce totaled 7,881 employees, representing 16.57% of the total headcount.

R&D and Innovation Resource Input	2022	2023	2024	2025
R&D Expense (RMB Billion)	1.672	1.957	2.324	2.459
R&D Expense as % of Revenue	0.462	0.610	0.661	0.628
R&D Staff (Persons)	5,414	6,022	7,035	7,881
R&D Staff as % of Total Employees	15.32	14.41	16.31	16.57

The Company focuses R&D priorities on new products, processes, technologies, materials and equipment, refining its R&D layout continuously. The Company deepens coordination with strategic partners to build a tightly integrated R&D ecosystem for joint development of core technologies and win-win outcomes for all parties.

Meanwhile, the Company actively deploys simulation analysis platforms to lift overall R&D efficiency and deliver high-performance, low-carbon integrated solutions to customers. For intellectual property management, the Company pursues systematic patent and core technology deployment over the long run to protect innovative achievements and low-carbon technologies. Moving forward, the Company will co-develop green products with novel application values and functional features alongside customers, fully catering to diversified market and client demands.



Core R&D Ecosystem

The Company consistently takes “leading industrial development and exceeding customer expectations” as the cornerstone of technical R&D. Dedicated R&D centers are established to advance cutting-edge technology research, targeting three R&D goals: meeting customer demands, exceeding customer expectations, and spearheading industry technologies. Regular review meetings evaluate short, medium and long-term R&D milestones and performance. The Company iteratively optimizes product technology platforms to deliver diversified solutions, fosters industrial chain collaboration, expands partnerships, and pursues shared growth and long-term win-win results.

● Three Pillars of R&D Strategy

Short-term Meet Customer Demands

Medium-term Exceed Customer Expectations

Long-term Spearheading Industry Technologies

Under the One Avary framework, the innovative technologies developed by the Company are listed below.

Items	Achievement Cases
Technology Development Outputs	Development of Multi-layer FPC for Millimeter-Wave RF Communication Modules
	Development of Fine-Pitch FPC for Next-Generation Camera Modules
	Development of Next-Generation High-Flexibility High-Frequency Transmission FPC
	Development of Ultra-Thin Next-Generation FPC Technology
	Development of High-Shielding Automotive FPC
	Development of High-Reliability Small-Pad HDI Process
	……
Low-Carbon & Carbon Reduction Patent Portfolio	Patents for Substrate Lightweighting, Metal Recycling and other eco-technologies

Shared Innovative Technology Platform

The Company further upgrades its one-stop service model covering end-to-end links: customer demand alignment, supply chain collaboration, product R&D, stack-up design optimization, simulation testing and reliability verification. The Company boosts platform competitiveness by integrating internal and external R&D resources to expand the scope and depth of technical development, delivering efficient, stable technical support to clients.

● Full-Spectrum Resource Integration to Build Proprietary Core Technology & Industry Leadership

Tripartite Collaboration: Company, Customers & Suppliers	Design, Simulation & Solution Validation	Industry-University-Research Partnerships	Technology & Product Development
• Customer Service Liaison • Resource Integration	• Product Design • Simulation & Test Verification	• Principle Formulation • Talent Cultivation • Patent Deployment	• Advanced Technology Development • Product Innovation Competitiveness • Development of Generic Technologies for Key Components

For internal resources, digital design and simulation streamline product development workflows, forming a full-lifecycle technical support system from demand analysis, schematic design, product optimization to mass production backup. Combined with proprietary precision processes and rigorous reliability standards, the Company delivers competitive, innovative core technical solutions. R&D teams target diverse applications: 5G / 6G, new energy vehicles, AI servers, VR headsets, robotics, optical communication and low-earth-orbit satellites. Teams co-develop technology roadmaps with customers to analyze product trends and strengthen core technical capabilities steadily.

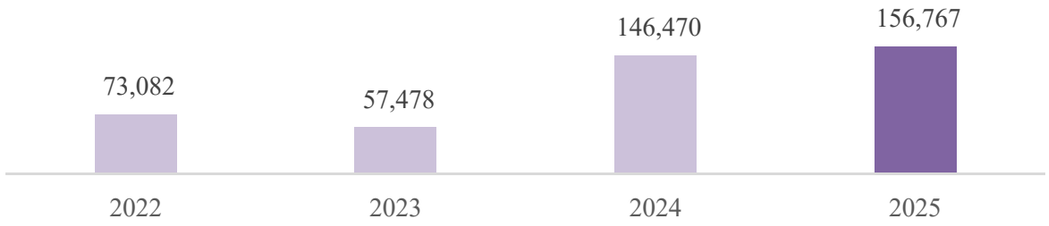
For external resources, the Company builds long-term industry-university-research ties with universities and research institutes. In 2025, 11 joint R&D projects were launched. Integrating theoretical research with industrial practice nurtures professional technical talent, accelerates commercialization of advanced technologies, and elevates overall R&D strength and innovation momentum.

Full-Spectrum Technical Solutions

The Company integrates core PCB capabilities across R&D, design, manufacturing and sales to provide full-range PCB products and technical services, and co-plans next-generation product roadmaps with customers.Its diversified PCB portfolio serves consumer electronics, communication, automotive, servers, optical communication and emerging sectors, meeting high-quality, high-performance manufacturing demands across industries. The one-stop model shortens prototype cycles, cuts development and capital costs, lifts clients' market competitiveness and speeds end-product launch. Tailored to distinct product specifications and performance requirements, the Company advances advanced material development, technical simulation, structural design, production manufacturing and process performance testing. Simulation optimizes R&D workflows to compress lead times and lower trial expenses, delivering customized, differentiated product solutions that help clients secure unique market edges.

The Company anchors its technology roadmap on five pillars: new products, new technologies, new processes, new materials and new equipment. The Company introduces and develops cutting-edge global materials, technologies and equipment, paired with strengths in digital transformation, smart manufacturing and global supply chain management, to boost yield, production efficiency and economies of scale. By the end of 2025, over 156,767 engineering improvement projects had been completed: 92,002 new process upgrades, 16,070 new technology rollouts, 38,964 new material adoptions and 9,731 new equipment deployments.

● Engineering Innovation & Improvement Projects (Units)



● 2025 Annual Engineering Innovation & Improvement Projects

Category	Breakdown of Improvement Projects	Total Quantity
New Processes	4,809 human factor optimizations, 85,520 quality upgrades, 391 process revamps, 1,282 production lead time reductions	92,002
New Technologies	368 manpower reduction initiatives, 15,702 environmental improvement projects	16,070
New Materials	13,659 cost-cutting projects, 25,305 safety enhancement measures	38,964
New Equipment	5,875 efficiency boosts, 3,856 equipment upgrades	9,731

Smart Factory & Manufacturing

As a global leader in the printed circuit board industry, the Company not only consolidates its scale and supply chain advantages, but also sets a benchmark for high-quality industrial development through deep integration of precision manufacturing and digital technologies. Intelligent manufacturing is defined as its long-term core strategy, leveraging digital transformation to drive sustainable profitable growth and build solid core competitive moats.

Top-Level Strategy: Benchmarking Semiconductor Standards to Build Digital Infrastructure

The Company recognizes data as a core asset for future manufacturing. It advances digital construction in line with semiconductor-grade standards to comprehensively elevate manufacturing capabilities and competitiveness.

Benchmark Certification: The Company has obtained Level 4 CMMM (Intelligent Manufacturing Capability Maturity Model) certification. Its capabilities in data-driven operation, system integration and dynamic optimization match those of semiconductor fabs, delivering outstanding performance in system integration and real-time dynamic optimization.

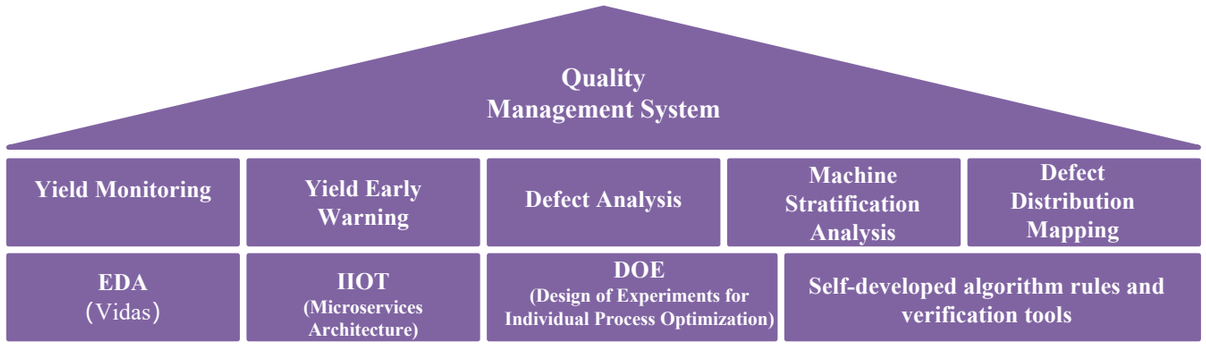

CMMM
智能制造能力成熟度
标准符合性证书
有效
依据GB/T 39116-2020《智能制造能力成熟度模型》、GB/T 39117-2020《智能制造能力成熟度评估方法》国家标准，经评估，鹏鼎控股（深圳）股份有限公司 符合要求，达到智能制造能力成熟度等级 四级，特发此证书。
证书编号：CMMM-0755-3982-2024-1055
评估范围：电子电路的设计（工艺设计）、生产、销售、服务（客户服务）
评估地址：广东省深圳市宝安区燕罗街道燕川社区松罗路鹏鼎园区
发证机构：江苏赫玛信息科技有限公司
2024年12月21日 核发
证书有效期：2026年12月20日 止

Standardized Fundamental Framework: All production lines across the Company fully adopt the SECS / GEM semiconductor communication protocol to realize inter-device connectivity and high-standard unification. This enables rapid response to demands for high-end products such as AI servers, greatly improves efficiency of technology migration and production line replication, and ensures consistency and stability in high-precision manufacturing.

Value Creation: Translate Smart Factory Advantages into Tangible Profitability

The Company boosts production quality, cuts costs, raises efficiency and reduces carbon emissions via digitalization and intelligent transformation, converting technical strengths into operational performance and sustainable development capacity.

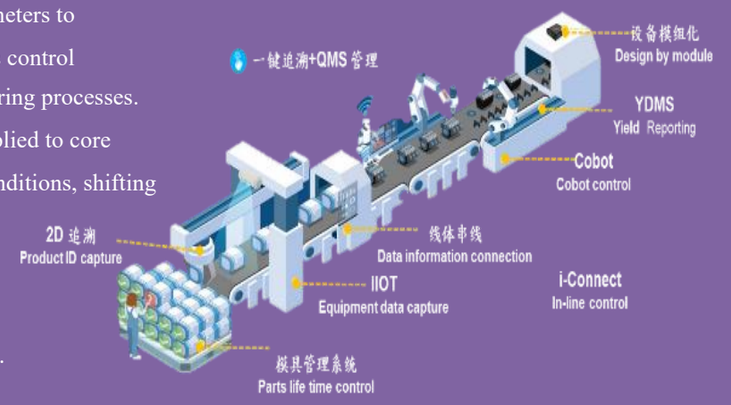
(1) End-to-End Quality Management System (QMS)



A full-scale QMS is deployed under the yield-first principle to enable full digital traceability throughout production. Big data models proactively identify abnormal parameters and issue advance alerts, shifting quality management from reactive troubleshooting to proactive prevention. Simulation of optimal production conditions cuts trial costs and accelerates yield ramp-up for new products.

(2) Smart Production & Predictive Maintenance

A full-scope data collection network is built via IIoT equipment connectivity, tightly integrated with EES / EMS equipment engineering management, EAP equipment automation and MES manufacturing execution systems. Advanced Process Control (APC), benchmarked against semiconductor fabs, conducts real-time statistical analysis of process parameters to mitigate quality risks; SPC statistical process control and data analysis further stabilize manufacturing processes. Predictive Health Management (PHM) is applied to core equipment to assess real-time operational conditions, shifting maintenance modes from breakdown repair and scheduled servicing to predictive upkeep, minimizing downtime losses and lifting equipment utilization rates.



AI optical inspection is rolled out across all industrial parks to boost inspection efficiency, cut labor reliance and reduce missed defects. AI intelligent video surveillance is deployed for round-the-clock smart site security monitoring, which automatically identifies violations and anomalies, enables rapid response, and safeguards personnel and asset safety.

(3) Automation & Automated Material Handling System (AMHS)

Complex systems are split via standardized and modular designs, paired with automated transportation and intelligent dispatching systems. This lowers labor dependence, eliminates human errors, ensures consistency and reliability in mass production of high-end products, raises overall operational efficiency and profitability, and supports low-carbon green manufacturing.

(4) Smart Factory Assessment & Continuous Improvement

Amid trends of PCB heterogeneous integration and rapid process iteration, the Company advances digital transformation in full depth. As stated by the Chairman, the level of digital and intelligent development shapes the Company's future growth. Benchmarking the semiconductor industrial chain, a smart factory maturity evaluation system is established to form a closed-loop workflow: department self-assessment, factory preliminary review, on-site re-audit, and review-driven optimization. Evaluations cover four dimensions: workforce, technology, resources and manufacturing, forming a unified One Avary intelligent manufacturing management framework. Systematic assessments pinpoint pain points across sites; expert exchanges, experience sharing and benchmark replication lift capability evenly across the whole enterprise.

The Company adheres to the PDCA continuous improvement cycle, deepens industry-university-research collaboration and supply chain synergy, internalizes intelligent manufacturing and AI as core organizational strengths, and solidifies its leading global position in the PCB sector.

Future Outlook: Build an AI-powered Digital Moat

Against PCB upgrade opportunities driven by AI computing power, the Company has formulated a clear development roadmap to convert traditional manufacturing strengths into sustainable digital barriers. It is not merely a supplier of AI hardware, but also an in-depth adopter of AI technologies. A defined digital transformation roadmap strengthens resilience amid volatile global supply chains and delivers long-term stable investment value amid the AI boom.

Patent Management

The Company vigorously develops proprietary intellectual property rights and allocates resources for strategic patent planning to upgrade patent quality. Four core patent management strategies have been formulated: *Accumulation, Focus, Innovation and Value Enhancement.*

● Patent Management Strategies

Accumulation
Build up IP rights for core technologies

Focus
Evaluate and screen patents by analytical value

Innovation
Link with technology innovation services

Value Enhancement
Improve quality, lift efficiency and boost operational performance

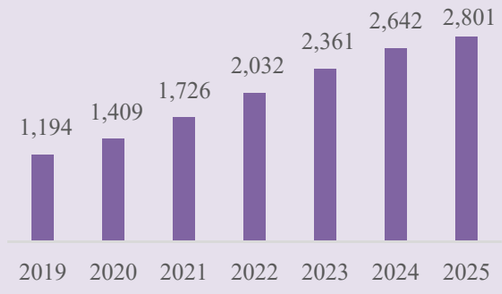
● Patent Management Initiatives

- Establish dedicated professional teams
- Develop patent certification and brand reputation
- File high-quality patent portfolios
- Deploy patent management IT systems
- Prioritize core technology fields
- Fully implement standardized management systems

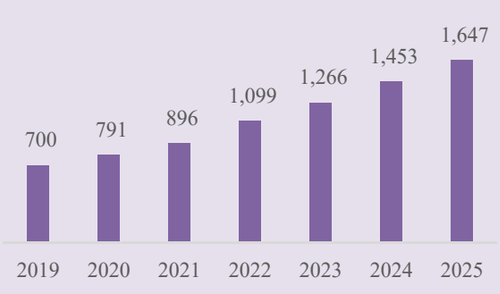
● Patent Achievement

As of December 31,2025, the company has filed a total of 2,801 patent applications and obtained 1,647 patents, of which 90% are invention patents.

Total Patent Applications

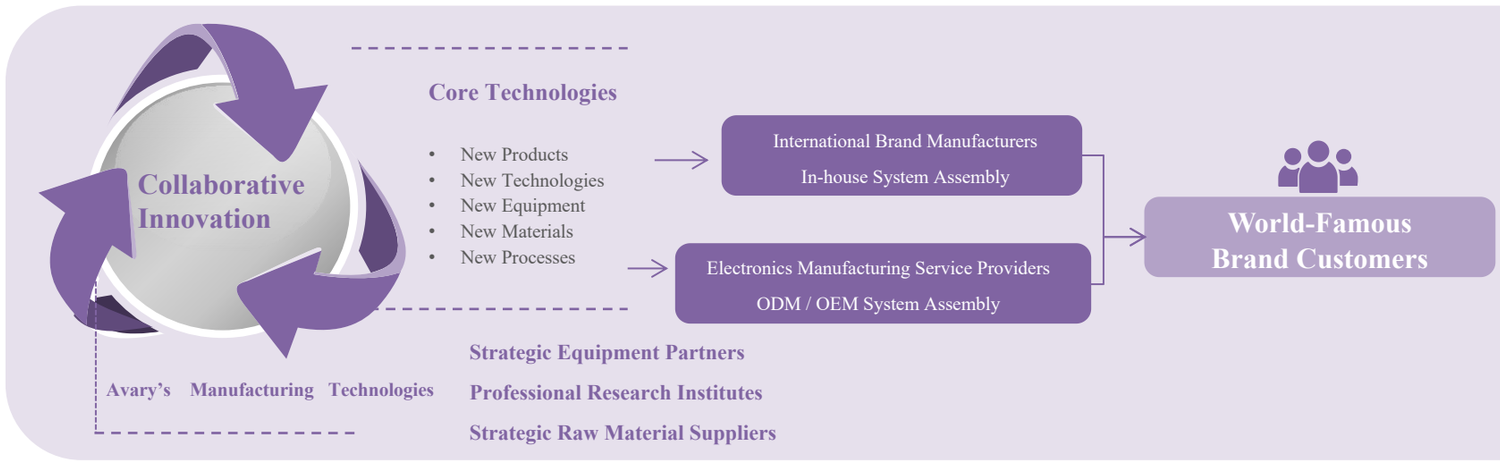


Total number of patents granted



Responsible Supply Chain

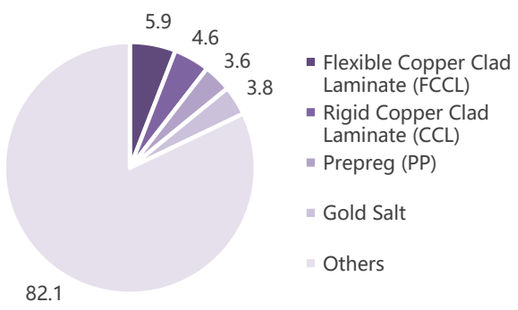
The “Avary PCB Business Platform” serves as a growth ecosystem for Avary, suppliers, professional institutions and other strategic partners to progress and share achievements together. The Company believes business is not a zero-sum game, but a pursuit of mutual prosperity with partners. The Company aims to co-develop, innovate and research core technologies (new products, technologies, equipment, materials and processes) alongside partners with shared benefits. Meanwhile, high-quality PCBs are widely applied in end-customer products to benefit consumers and society at large.



Green Procurement

The Company has a total of 1,711 suppliers categorized into five major groups: raw materials, equipment, construction, logistics, and information technology. Raw material suppliers account for the largest quantity, reaching 524 in 2025, including flexible copper clad laminate (FCCL), rigid copper clad laminate (CCL), prepreg (PP), potassium gold cyanide, and others.

Proportion of Procurement Value and Consumption Volume of Key Raw Materials in 2025



Consumption of Key Materials	Unit	2021	2022	2023	2024	2025
Flexible Copper Clad Laminate (FCCL)	m²	5,366,018	4,696,145	4,689,041	5,303,386	7,179,852
Rigid Copper Clad Laminate (CCL)	m²	5,049,415	4,899,453	3,824,603	5,173,961	5,571,555
Prepreg (PP)	m²	12,889,371	12,635,456	11,132,062	13,105,657	19,768,838
Potassium Gold Cyanide	Kg	1,371	1,077	849	1,123	1,259

Note: Consumption volume estimated based on procurement quantity

Upholding the Seven Green Principles, the Company selects high-quality, eco-friendly raw materials meeting quality requirements with supplier support. Key precious metals deployed include gold, palladium and tin, covered in materials such as potassium gold cyanide, palladium solution, copper powder / ball / foil, solder paste / balls, especially copper foil inside FCCL and CCL. The entire PCB industry is exploring alternatives or consumption reduction for rare metals. Avary Holding maintains close communication with suppliers to track technical trends, yet no viable metal substitutes exist in the short term due to quality constraints and current industrial technology limits. To protect the planet, diversify supply sources and secure stable material supply, Avary Holding collaborates with suppliers and customers to expand recycled metal adoption. Recycled solder paste has been implemented, with recycled tin accounting for 86% of total tin usage. All potassium gold cyanide suppliers hold third-party recycled material certifications (ISO 14021, UL 2809 or SCS Global Services). In 2025, 96% of the Company’s potassium gold cyanide was recycled (Note: recycled potassium gold cyanide sourced from external procurement and in-house recovery).

Through partnerships with customers and suppliers, recycled copper powder and copper balls achieved 100% utilization in 2025. For copper foil, three top-tier suppliers (expanded from only the largest supplier) can deliver foil made entirely of recycled copper, bringing annual recycled copper foil usage to 100%; all newly introduced copper foil materials will adopt recycled copper hereafter.

For CCL containing copper foil, collaboration launched in 2024 lifted recycled content to 86% in 2025. FCCL (including rolled copper foil) began recycled foil trials in 2023, rolled out for partial production in 2024, and reached a 15% recycled ratio in 2025; the Company will keep partnering with stakeholders to raise this share further. Steel sheet accessories raised recycled material proportion to 41% in 2025, with 80% recycled content per SUS stiffeners. Beyond recycled metals, packaging trays are recovered and reused, hitting an 8% recycling rate in 2025, with a 15% recycling target set for 2027.

Recycled Material Consumption and Targets During the Reporting Period

Recycled Material	Unit	2025		2026 Target
		Total Consumption	Recycled Ratio (%)	Recycled Ratio (%)
Solder Paste	kg	32,563	86	95
Potassium Gold Cyanide	kg	1,259	96	100
Copper Balls	kg	1,387,215	100	100
Copper Powder	kg	4,431,595	100	100
Copper Sulfate	kg	533,325	83	100
Copper Foil	kg	6,485,552	100	100
FCCL (Copper Foil Base)	m²	7,140,500	15	15
CCL (Copper Foil Base)	m²	5,827,723	86	90
SUS Stiffeners	kg	267,206	41	40
Tray	pcs	71,416,579	8	15
Aluminum	kg	350,344	0	0
Nickel	kg	1,320	0	0
Titanium	kg	4,401	0	0
Lithium	kg	0	0	0
Cobalt	kg	0	0	0

During the reporting period, the Company promoted carbon reduction and renewable energy adoption among suppliers, conducting surveys on carbon emissions and green energy usage covering 138 suppliers. Green procurement governance applies to equipment suppliers: vendors are required to implement ESG management, energy consumption is a key equipment selection criterion, and suppliers must integrate energy-saving, water-saving and emission-reduction designs at the early specification stage. For risk control, excluding a handful of monopolized, single-source raw materials and equipment, the Company maintains at least 2 suppliers or production sites for each material to guarantee supply stability.

Responsible Supply Chain Management

Avary Holding has long adhered to a procurement strategy focused on acquiring technology, talent, market access and sustainable fair pricing, developing high-performance competitive suppliers. Regular audits, coaching and performance tracking continuously lift supplier standards for quality, cost, delivery and service to achieve mutual benefits. Key supplier management KPIs are outlined below.

Annual Supplier Management KPI Items	2025 Target	2025 Actual	2026 Target	2030 Target
Annual Supplier Audit Completion Rate (%)	100	100	100	100
Supplier Performance Review Completion Rate (%)	100	100	100	100
Green Supply Chain Program Rollout Rate (Note) (%)	100	100	100	100

Note: The 100% completion rate for the Green Supply Chain Program applies to manufacturers located in Mainland China.

A mature supply chain management system and dedicated supplier management department oversee supplier quality, delivery, technical support and pricing via the *Supplier Management Operating System*. Supporting documents include *Supplier Social Responsibility Management Procedures* and *Conflict Minerals Specification*. In-house procurement teams receive regular training on integrity, anti-corruption and supply chain ESG, extending Avary Holding's sustainability standards across the value chain with binding supplier commitments to comply with environmental, labor and global CSR regulations. Production suppliers are mandated to submit *Supplier Commitment Letters* or sign the *Special Terms and Conditions of Purchase Order* aligned with RBA standards. The *Supplier Code of Conduct* covers ethics (integrity, no improper gains), human rights (child labor ban, free employment choice) and environment (biodiversity, deforestation prohibition, land protection), plus terms allowing immediate contract termination for severe CSR violations with major environmental / social harm. 100% of production suppliers signed the code in 2025, with zero human rights disputes such as child labor or forced labor recorded that year.

To fulfill planetary environmental stewardship and lift eco-performance across the industrial value chain, Avary Holding hosted green supply chain workshops in 2025 with 669 attendances from 252 suppliers. Dedicated green initiatives support suppliers in upgrading factory environmental controls, obtaining ISO certifications, and launching water / electricity conservation, waste reduction and carbon abatement projects to boost overall environmental performance and collective sustainability impact.

Supplier Selection

To secure stable material supply meeting quality, environmental, delivery, technical and cost criteria, and help suppliers strengthen their internal management systems, Avary Holding implements a comprehensive supplier governance framework. Competitive vendors are selected against seven core principles via material assessments, professional audit evaluation and coaching. Onboarding follows standardized risk assessment: questionnaires, self-assessments, and on-site, remote or document-based audits. Only suppliers that meet standards or complete corrective actions sign commitment agreements to become approved vendors. All new suppliers onboarded in 2025 followed this full selection framework.

● Supplier Selection Principles

- Streamlining Principle: Optimize supplier count and develop competitive vendors
- Resource Sharing Principle: Cross-site sharing of qualified supplier resources
- Transparent Evaluation Principle: Open assessment covering cost, quality, collaboration and technical capability
- Exclusion Principle: Reject suppliers with a record of severe losses or adverse impacts
- Merit Selection Principle: Analyze material markets to prioritize high-competitiveness partners
- Second Sourcing Principle: Maintain alternative suppliers for all materials
- Impartiality Principle: Partner with low-risk vendors for management systems, labor, EHS and business ethics

Note: Priority is given to suppliers with third-party ISO 9001, ISO 14001, ISO 45001 and QC 080000 certifications

● Mandatory Supplier Requirements

- Fully comply with environmental laws and RBA (formerly EICC) Code of Conduct;
- Conduct thorough internal environmental reviews and accept Avary Holding supervision (including on-site assessments);
- Implement supply chain environmental controls required by Avary Holding and brand customers per IPE CITI and CATI protocols;
- Suppliers and sub-suppliers (chemicals, wastewater / solid waste treatment, logistics, raw materials) must register IPE enterprise accounts, monitor compliance records, and promptly remediate and disclose regulatory non-conformities;
- Mainland suppliers contributing over 80% of procurement spend and their sub-suppliers must annually disclose PRTR data on IPE, conduct GHG accounting, set emission reduction targets and report progress regularly.

Audit & Coaching for Supplier Quality, Hazardous Substances and Social Responsibility

To guarantee suppliers manage environmental protection, labor health & safety, and comply with CSR client and legal obligations with continuous improvement commitments, on-site audits target high-risk vendors annually based on material risk tiers and annual performance scores under the Supplier Audit Procedures. In 2025, 203 suppliers (52.6% of active vendors) underwent quality and hazardous substance audits: 66.0% (134 suppliers) fully passed, 34.0% (69 suppliers) passed conditionally. Suppliers resolved all 1,720 identified non-conformities with a 100% closure rate; major gaps included undocumented on-site operations, incomplete product traceability and poor foreign object control. All corrective actions were completed within deadlines.

Seventy-two suppliers received on-site Social & Environmental Responsibility (SER) audits in 2025 against five RBA pillars: labor, health & safety, environment, ethics and management systems, covering 18.7% of trading suppliers. Forty-six received Green ratings and 26 Yellow ratings. 428 SER non-conformities were fully remediated (100% completion rate), with the lowest-scoring categories being occupational health & safety and working hours. Suppliers submitted formal corrective action plans and received ongoing coaching to meet Avary Holding, downstream customer and legal standards.

No suppliers received Red ratings or faced contract termination due to failed corrective actions in 2025.

Note: Audit counts tally individual factory sites; scope covers 386 raw material suppliers (excluding electronic components and customer-specified parts). No high-risk suppliers were flagged in the 2025 SER risk screening.

1. Total audit score cap = 200: Green (>180, fully passed); Yellow (160 < Score≤180, conditionally passed); Red (≤160, failed).
2. Violations of the eight zero-tolerance clauses in Avary Holding's Supplier CSR Code automatically result in a Red (failure rating).
3. Ratings are recorded based on initial audit findings.
4. High-risk supplier criteria (any single trigger applies): A. SER incidents (including media exposure) in the prior 12 months, or unresolved SER incidents within three years; B. Pending or revoked approved supplier status due to SER breaches; C. Confirmed use of conflict minerals originating from the DRC and adjacent nations; D. Failure to remediate SER audit gaps within required timelines; E. Red SER rating in the prior fiscal year.

Beyond the 72 targeted annual SER audits in 2025, Avary Holding supports key suppliers with GHG inventory assessments and ISO system implementation coaching to lift vendor green performance and amplify collective CSR impact.

Supplier audit results during the reporting period

Supplier Audits	2022		2023		2024		2025		2026
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Total Quality & Hazardous Substance Audits	130	132	145	179	180	170	180	203	08
Fully Passed Ratio	/	43.2%	/	99.4%	/	75.9%	/	66.0%	/
Conditionally Passed Ratio	/	55.3%	/	/	/	22.3%	/	34.0%	/
Failed Ratio	/	1.5%	/	0.6%	/	1.8%	/	/	/
Total SER Audits	40	47	40	39	40	53	55	72	72
Fully Passed Ratio	/	38.3%	/	71.8%	/	45.3%	/	63.9%	/
Conditionally Passed Ratio	/	59.6%	/	28.2%	/	54.7%	/	36.1%	/
Failed Ratio	/	2.1%	/	/	/	0	/	/	/
Total Audited Supplier Count	170	179	185	218	225	223	235	275	280

Audit Process

• Planning	• Preparation	• Execution	• Report & Corrective Action
• Confirm audit requirements • Form audit team	• Supplier self-assessment and document collection • Arrange audit schedule	• On-site factory audit	• Issue audit report • Track remediation of non-conformities

Global attention to corporate environmental protection has intensified, expanding from individual enterprises to the entire supply chain. Companies must not only fulfill their own environmental responsibilities but also responsibly manage the environmental footprint of their supply chains to mitigate environmental risks.

Beyond hazardous substance control for products, the Company enforces requirements for supplier management systems covering labor, ethics, health & safety, and environment in alignment with the RBA Code of Conduct and SA8000, with eight zero-tolerance violations defined.

Eight Zero-Tolerance Items of the Company

1. Employment of child labor;
2. Use of forced labor, prison labor, use of prisons as suppliers or subcontractors, restriction of freedom of movement, and withholding of identity documents;
3. Imminent health and safety hazards endangering employee life or causing severe injury (including violence, verbal abuse, corporal punishment, sexual harassment, unlawful body searches, opposite-gender searches, etc.);
4. Retaliation against employees who provide truthful information to auditors;
5. Providing false information to Avary Holding;
6. Environmental issues posing immediate severe harm to society;
7. Media crises and severe mass incidents are prohibited, including unnatural deaths (suicide, homicide, falls, sudden death, etc.), collective labor disputes or strikes, group fights, mass poisoning, and other mass casualty events;
8. Failure to provide a safe and healthy workplace and implement effective measures to prevent potential Health&Safety accidents and work-related illnesses, such as mass infection from communicable disease outbreaks.

Supplier Training

To boost suppliers' ESG implementation capacity, the Company rolls out annual training plans covering the Supplier Code of Social Responsibility, environmental policies, and standard quality tools at the start of each year. In 2025, six training sessions were held, with 932 attendances from 351 suppliers.

Supplier Training Record During Reporting Period

Training Category	Training Content
Quality	Customer CSR requirements, supplier change management, supplier performance scoring criteria
Green Supply Chain	Supply chain environmental & carbon management via tools such as IPE Blue Map; mandatory corporate environmental disclosure – pollutant discharge and accounting reporting; carbon data accounting, disclosure and target setting; case studies of corporate environmental regulatory records in 2025

Grievance & Reporting Mechanism

The Company advocates "fairness, integrity, self-discipline, honest cooperation to build a clean procurement ecosystem" and prohibits any acts violating core supplier management principles. All approved suppliers sign commitment letters including integrity clauses. Requirements are reinforced periodically via emails and supplier conferences. A dedicated reporting channel allows anonymous or identified submissions of bribery solicitation and other code-of-conduct violations to avary@avaryholding.com.

Conflict Minerals Management

Conflict minerals are minerals sourced from the Democratic Republic of the Congo (DRC) and adjacent conflict-affected regions, whose extraction and trade may fund armed conflict or human rights abuses. To ensure compliant raw material sourcing and sustainable supply chains, the Company has rolled out full conflict minerals policies, targets and controls, integrating conflict minerals into formal supplier governance. In 2025, 64 non-compliant smelters failing RMI RMAP standards and customer specifications were phased out. Ongoing monitoring ensures full compliance with legal and customer requirements.

Avary Holding Conflict Minerals Governance Framework

Policy

- Commit to responsible mineral sourcing; all smelters shall be RMI (Responsible Minerals Initiative)(Note) -compliantor or customer-approved;
- Conduct supply chain due diligence in line with OECD Due Diligence Guidance;
- Refrain from direct or indirect procurement of conflict minerals that fund non-state armed groups;
- No blanket ban on sourcing compliant minerals from the DRC and neighboring countries;
- Suppliers shall impose identical conflict minerals requirements on their upstream vendors.

Targets

Continuously upgrade supply chains per legal and customer rules to achieve a conflict-mineral-free supply chain.

- 100% completion rate of supplier conflict-mineral-free commitment letters;
- 100% supplier response rate to conflict mineral surveys;
- 100% of raw materials and products sourced from compliant smelters and refiners.

Implementation

- Prioritize suppliers offering full traceability for materials potentially containing conflict minerals. Deploy CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) for baseline surveys; AMRT (Additional Minerals Reporting Template) covers rare earths, nickel, rare metals, zinc, aluminum, etc. Regular supplier assessments sustain policy adherence;
- Cross-check against customer rules and RMI's approved smelter list; suppliers must submit corrective action plans for non-compliant smelters;
- Mandate suppliers to cascade identical conflict minerals controls to their sub-suppliers;
- Deliver training to internal staff and suppliers to raise conflict minerals awareness;
- Require suppliers to sign conflict-mineral-free declaration forms.

Note: RMI stands for Responsible Minerals Initiative

Conflict Minerals Management Workflow

The Company's management system follows the five-tier framework of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The due diligence process identifies, assesses, addresses and mitigates supply chain risks. Custom conflict minerals audit checklists support on-site and document-based supplier coaching to build OECD-aligned internal controls.

● Avary Holding Conflict Minerals Management System

The system adheres strictly to global standards, requiring all mineral inputs to be sourced from RMI (Responsible Minerals Initiative)-certified or customer-approved compliant smelters for traceable, legal origins. Conflict minerals policies are published online for suppliers, who are obligated to adopt matching internal policies and pass requirements down to sub-suppliers. Avary Holding encourages suppliers to audit their own chains and source from smelters validated via RMAP (Responsible Minerals Assurance Process) or equivalent independent schemes, guaranteeing conflict-free feedstock for Avary Holding′ s production.

Responsible mineral sourcing and supply chain due diligence continue to expand. In 2025, CMRT (Conflict Minerals Reporting Template) / EMRT (Extended Minerals Reporting Template) surveys were issued to 261 suppliers and AMRT (Additional Minerals Reporting Template) surveys to 94 suppliers, achieving a 100% response rate for all.

Reasonable Country-of-Origin Inquiry (RCOI)

Annual RCOI is performed to trace the origin of 3TG metals in EMS products and exclude conflict-region sources, covering the steps below:

● Avary Holding RCOI Procedures

- Conduct supplier surveys via CMRT to identify smelter origins of 3TG minerals
- Suppliers sign commitment letters affirming compliance with Avary Holding's conflict minerals policy and full, accurate disclosure of smelter information

In 2025, the supply chain utilized 203 smelters, all validated conflict-free and listed on the latest approved smelter roster, delivering compliant materials. Surveys extend beyond 3TG (tantalum, tin, tungsten, gold): EMRT covers cobalt and mica, and AMRT covers other metals, with full smelter origin disclosure shared with customers. 42 suppliers procured cobalt from 39 verified smelters; no suppliers sourced mica, graphite or lithium in 2025.

Due Diligence

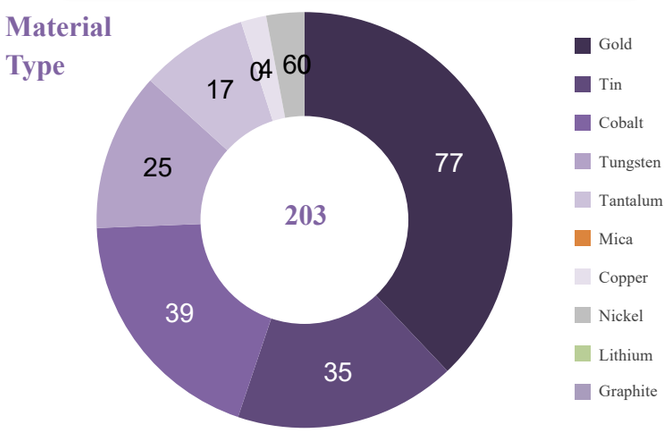
The OECD "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" forms the backbone of Avary Holding's due diligence framework. Responses from RCOI surveys are cross-verified against suppliers' internal due diligence records to confirm smelter and refiner compliance and reliability across the chain.

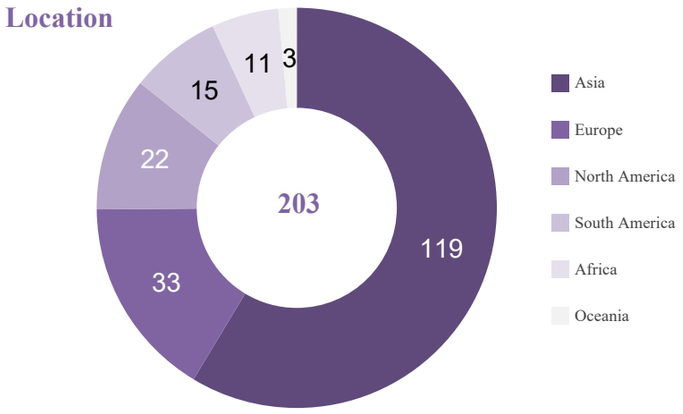
Independent Third-Party Verification & Public Disclosure

Avary Holding commissions annual independent third-party audits to validate conflict mineral declarations and due diligence workflows.

Indicators	2023		2024		2025	
	Target	Actual	Target	Actual	Target	Actual
Supplier Conflict-Free Commitment Sign-off Rate (%)	100	100	100	100	100	100
Supplier Survey Response Rate for Conflict Minerals (%)	100	100	100	100	100	100
Compliant Smelter & Refiner Utilization Rate for Raw Materials & Products (%)	100	100	100	100	100	100

● Status of Compliant Smelter & Refiner Utilization by Suppliers in 2025





● List of Compliant Smelters & Refiners Utilized in Supply Chain in 2025

The Company collaborates with the Responsible Minerals Initiative (RMI) to trace mineral origins across the supply chain. All smelters and refiners disclosed on the list are actively utilized within Avary Holding's supply chain. For the most up-to-date roster of approved smelters, please refer to the official RMI website.

Product Responsibility

Corporate High-Quality Development Philosophy & System Certifications

Quality underpins the Company's value, reputation and fundamental survival. Since establishment, the Company has obtained multiple system certifications including ISO 9001, IATF 16949, ISO 14001, ISO 45001, IECQ QC 080000, ISO 50001, TL 9000 and ISO 13485, alongside product safety certifications such as UL and CQC. Product quality remains the top priority, with the goal of making AVARY synonymous with premium quality. The official quality policy is "Quality-Oriented, Customer-Centric, Full Staff Participation, Innovation-Driven, Continuous Improvement, Win-Win Future". This mindset is embedded across all tiers via internal notices, quality campaigns and promotional posters.

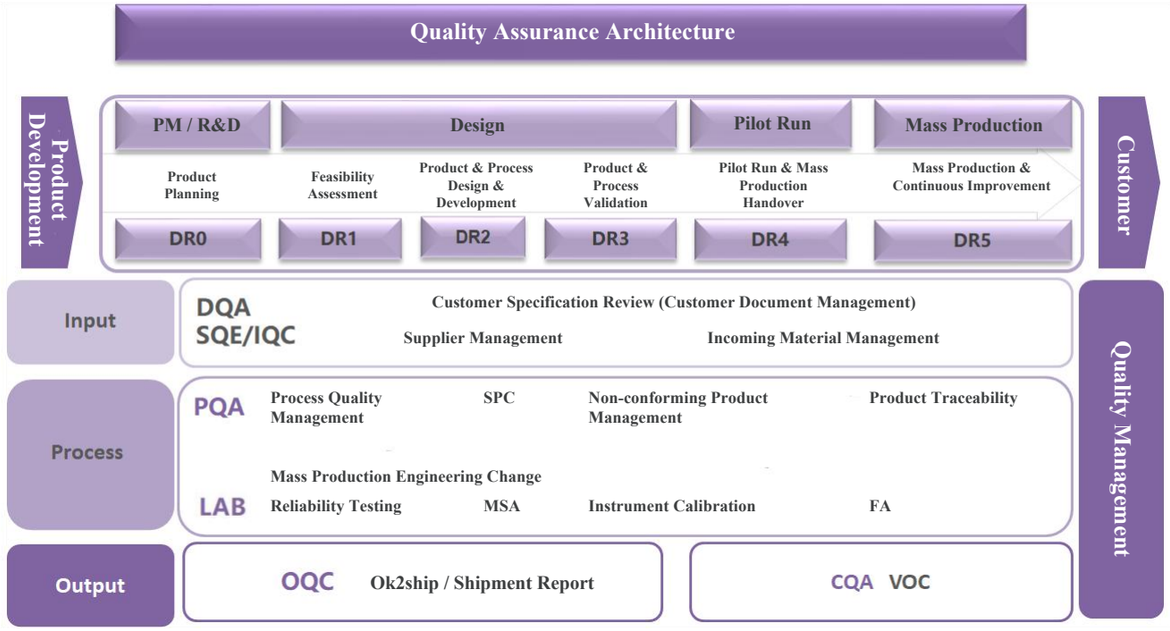
● Avary High-Quality Development Framework

Quality Strategy	Make quality our priority, make Avary synonymous with high quality.
Quality Guideline	Quality is our bedrock. Customers come first. Everyone plays a part. Innovation fuels our drive. We never stop improving. Together, we build a future where everyone wins.
Quality Policy	Five No Principles: No design, no procurement, no inflow, no manufacturing, no output (defective products).
Quality Goal	Three Zeroes：Zero complaint, zero rework, zero defect.
Quality Culture	• Customer centricity is our priority, earning the trust of our clients. • We regularly conduct quality reviews, engage in self-criticism, and strive for continuous improvement. • We hold a deep respect for quality, treading carefully as if on thin ice. • In response to new platforms, we keep pace with the times and work together to build a robust quality defense. • Our goals are: no major customer complaints, no repetition of mistakes, doing it right the first time, and reducing defects by half. • Quality is the foundation of value and dignity, and it is the lifeline upon which the survival of the company depends.

Quality Assurance Framework

Quality forms the foundation of corporate value and survival. Upholding quality-first principles, the Company has built a full-spectrum quality assurance system spanning supply chain management through after-sales service to guarantee product quality and lift customer satisfaction.

Corporate Quality Assurance Framework Diagram



Product Realization Process

To standardize product development and meet customer specifications and safety compliance requirements, product realization is split into 6 gated phases.

The Five No Principles governs all production factors (man, machine, material, method, environment). The CAPDCA cycle drives ongoing improvement toward zero complaints, zero rework and zero defects. Fully equipped physical and chemical laboratories verify incoming materials and finished goods against legal and customer standards. Select labs at Shenzhen, Huai'an and Qinhuangdao sites hold CNAS national accreditation, enabling in-house reliability, physical, chemical and failure analysis testing.

Quality Management

The quality management system centers on customer feedback and market intelligence, integrating stakeholder demands and regulatory requirements into actionable quality KPIs and control standards. R&D and operations adopt standards stricter than industry averages under the quality-first ethos. Cross-department training and incentives engage every employee as a quality checkpoint. Consistent delivery of premium products and services exceeding customer expectations boosts satisfaction and brand reputation, supported by a self-perpetuating continuous improvement cycle that underpins sustainable high-quality growth.

Green Products

As PCBs evolve toward multi-functionality, ultra-thin profiles and eco-friendly construction, Avary Holding captures market opportunities via green design. Recyclable materials and low-impact manufacturing processes are prioritized to develop modular functional PCBs with fast response and high sensitivity. These designs replace discrete conventional components, conserve resources, reduce full-device obsolescence from component failure, extend product lifespans and enhance end-user experience.

Chemical Safety Management

Full Lifecycle Chemical Management

Management Stage	Control Item	Details
Front-End Source Control	Hazardous Substance Identification	Compliance with RoHS, REACH, EU POPs, IEC 62474, TSCA, Proposition 65, China RoHS, China Blue Sky Campaign
	Hazardous Substance Governance	Internal procedure *EPI12 for product & material environmental substance control*; IECQ QC 080000 certification; centralized "Green Product Management Platform" for compliance data
	Chemical Phase-Out	ODS elimination roadmap
	Design	Stage New product development follows 4R principles (Reduce、Reuse、Recycle、Recovery) and *EPI12-compliant* eco-materials per customer specs
	Chemical Procurement & Incoming	Preference for renewable, low-carbon chemicals and eco-alternatives to phase out high-risk, high-pollutant varieties; suppliers submit compliance documentation; materials tiered high / medium / low risk with sampling testing; hazard identification and tiered risk assessment via supplier SDS documents
In-Process Chemical Controls	Production & Usage	All chemicals clearly labeled. The *Measures for the Management of Hazardous Chemical Operations SG-3B0-220EFH* specifies instruments required for process compliance testing at high-risk workstations shall undergo cross-contamination validation tests for hazardous substances; process upgrades cut chemical consumption; leak-proof pallets for storage / transport; full PPE provision for staff
	Chemical Operation	*Safety Emergency protocol SG-3B0-013* regular safety training, occupational health checkups, quarterly safety assessments, workplace chemical concentration monitoring
Testing & Verification Management	Material & Finished Goods Inspection	Specialized compliance testing equipment; batch traceability for chemical usage; transparent safety data disclosure to customers
End-of-Life Chemical Waste Control	Chemical Waste Management	Waste recycling, resource recovery and compliant disposal of spent chemicals

Front-End Source Control

The electronics industry evolves rapidly alongside rising consumer environmental awareness, driving stringent hazardous substance regulations globally. Customers enforce stricter green procurement standards to protect ecosystems, boost circular resource use and strengthen product market competitiveness.

Key applicable regulations include *EU RoHS, REACH, EU POPs, IEC 62474, US TSCA, California Proposition 65, China RoHS and China Blue Sky VOC rules*, plus bespoke customer environmental specifications. The Company actively monitors global, local and customer requirements, integrating them into the external document management system for real-time compliance adjustment and risk mitigation.

Unit: Documents	Newly Added	Revised
2025 Hazardous Substance Regulatory Compliance Assessments	8	48
2025 Hazardous Substance Customer Requirement Compliance Assessments	21	79

Per applicable requirements, internal procedure EPI12 governs environmental substance control for products and raw materials.

● Scope of *EPI12 for product & material environmental substance control*

195 — **Restricted Substances in Products**
Monitored via supplier test reports and material declaration forms

52 — **Reportable & Future Restricted Substances in Products**
Declarations required for intentional addition or threshold exceedance

40 — **Process Restricted Substances**
Focus on cleaning, degreasing and release agents

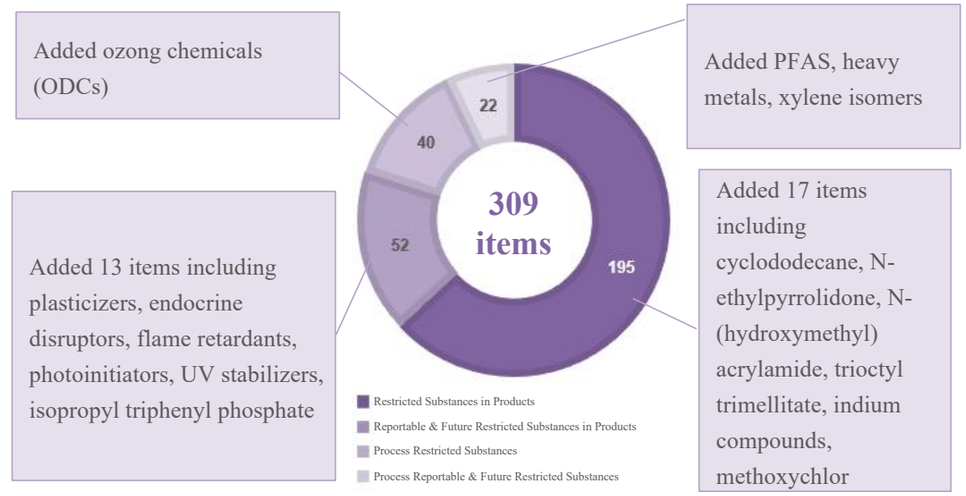
22 — **Process Reportable & Future Restricted Substances**
Covers process chemicals excluding cleaners, degreasers and release agents

Non-compliant materials are replaced promptly. Where technical constraints apply, industry benchmarks are reviewed and feasible solutions proposed to customers.

2025 Hazardous Substance Management Overview

Control Category	Quantity of Items	Typical Examples	Control Category	Quantity of Items	Typical Examples
Restricted Substances in Products	195	RoHS 2.0	Process Restricted Substances	40 (restrictions for certain substances apply only to cleaners, degreasers and release agents)	Benzene
		Chlorine and its compounds			Toluene
		Bromine and its compounds			Ethylbenzene
		Arsenic and its compounds			Xylene
		Beryllium and its compounds			Ethanolamine
		Antimony and its compounds			n-Hexane
		Asbestos and its compounds			n-Heptane
		REACH Annex XVII			Dichloromethane
		Azo dyes, aromatic amines and aniline derivatives			Carbon Tetrachloride
		Short-chain, medium-chain and long-chain chlorinated paraffins			Trichloroethylene
		Organotin compounds			Tetrachloroethylene
		Perchlorates			Cyclohexane
		Perfluorinated organics including PFOA, PFOS and PFCA			Cyclohexanone
		Polycyclic Aromatic Hydrocarbons (PAHs)			Methanol
		Radioactive substances			N-Methylpyrrolidone (NMP)
		Musk compounds			n-Propyl Bromide (nPB)
		Persistent Organic Pollutants (POPs)			Ozone Depleting Substances (ODCs)
		Ozone Depleting Substances (ODCs)			Brominated Organic Solvents
		Five TSCA-listed substances			Chlorinated Organic Solvents
		PFAS			Fluorinated Greenhouse Gases
		Cyclododecane			Phthalates
		N-Ethylpyrrolidone			Bis (chloromethyl) Ether
		N-(Hydroxymethyl) acrylamide			Tricresyl Phosphate
		Trioctyl Trimellitate			2-Methoxyethanol
		Indium and its compounds			2-Ethoxyethanol
		Methoxychlor and related substances			Volatile Organic Compounds (VOCs)
Reportable & Future Restricted Substances in Products	52	RoHS-exempt parts and assemblies	Process Reportable & Future Restricted Substances	22	Formaldehyde
		Critical and strategic raw materials			Hydrogen Fluoride
		California Proposition 65 chemical list			Ethylbenzene
		Plasticizers			Per- and Polyfluoroalkyl Substances (PFAS)
		Endocrine-disrupting chemicals			
		Flame retardants			
		Photoinitiators			
		UV stabilizers			
		Isopropylated Triphenyl Phosphate			

2025 Controlled Substance Overview



Chemical Phase-Out Program

The Company continuously updates environmental controls in line with global green trends, regulations and customer specs. In 2024, an ODS elimination plan was launched aligned with the *Montreal Protocol* and *Domestic ODS Regulations*. Purchase of ODS refrigerants (Freon) was fully banned by end-2025. Ice storage machines will be phased out by end-2026, with full refrigerant replacement and equipment upgrade completed by end-2027. Fluorinated greenhouse gas reduction runs in parallel to deliver on ozone protection and climate commitments as core environmental responsibilities.

Product Design & Procurement Controls

All Avary sites have held IECQ QC 080000 hazardous substance process management certification since 2008. Core targets include steady hazardous substance reduction and 100% regulatory / customer compliance for all materials and goods. A dedicated green product team establishes documented, standardized workflows aligned with IECQ QC 080000 and customer specs.

The Green Product Management Platform centralizes compliance data, enforced alongside the Five No Principles for strict hazardous substance oversight.

New product development adheres to the 4R principle (Reduce, Reuse, Recycle, Recovery) and customer requirements, with all eco-materials validated against *EPI12 standards*.

End-to-end lifecycle compliance rules apply to all materials and components. Pre-procurement vendor assessments require full environmental documentation to verify conformance to regulatory, customer and internal standards, with full health and environmental impact evaluations. Incoming materials are tiered high / medium / low risk based on composition and historical performance, with scheduled hazardous substance sampling tests per risk tier.

Internal and supplier self-audits are triggered by updated regulations or customer specs to sustain raw material compliance. Tracked compliance KPIs for materials and finished goods met all 2025 targets.

In-Process Chemical Controls

A closed-loop chemical management system covers requisition, storage, transport, usage, dispensing and waste handling from incoming receipt to finished goods warehousing, fully governed by *SG-3B0-220EFH*. Every chemical container carries clear labeling with operational and safety guidelines.

Renewable, low-carbon chemicals and eco-substitutes are prioritized to phase out high-risk, high-pollutant chemistries. Examples include recycled-copper RC copper plating additives and non-flammable cleaners replacing alcohol in fire-prone zones. Process optimization cuts chemical consumption: Qinhuangdao upgraded MSAP ENIG to greener OSP; concentrated plating solutions, mechanical defoaming and controlled draining reduce defoamer and caustic neutralizer consumption.

Chemicals are classified into 9 hazard categories per GHS standards with a centralized MSDS database and special controls (e.g., segregated storage for potassium cyanide). Process chemistries are color-coded by type: red for acid, blue for alkali, yellow for strong oxidizer, white for neutral for visual error prevention. QR codes on each tank display internal part number, name, spec, batch and expiry date to eliminate mis-dosing.

Specialized testing equipment verifies no cross-contamination at high-risk production stations. Full PPE, recurring safety training and periodic workplace chemical concentration monitoring plus occupational health checkups protect frontline staff. Robust waste gas, wastewater and solid waste treatment facilities maintain compliant emissions alongside chemical recycling initiatives. *Chemical Incident Emergency Response SOP SG-3B0-013* addresses spills and fires, supported by leak-proof storage pallets, regular emergency drills and quarterly fire response training for rapid incident mitigation.

Testing & Verification Management

Laboratories house premium compliance equipment: XRF, ICP, GC-MS, UV-VIS, IC and other analytical tools for scheduled testing of raw materials, components and finished goods. All 2025 test results satisfied regulatory, customer and EPI12 requirements.

Full batch traceability logs all chemical inputs, with transparent environmental safety data shared openly with customers. 100% of revenue-generating products complied with EU RoHS, IEC 62474, REACH, EU POPs, California Proposition 65 and all other applicable global standards in the reporting period; zero revenue stemmed from goods containing reportable EU POPs substances.

End-of-Life Chemical Waste Control

Chemical waste management: The Company adheres to the principles of "waste reduction, classification, safe storage and legal removal". Core procedures involve identifying and separating hazardous and general wastes, establishing dedicated sealed and labeled storage areas, implementing limited issuance and registration, prohibiting mixed storage, and engaging qualified disposal contractors for treatment and regulatory filing. Waste identification and classification: Waste properties are judged based on Safety Data Sheets (SDS). Hazardous wastes (toxic, flammable, corrosive, etc.) are segregated from general wastes. Empty chemical containers shall be managed as hazardous waste. Container requirements: Sealed, resistant and leak-proof containers shall be used with clear safety labels affixed. Dedicated storage zone: A dedicated waste staging area is equipped with ventilation, spill containment bunds and fire-fighting equipment. Compatibility control: Incompatible hazardous chemicals (e.g., acids and alkalis) are strictly separated to prevent chemical reactions. Personnel management & training: Dedicated staff are assigned to record waste types and volumes in detail. Employees must wear appropriate PPE and receive training on emergency spill response. Legal removal & disposal: Licensed hazardous waste operators are contracted for waste transportation and final treatment. Contractors' qualifications and treatment capacity are verified prior to signing disposal agreements. Waste transfer manifests (official removal records) are completed and properly archived.

Continuous Improvement of Chemical Safety Governance

The Company tracks regulatory updates via official environmental portals, government releases, testing bodies and customer communications, with ongoing dialogue across customers, suppliers and industry peers. Internal procedures and staff training are updated routinely to sustain full environmental compliance.

Continuous Improvement

To achieve the quality targets of zero customer complaints, zero rework and zero defects, the Company formulates tiered quality targets by product category each year. Daily, weekly and monthly meetings are held for tracking and review. Root cause analysis and improvement countermeasures are implemented for underperforming items, and dedicated teams are set up to drive improvements on major issues. In 2025, the Company achieved a 100% pass rate in external quality system audits. The Company consistently rolls out various improvement activities and holds achievement presentation conferences. Incentive schemes encourage active employee participation, strengthen cross-department collaboration, steadily improve staff's problem-solving capabilities and innovation awareness, and boost the standards of green product development and environmental management.

● Case Studies of Internal Quality Control Circle (QCC) Activities

QCC activities cover a wide range of themes including quality enhancement (e.g., Voice of Business, defect reduction), lead time management, cost control, environmental protection and safety improvement.

● Key Performance Highlights in 2025

Over 280
QCC teams

Over 700
team activities

Over 300
standardized countermeasurest

Over RMB 81 million
tangible economic benefits

● Awards from External Quality Improvement Competitions

▲ Shenzhen Quality Circle Campaign - Excellent Enterprise in Quality Control Circle Management

▲ Hebei Provincial Quality Management – Grand Prize Achievement

Customer Service

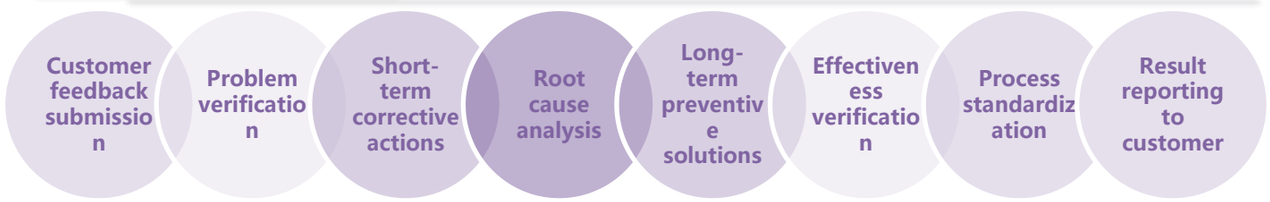
"Exceeding customer expectations" is one of the Company's long-term strategic goals. Centered on premium customized manufacturing services, the Company continuously upgrades equipment and technical capabilities, and deeply engages in customers' early-stage product R&D and design to consolidate customer trust. The Company attaches great importance to customer satisfaction and confidential information protection. The Company enhances core competitiveness by consistently improving product quality and service value, striving to become a long-term trusted strategic partner for customers. Inquiries regarding quality (including hazardous substance management) and engineering technology can be submitted via the official website.

Customer Service Team

The Company values customer feedback highly and has established a dedicated cross-functional customer service team. Customer demands are received via telephone, email and multiple communication channels to guarantee timely response and confirmation.

The Company targets customers precisely based on core product application sectors and provides localized, professional services for domestic and overseas regions. The Customer Quality Assurance (CQA) department acts as a dedicated channel for customer complaints, responsible for complaint acceptance, internal and external coordination and feedback. The Company collaborates with relevant departments under the 8D problem-solving process to respond to and resolve customer quality concerns efficiently.

Standard Customer Service Process



Premium Customized Manufacturing Services

The Company mainly serves world-renowned electronics brands and leading global EMS manufacturers, delivering one-stop services ranging from rapid design and prototype development to high-volume mass production. This helps customers shorten product launch cycles, seize market opportunities and realize an operation model focused on Time to Market, Time to Volume, Time to Money and expanded market share.

To ensure products meet customer requirements, the Company collaborates with customers on joint development from the early product design phase. The Company continuously strengthens its technical platforms and R&D capabilities to accurately capture market trends and new product opportunities.

Leveraging a global multi-site manufacturing network, the Company delivers flexible and efficient customized manufacturing services under the integrated One Avary service platform, fulfilling customers' one-stop procurement needs and deepening long-term strategic partnerships.

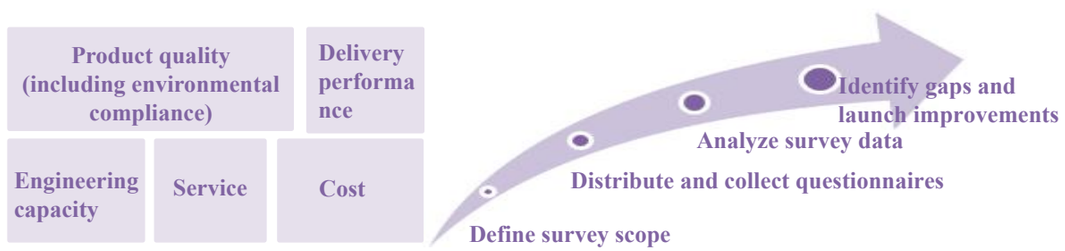
Product Labelling

The Company manufactures printed circuit boards in strict accordance with customers' supplied materials, components and design documents, complying with production control and quality management system standards. Upon shipment, supporting documents including material names, composition data, environmental test reports (complying with RoHS, HF, REACH and other regulations) and safety compliance certificates are provided together with goods. Standardized outer packaging labels facilitate customer identification and traceability. In 2025, 100% of products were labelled based on actual test results and customer specifications, and all raw materials supplied complied with EU RoHS directives.

Customer Satisfaction

The Company has established a regular customer satisfaction management mechanism. At least one customer satisfaction survey is conducted annually to systematically monitor and evaluate customer feedback covering product quality (including environmental compliance), delivery performance, engineering capacity, service and cost. Root cause analysis is carried out for unsatisfactory items, with corrective and preventive actions implemented to continuously optimize services and operations for higher customer satisfaction.

Survey Coverage & Process



Initiatives to Boost Customer Satisfaction

● Four dimensions for continuous customer satisfaction improvement

Establish review benchmarks

Set customer satisfaction targets categorized by survey indicators (product quality including environmental compliance, delivery performance, engineering capacity, service and cost), and conduct ongoing reviews to address unmet targets

Targeted review and improvement

Prioritize review and optimization of items with negative feedback and customer suggestions until customer requirements are fully satisfied

Benchmark against competitors

Analyze competitors' strengths and adopt best practices to drive satisfaction enhancement

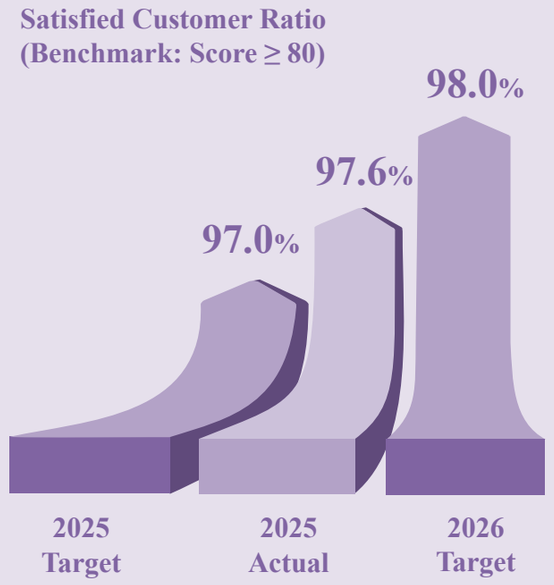
Digital systematic management

Develop an electronic customer satisfaction survey system with a dedicated appeal mechanism to monitor real-time feedback and support satisfaction improvement

Customer Satisfaction Survey Results

The average customer satisfaction score in the 2025 survey reached 93.4. Targeted improvements have been implemented to address weak points and deepen customer relationships. The average satisfaction score target for 2026 is set at 93.5 based on actual operational conditions.

The 2025 target proportion of satisfied customers (defined as a score of 80 or above) was 97.0%, while the actual achievement hit 97.6%. To further lift overall customer satisfaction, the target for 2026 is set at 98.0%.



● Quality Event Case

Corporate Quality Achievement Sharing Conference

In November 2025, the Company held the Quality Achievement Sharing Conference, attended by over 300 supervisors from all departments, QA and manufacturing divisions.

During the conference, the head of the Corporate Quality Assurance Division delivered a keynote speech on quality requirements for the new era: "Intelligent Quality Control, Quality Leading the Future, AI Empowerment to Usher in a New Quality Era". The list of outstanding teams and individuals for the 2025 quality campaign was announced, followed by closing remarks from each business unit leader.

The conference serves as a platform for employees to share improvement outcomes and exchange experience. Outstanding performers are recognized to strengthen company-wide quality awareness and foster a robust corporate quality culture.

Environmental Stewardship & Green Production

This chapter addresses the double materiality topics. Resource & Circularity. Water Resource Management. Climate and Energy.

Sustainable Management Governance and Strategy

Governance

The Company establishes the ESG Development Committee, which is directly subordinate to the Board of Directors, as the highest decision-making and governance body for environmental management, comprehensively spearheading the Company's environmental issue management through a top-down approach. The core mandates of the Committee encompass formulating environmental management policies and targets, supervising the execution of environmental initiatives, tracking and reviewing operational efficacy, and driving continuous optimization and improvement.Under the ESG Development Committee, the Environmental Protection & Energy Conservation Working Group is established to assume the concrete executive functions of environmental management. The Task Force is responsible for formulating specialized environmental management work plans, periodically compiling and analyzing environmental performance data, and submitting relevant achievements and operational status reports to the ESG Development Committee for review and deliberation, thereby forming a comprehensive, seamless, and high-efficiency environmental governance and management matrix.

Strategy

Upholding the Life-Cycle Green Management Philosophy, the Company anchors its core strategic pillars across seven key dimensions: "Green Innovation, Green Procurement, Green Production, Green Logistics, Green Services, Green Reclamation, and Green Living." Through these pillars, the Company constructs an all-inclusive green development ecosystem spanning R&D, supply chain, manufacturing, logistics, services, circular utilization, and employee livelihoods.By strategically synthesizing top-down blueprints with full-workforce participation, the Company systematically and deeply integrates green principles across all operational pipelines - including product R&D and design, supply chain management, manufacturing processes, logistics and distribution, customer services, and resource recycling and reuse. Furthermore, the Company actively guides all employees to practice green and low-carbon behaviors across diverse scenarios, such as manufacturing operations and office daily life. The Company comprehensively deploys critical initiatives focused on energy conservation, consumption reduction, pollution reduction and carbon mitigation, resource conservation, efficiency elevation, and waste valorization. Through this systematic, full-chain, and workforce-wide green development modality, the Company continuously reinforces its green manufacturing capabilities and low-carbon operational proficiency, driving the Company's green, high-efficiency evolution.

Indicator and Performance

Indicator	2025 Performance
Wastewater Recycling Rate	**50.4%**
Facility-Wide Water Reclamation Rate	**42.3%**
Waste Valorization and Material Recycling Ratio	**94%**
Annual Carbon Emission Reductions	**730Kilotons**

Note: For granular details, please refer to the Material Topic Management Targets & Performance – Environment Dimension

Environmental Sustainability

Environmental Protection Policy

As a global leader in the printed circuit board (PCB) industry, the Company profoundly recognizes the strategic challenges that climate change poses to corporate operations, as well as the paramount importance of green development to overall sustainability. Since the inception of its dedicated Environmental Protection and Energy Conservation Department in 2007, the Company has consistently focused on the strategic planning and rigorous management of environmental and energy initiatives. The Company remains unswervingly committed to elevating energy and resource utilization efficiency, minimizing carbon emissions and waste streams, and introducing pioneering energy-saving technologies to accelerate the enterprise's transformation toward green excellence. The Company's ultimate objective is to establish a "Demonstration Production Base for New Environmental PCB Standards," positioning itself as a premier promoter and industry benchmark for environmental sustainability. For granular details, please refer to the charter: Avary Environmental Policies and Commitments.

Corporate Environmental Policy Statement

Prevent pollution, continuously mitigate waste, and deliver environmentally-compatible products.
Conserve energy, safeguard the planet, and pragmatically operate a green enterprise.

Corporate Green Culture

In 2008, the Chairman of the Board, Mr. Shen Qingfang, pioneered the forward-looking philosophy of the "Avary Seven Greens". This strategic framework comprises seven core pillars: Green Services, Green Production, Green Living, Green Supply Chain, Green Innovation, Green Reclamation, and Green Logistics. Through the "Avary Seven Greens" matrix, the Company comprehensively guides its workforce across all operational and behavioral dimensions - from shop-floor manufacturing to daily habits - to meticulously scrutinize and analyze methodologies for energy conservation, consumption reduction, pollution mitigation, and efficiency enhancement, thereby systematically advancing green workflows.

By optimizing the classic PDCA cycle into a refined CAPDCA management loop and leveraging cross-functional collective intelligence, the Company deeply integrates these green principles into daily workflows and production routines. This continuously cultivates instinctive green habits among employees, constructing a highly unique corporate green culture. The professional engineering teams from the Environmental Protection and Energy Conservation Department collaborate seamlessly with all business units to spearhead this Green Vision Blueprint, implementing comprehensive optimization measures for energy conservation, water stewardship, and waste lifecycle management across the three critical stages: source-rectification, process-control, and end-of-pipe mitigation.

On the manufacturing front, the Company executes rigorous source-reduction measures, including water conservation and chemical reagent optimization. Through granular precision management, the deployment of cutting-edge green technologies, the definition of strict departmental accountability, and the institutionalization of environmental KPIs, the Company significantly minimizes its environmental footprint, achieving synchronized energy-efficiency gains and closed-loop green circularity. Concurrently, the Company attaches strategic importance to the impacts of climate change on corporate business resilience, proactively deploying carbon reduction actions and expanding the scope of its mitigation initiatives to secure its long-term greenhouse gas reduction targets.

"Avary Seven Greens"

To steadily attain its long-term greenhouse gas reduction targets, the Company aggressively deploys robust decarbonization levers, including the development of utility-scale solar photovoltaic (PV) installations and the procurement of market-based green electricity.

1) The Company drives its major upstream suppliers to conduct rigorous Greenhouse Gas (GHG) Inventory Accounting and provides hands-on consultancy to facilitate their establishment of ISO international standard management systems. This systematically deepens upstream green supply chain management and expands the Company's green ripple effect across the electronics industry eco-system.
2) The Company actively participates in the prestigious CDP evaluation for both "Climate Change" and "Water Security." This enables the Company to benchmark carbon and water stewardship best practices against world-class peers while transparently communicating its green development philosophy and environmental performance to global capital markets. (Note: The Company's detailed climate change and water resource management disclosures have been seamlessly consolidated into the aggregate CDP reporting boundary of its indirect holding parent Company, Zhen Ding Technology).
3) The Company officially adopts and incorporates the governance architecture and risk-response management matrix of the Task Force on Climate-related Financial Disclosures (TCFD) into its core operational risk control system.
4) The Company conducts highly rigorous evaluations and stress-testing of its medium-and-long-term carbon reduction pathways by direct reference to the scientific methodologies of the Science Based Targets initiative (SBTi).

All of the Company's primary industrial parks have successfully passed and maintained third-party certifications and audits for international environmental management systems. For granular details, please refer to the charter: Overview of Certified Management Systems.

Environmental Financial Investments

The Company is permanently dedicated to the R&D, pilot testing, and commercialization of advanced environmental technologies designed for energy conservation, chemical reagent optimization, zero-liquid discharge / emission mitigation, and the enhancement of water resource reclamation rates to minimize the ecological footprint of corporate operations and drive industrial sustainable evolution. In 2025, the Company's environmental financial ledger is disclosed as follows: Environmental Capital Expenditure (CapEx) reached RMB 257.391 million, while Environmental Operational Expenditure (OpEx) stood at RMB 314.358 million.

Environmental Financial Ledger in 2025 (RMB million)

Project	Cost
Direct Environmental Impact Mitigation Investment:This encapsulates all capital mobilized for pollution prevention and control, resource consumption optimization, and the specialized processing, treatment, and recycling of hazardous and non-hazardous industrial waste streams.	RMB 213.283 million
Indirect Environmental Impact Mitigation Investment / Environmental Management Overheads: This comprises expenditure allocated for environmental education and intensive training, ISO environmental management system (EMS) certifications, comprehensive environmental monitoring protocols, the procurement of eco-compatible products, dedicated environmental task force and organizational operations, and targeted green R&D initiatives.	RMB 40.792 million
Climate Change Adaptation Investment	RMB 3.316 million
Environmental Operational Expenditure / OpEx	RMB 314.358 million
Aggregate Environmental Capital & Operational Expenditure	RMB 571.749 million

Environmental Regulatory Compliance

The Company rigorously enforces regulatory compliance, collecting and treating all industrial waste emissions (wastewater, exhaust gas, and solid waste) in strict accordance with statutory frameworks, while systematically curbing environmental pollution through manufacturing process optimization. The Company has institutionalized a real-time regulatory intelligence mechanism to monitor government statutes and policy dynamics, periodically evaluating the operational compliance posture of each industrial park. In 2025, all corporate industrial parks achieved 100% compliance with all applicable environmental mandates.

To deepen regulatory literacy across the workforce, executives from the Environmental Protection Department and the Human Resources Department conduct regular, mandatory environmental education and energy-conservation technical briefings for operational personnel. The curriculum encompasses comprehensive reviews of environmental statutes, statutory declaration workflows, and auditing methodologies. This reinforces internal environmental management governance, sharpens employees' green competencies, and guarantees that the Company's environmental metrics stably exceed regulatory baselines.

Furthermore, the Company continuously introduces high-efficiency infrastructure and cutting-edge technologies to step up wastewater reclamation rates, minimize total waste yields, and continuously optimize manufacturing processes, aggressively driving the "Avary Seven Greens" framework to secure its position as an industry benchmark.

Global Warming Mitigation

Climate change stands as one of the most critical environmental challenges facing global society. The historic Paris Agreement established a global mandate to hold the increase in the global average temperature to well below 2℃above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5℃.

The Company is unswervingly committed to constructing a robust corporate climate risk management mechanism and systemic adaptive resilience, proactively mitigating climate-related risks while strategic unlocking emerging green opportunities.

Climate-Related Policies and Targets

In active response to the global 1.5℃ temperature control initiative, and by seamlessly synthesizing localized regulatory mandates with the corporate sustainable growth strategy, the Company has formulated a rigorous Climate Change Management Strategy and clear Green Development Targets. We aggressively accelerate greenhouse gas (GHG) reduction workflows and reference standards such as the Science Based Targets initiative (SBTi) to evaluate diverse decarbonization pathways, aiming for 100% renewable energy procurement and the absolute realization of our 2050 Net-Zero Emissions Commitment.

Management	Core Strategy	Strategic Targets
Driving Low-Carbon Green Manufacturing	Execute rigorous ISO 14064-1 Greenhouse Gas inventory accounting across Scope 1, Scope 2, and Scope 3, backed by independent third-party verification. Continuously accelerating and scaling up diverse engineering initiatives focused on structural energy conservation and carbon mitigation. Actively participate in the CDP and S&P Global Corporate Sustainability Assessment (CSA) disclosures. Executing a holistic decarbonization strategy through a multi-faceted approach seamlessly integrating energy conservation, green energy deployment, and advanced energy storage systems.	Achieve a 32% carbon reduction via green energy by 2030, while actively challenging a 52% reduction target, aggressively progressing toward the 2050 Net-Zero horizon. Continuously scale low-carbon manufacturing to secure the 2026 green emission target: reducing Scope 1 and Scope 2 GHG emission intensity by 40% or more per unit of revenue (utilizing 2013 as the historical baseline year). Clean Energy Procurement: Transition directly to clean and renewable energy; the Company has successfully secured 1.282 billion kWh of green electricity in 2025. Propel existing project efficiencies and introduce pioneering energy-saving technologies (including total-heat recovery chillers, maglev blowers, permanent magnet motors, air compressor waste heat recovery systems, line-integrated energy-saving air knives, chemical recycling, and motor harmonic testing optimization). Continuously accelerate green upgrades and circular economy closed-loops (such as the Gold Circularity and Copper Circularity frameworks) to transition toward an excellent green enterprise.
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Climate Change Adaptation Management

Governance Framework

The Board of Directors	The Board of Directors maintains ultimate oversight of climate-related risks and opportunities. It explicitly mandates the ESG Development Committee to centrally orchestrate organizational personnel for the supervision of climate risk management. The Board-level ESG Development Committee is held accountable for reviewing and deliberating the implementation status of climate change initiatives. On an annual basis, the Committee designates specific project directors to report directly to the Board regarding the strategic orientation and operational trajectory of climate change issues, the continuous monitoring of climate risk events, the auditing of energy-conservation and carbon-mitigation targets alongside corresponding annual fiscal budgets, and the evaluation of execution outcomes. Furthermore, the Committee is empowered to deliberate and pass resolutions on major environmental capital investment projects, such as certified green buildings.
The Chairman of the Board	The Chairman of the Board serves as the Convener of the ESG Development Committee and holds absolute executive accountability as the Highest Officer in Charge of Climate Risk Management.
Development Committee Corporate Governance Working Group Environmental Protection & Energy Conservation Working Group	The Committee designates and empowers the Corporate Governance Working Group and the Environmental Protection & Energy Conservation Working Group as the specialized administrative units responsible for climate risk management. These task forces are collectively mandated to systematically evaluate and manage climate-related risks and opportunities, analyze emerging international climate trends, deeply investigate stakeholder expectations, and strategically blueprint climate-related adaptation policies and execution programs. The Environmental Protection & Energy Conservation Working Group periodically reports to the Chairman of the Board to review the operational status of management programs, conducting deep-dive discussions to drive strategic executive decisions. Concurrently, the Environmental Protection and Energy Conservation Task Force convenes the specialized "Seven Greens Meeting" on a quarterly basis. This cross-functional assembly is structurally responsible for propelling energy-saving initiatives across all industrial parks and conducting rigorous auditing reviews of departmental KPI completions, thereby minimizing greenhouse gas emissions and actively mitigating global climate change.

Operational Decarbonization Timeline

2008
- Pioneered the signature "Avary Seven Greens" corporate philosophy and constructed a dedicated platform to systematically execute environmental conservation and energy-efficiency initiatives.
- Initiated the corporate Greenhouse Gas (GHG) accounting program under the ISO 14064-1 standard, successfully achieving a 100% verification and certification rate across designated boundaries.

2013
- The Shenzhen Industrial Park officially integrated into the Shenzhen Carbon Emissions Trading (ETS) Pilot Program.
- Deployed and fully operationalized the centralized Corporate Energy Management Platform to track real-time resource loads.
- Successfully achieved third-party certification under the ISO 50001 Energy Management System standard.

2020
- Initiated the formal adoption and integration of the Task Force on Climate-related Financial Disclosures (TCFD) risk-response architecture.

2021
- Officially signed on to and endorsed the international TCFD Supporter Initiative, publicly aligning corporate strategy with global climate disclosure mandates.

2022
- Successfully procured and verified 36 million kWh of green electricity.

2023
- Scaled green electricity procurement to 0.76 billion kWh
- Expanded on-site utility-scale solar photovoltaic (PV) generation infrastructure to a cumulative capacity of 4.4 MW.

2024
- Advanced green power allocation to secure 978 million kWh of green electricity.
- Continuously scaled up the deployment of rooftop solar arrays, pushing the cumulative solar PV capacity to 5.07 MW.

2025
- Achieved a record renewable energy procurement landmark of 1.282 billion kWh of green electricity.
- Executed an aggressive infrastructure expansion program, hyper-scaling cumulative solar PV generation capacity to 17.9 MW.
- Officially initiated the structural adoption and integration of the Task Force on Nature-related Financial Disclosures (TNFD) framework, expanding corporate risk governance to encompass ecological and biodiversity materiality.

Core Materiality Briefing: Environmental Stewardship Report to the ESG Development Committee

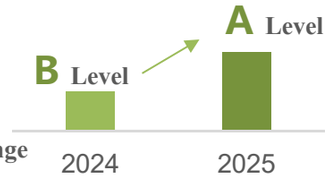
Reporting Period Performance
- Stakeholder Engagement
- Strategic Alignment with United Nations Sustainable Development Goals:
  - Strategic disclosure of the Company's comprehensive Water Resource Management Policies, facility-wide reclamation metrics, and granular contributions toward international sustainable water security milestones.
  - Systematic tracking of the Corporate Waste Valorization Policies, non-hazardous and hazardous industrial waste recycling efficiencies, and the actualized metrics of material loops.
  - Climate change strategies and the management policies, performance, and sustainability goals for greenhouse gas emissions.
- Recommendations on Joining International Initiatives
- Performance of Renewable Energy Utilization and Solar Projects
- Green Honors and Accolades Received
- Energy-Conservation and Carbon-Mitigation Plans for the Green Supply Chain
- Promotion of Green Philosophies and Active Engagement in Advanced Environmental Organizations, Associations, and Alliances
- Sharing and Recommendations of Climate Change Strategies, Mapping Transition and Physical Risks alongside Corresponding Countermeasures

Forward-Looking Green Development & Horizon Planning
- Strategic planning for medium-and-long-term climate change adaptation pathways, systematically reinforcing systemic climate risk assessment capabilities and physical hazard defense infrastructure.
- Continuously expanding the scope and installed capacity of on-site solar PV projects, unswervingly committed to aggressively driving up the proportional consumption of zero-carbon green electricity.
- Sustaining the aggressive introduction of advanced energy-saving technologies and high-efficiency manufacturing equipment to unlock incremental carbon mitigation performance and maximize industrial energy efficiency.
- Accelerating resource conservation and industrial circularity through the R&D of source-reduction methodologies, absolute realization of a 100% recycling and reclamation rate for precious metals, and systematic lifecycle scalability evaluations.
- Maintaining a strict regulatory target of securing a facility-wide wastewater recycling rate exceeding 50%, ensuring the Company permanently retains its leadership position as an industry benchmark.
- Enhancing green supply chain governance by continuously executing rigorous ESG risk assessments across upstream supplier cohorts, accelerating collaborative environmental projects, and driving the transition toward a highly responsible, resilient value chain.

Climate Change Laurels and ESG Rating Benchmarks

Corporate Climate Action Index (CATI) Ranking: Ranked No. 7 across the global IT / ICT industry sector
Green Supply Chain CITI Index Ranking: Ranked No. 6 across the global IT / ICT industry sector

CDP Climate Change Disclosure Rating:



Climate-Related Incentives

The Company has systematically integrated critical environmental and climate-related key performance indicators (KPIs) into its performance appraisal architecture to reinforce managerial accountability and operationalize its low-carbon transition; specifically, a designated portion of the variable compensation for senior executives is directly linked to corporate environmental performance encompassing metrics such as total volume of reclaimed water and consumption rates of green electricity, while environmental and energy management professionals are evaluated based on their specific spheres of responsibility with performance assessments tied directly to the attainment of environmental targets and the lifting of energy efficiency, thereby systematically driving medium-to-long-term climate action and continuous environmental performance optimization. Furthermore, the Company actively encourages all employees to contribute to environmental and operational improvements through a formalized proposal system that solicits grassroots suggestions for energy conservation, carbon mitigation, and efficiency elevation, rewarding verified outcomes or exceptional proposals with financial bonuses and corporate commendations to fully support the Company's net-zero and sustainable transformation objectives.

Strategy

In alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Company categorizes the projected horizons for climate-related risks and opportunities into short, medium, and long terms, mapping their subsequent impacts on organizational operations, strategy, and financial planning:

• Short-Term (1-2 Years): Focuses on immediate operational adaptations and policy alignments, serving as the launchpad for major strategic realignments or pilot programs.

• Medium-Term (3-5 Years): Acts as the critical implementation phase that paves the way for long-term strategic decisions.

• Long-Term (6+ Years): Serves as the designated horizon for capturing interim milestones on the pathway toward the "2050 Net-Zero Emissions" commitment.

To assess potential financial and operational impacts under divergent climate futures, the Company utilizes the SSP1-2.6and SSP2-8.5 scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) for physical risk scenarios, alongside Nationally Determined Contributions (NDCs) scenarios for transition risk scenario analysis.

Material Climate Risk and Opportunity Identification

Referencing the specialized climate risk taxonomies outlined in the 2017 Recommendations of the Task Force on Climate-related Financial Disclosures published by the Financial Stability Board (FSB), the Company evaluates its exposure across current regulations, emerging regulations, technology, compliance, markets, reputation, and acute / chronic physical risks. Through this process, the Company systematically identifies material risks and opportunities impacting both its direct operations and the upstream / downstream value chain. To facilitate long-term tracking and guarantee the efficacy of climate governance, these climate change risks have been seamlessly integrated into the Company's preexisting enterprise risk management (ERM) framework.

Risk Likelihood Matrix: Definition and Application

The Company determines the probability of climate events using a five-tier rating scale calibrated across three core determinants: Policy / Regulatory Progress, Stakeholder Demands, and Event Frequency.

• High: Policies are officially promulgated and actively enforced; clear, explicit mandates have been issued by the majority of stakeholders; event frequency is high.

• Medium-High: Policies are officially promulgated but have not yet been fully enforced; clear, explicit demands have been made by primary stakeholders; event frequency is moderately high.

• Medium: Policies do not yet directly impact the Group, but impacts are anticipated upon future scope expansion; inquiries have been made by primary stakeholders, while explicit demands have been issued by non-primary stakeholders; event frequency is moderate.

• Medium-Low: Relevant policies are still in the drafting or formulation stage; preliminary inquiries have been raised only by non-primary stakeholders; event frequency is occasional with isolated probability.

• Low: No relevant policies exist or are under development; no demands or inquiries have been registered by any stakeholders; event baseline probability is low.

Impact Severity Definition and Application

Negative Impact Assessment

To evaluate the potential adverse effects brought about by climate risks, the Company's impact severity scoring matrix encompasses five core dimensions: Financial, Operational, Human Resources, Regulatory Compliance, and Reputation. It utilizes a five-tier rating scale calibrated from severe impact to minor impact, sequentially categorized as: High, Medium-High, Medium, Medium-Low, and Low.

Financial: Graded according to financial loss ratios, such as the percentage of monthly revenue affected or the overall annual financial impact percentage

Operationa: Graded by the number of consecutive days core operations are disrupted and the subsequent reduction magnitude in production capacity.

Human Resources: Graded based on workplace fatalities, employee absenteeism ratios, and urgent medical intervention or healthcare requirements.

Regulatory Compliance: Graded by the severity of regulatory fines, government-mandated work stoppages, statutory non-compliance violations, and formal corrective action / improvement requirements.

Reputation: Graded by the extent of negative media coverage, the volume of customer complaints, and the overall degradation of brand image.

Positive Impact Assessment

To evaluate the beneficial effects brought about by climate opportunities, the impact severity scoring matrix similarly utilizes a five-tier rating scale calibrated from substantial impact to minor impact, sequentially categorized as: High, Medium-High, Medium, Medium-Low, and Low.

Financial: Graded according to financial gain ratios, such as the percentage of revenue increase, market share expansion, or operational cost reduction.

Operation: Graded by the enhancement of operational efficiency, scaling of production capacity, or the systematic structural reinforcement of supply chain resilience.

Human Resources: Graded based on the elevation of workforce competencies, enhanced capability to attract top-tier talent, or the systemic improvement of the workplace environment.

Regulatory Compliance: Graded by the acquisition of regulatory incentives, subsidies, or policy bonuses resulting from early alignment with new standards, alongside the direct reduction of compliance costs.

Reputation: Graded by the amplification of corporate brand value, the elevation of social responsibility image, and the measurable increase in positive media coverage.

Climate Risk Matrix

Impact Severity	**High**		Renewable Energy Regulations			
	Medium-High					GHG Regulations
	Medium		Energy Conservation (Power Rationing) Regulations	• Water Resource Regulations • Energy Conservation Regulations • Low-Carbon Technology Investment Risks	• Extreme Cold Events • Heavy Rainfall / Flooding	• Upstream Supply Chain Poor Adaptation Capability • Downstream Low-Carbon Eco-Friendly Product Demands
	Medium-Low		Extreme High Temperatures / Drought			Upstream Raw Material Disruption or Rising Costs
	Low					Investment - ESG Ratings Performance
		Low	**Medium-Low**	**Medium**	**Medium-High**	**High**
		Likelihood				

Climate Opportunity Matrix

Impact Severity	**High**					• Diversified Business Operations • Participation in Carbon Emissions Trading Markets
	Medium-High				• Adoption of More Efficient Production and Distribution Processes • R&D and Innovation of New Products / Services	• Resource Substitutability and Diversity • Recycling and Reclamation Cycles
	Medium		Securing Insured New Industries or New Sites	Adoption of New Technologies	Utilization of Low-Emission Energy	
	Medium-Low		Responding to Shifts in Consumer Preferences			Participation in Renewable Energy Initiatives & Energy Efficiency Optimization
	Low					
		Low	**Medium-Low**	**Medium**	**Medium-High**	**High**
		Likelihood				

Climate-Related Risk Descriptions & Response Strategies

Category	Topics	Identified Risk Issue	Operational Impact	Time Horizon	Likelihood	Impact Severity	Risk Management
Policy & Regulatory Transition Risks	Renewable Energy Regulations	Strict national policies and regional mandates at manufacturing nodes are continuously ratcheting up mandatory renewable energy consumption quotas and tightening facility equipment energy-efficiency thresholds. To remain fully compliant, the Company must retire legacy manufacturing equipment prematurely and navigate mandatory purchasing frameworks for zero-carbon power. Facing potential utility-scale renewable supply crunches and subsequent surging market tariffs, this risk threatens to drive up corporate operational expenditures (OpEx) and capital expenditures (CapEx).	Increased Operational Costs Increased Expenditures	Short-Term	Medium-High	High	• Proactively optimize and adjust the energy structure, and partner with power supply companies to sign long-term cooperation agreements in advance to guarantee the supply of renewable energy. • Research renewable energy development projects and initiate cooperation negotiations ahead of schedule.
	Greenhouse Gas (GHG) Regulations	The Shenzhen facility is a regulated enterprise under the Shenzhen Carbon Emissions Trading Pilot Market, subject to mandatory carbon accounting verifications and emissions trading, with defined carbon intensity caps based on emissions per unit of industrial value added. If future carbon emissions exceed the freely allocated allowances, the Company must purchase carbon credits on the open market, which may increase operating costs and escalate expenditures.	Increased Expenditures	Medium-Term	High	Medium-High	• Continuously conduct ISO 14064 greenhouse gas verifications to maintain compliance certifications and formulate reasonable carbon management targets. • Study regulatory and market trends, and collaborate with international organizations to develop advanced carbon management schemes. • Actively participate in the carbon emissions trading market.
	Water Resource Regulations	There are currently no statutory laws or regulations governing water withdrawal, water supply, water consumption, or water recycling. Competent authorities currently use an encouragement-based approach, leaving enterprises to manage water voluntarily.	Increased operating costs and operational disruptions.	Long-Term	Medium	Medium	• Implement water conservation measures, including wastewater reclamation, workshop water reuse, and process-engineering water-saving initiatives. • Adopt advanced management systems, such as the Clean Water Program (CWP) and the Alliance for Water Stewardship (AWS) standard. • Monitor water consumption metrics and conduct regular reviews to eliminate waste and continuously improve water utilization efficiency.
	Energy Conservation (Power Rationing) Regulations	There are currently no electricity conservation or power rationing regulations applied to the Company's industry sector. However, the Company may face power shortages and restricted production hours in the future, such as mandated electricity restrictions during peak hours for operations with low output value per unit of energy consumption.	Increased operating costs and operational disruptions.	Long-Term	Medium-Low	Medium	• Implement power-saving measures, including production equipment energy conservation and automated water and power shut-offs during idle periods. • Deploy advanced energy-efficient machinery, such as permanent magnet synchronous motors (PMSM) and magnetic levitation chillers. • Promote an energy management platform to monitor equipment utilization rates and automatically analyze the rationality of energy consumption. • Track electricity consumption metrics and conduct periodic reviews to continuously improve energy use efficiency.
Market	Upstream Raw Material Supply Chain Disruption	Driven by extreme weather events and shifting market supply-and-demand dynamics, shortages in upstream chemical raw materials can lead to raw material price hikes and transport standstills, causing delays in raw material shipments and subsequent downstream production.	Increased operating costs and reduced revenue.	Long-Term	High	Medium-Low	• Establish a second source to avoid single-vendor supply risks, ensure smooth supply flows, and enhance bargaining power and service levels. • Provide real-time market price trends and the financial impact of raw material price hikes to enable the sales team to propose price increases to customers.
	Upstream Raw Material Cost Escalation	To combat global climate change, the upstream supply chain has scaled up investments in energy conservation and carbon reduction, which increases supply chain operational costs and raises product selling prices. Concurrently, global investments in green energy development and regulatory mandates for new energy vehicles have driven up copper demand significantly, leading to a supply-demand imbalance and a sharp rise in copper prices.	Increased operating costs.	Medium-Term	High	Medium-Low	

Climate-Related Risk Descriptions & Response Strategies (Continued)

Category	Topics	Identified Risk Issue	Operational Impact	Time Horizon	Likelihood	Impact Severit	Risk Management
Market	Downstream – Low-Carbon and Eco-Friendly Product Demands	Product environmental regulations are becoming increasingly stringent (e.g., RoHS 2.0, REACH, California Proposition 65), and specific customers require eco-friendly materials that exceed statutory standards (e.g., halogen-free materials). This requires the Company to invest higher costs to manage the risk of hazardous substances exceeding limits or to meet customer expectations.	Increased operating costs	Short-Term	High	Medium	• Evaluate newly added or amended laws and regulations in accordance with ST-2B0-006 , and promptly rectify non-compliant items. • Strictly adhere to the “Five Don’ts” principle of hazardous substance management to prevent any hazardous substances from entering or leaving the facilities. • Enhance the Company’s hazardous substance testing capabilities by increasing testing items or inspection frequencies. • Introduce green circular manufacturing technologies and scale up the utilization of recycled materials. • Develop low-carbon green products by integrating low-carbon and circular economy philosophies into R&D frameworks.
	Investment – ESG Ratings Performance	The Company is currently included in major indices such as the CSI 300. Failure to continuously improve ESG performance may harm corporate reputation, which could subsequently impact financing capabilities.	Increased financing difficulties	Short-Term	High	Low	• Enhance ESG initiatives across key dimensions, including goals and strategies, execution impacts, benefits and sustainability, performance outcomes, and industry leadership. • Improve the quality of report disclosures by maximizing completeness, credibility, and communication efficacy. • Strengthen external disclosure channels through multimedia design, interactive features, robust stakeholder communication and feedback systems, dedicated sustainability sections on corporate websites, and digital report accessibility.
	Technology Investment Risk	To adapt to climate change transition trends, the Company continuously promotes the R&D and deployment of low-carbon manufacturing processes, automation, and related new technologies. However, these technology investments typically involve high capital expenditures and technical uncertainties; R&D outcomes may face risks such as insufficient technology readiness, lower-than-expected cost-efficiency, or uncertain market acceptance. Against the backdrop of accelerated climate transition, if the progress or application efficacy of these technologies fails to align with market and customer demands, it could impact customer orders and revenue performance, increase operating costs, and put pressure on the Company’s long-term competitiveness.	Increased operating costs and potential asset losses.	Long-Term	Medium	Medium	• Build an innovative technology-sharing platform to provide a one-stop service encompassing customer requirement matchmaking, supplier synergy and collaboration, product technology R&D, structural stack-up design optimization, simulation testing, and reliability verification. • Strengthen risk assessment mechanisms during the technology R&D stage to identify potential failure points early and mitigate capital investment risks.
Physical Risk	Extreme High Temperatures / Drought	Extreme high temperatures may cause personnel heatstroke, food poisoning, or equipment anomalies, and carry a risk of raw material spontaneous combustion. Sustained high temperatures lead to drought issues, which may leave production processes, daily living, and fire-fighting water systems unable to meet demand, subsequently impacting manufacturing operations.	Increased operating costs and operational disruptions	Long-Term	Medium-Low	Medium-Low	• Monitor meteorological observatory forecasts to issue timely alerts to all departments and supervise their emergency preparedness work. • Utilize air conditioning for cooling, reduce high-temperature working hours, and stock sunstroke prevention and cooling medicines at health stations. • Direct the equipment department to increase the frequency of facility spot checks and maintenance while implementing effective equipment cooling measures. • Execute drought response protocols, verify water storage levels in fire-fighting and domestic water reservoirs, ensure adequate water reserves, and strengthen water conservation awareness campaigns.
	Extreme Severe Cold	Extreme severe cold may cause personnel frostbite, food shortages, or equipment anomalies, and risks freezing or bursting fire-fighting systems and other fuel transport pipelines.	Increased operating costs and operational disruptions	Long-Term	Medium-High	Medium	• Monitor meteorological observatory forecasts to issue timely alerts to all departments and supervise their emergency preparedness work. • Utilize air conditioning for heating, reduce low-temperature working hours, and stock adequate anti-frostbite medicines at health stations. • Direct the dormitory management department to prepare winter bedding to accommodate the needs of employees stranded and unable to return home. • Direct the mechanical and electrical department to implement effective insulation and winterization measures for machinery, equipment, and pipelines.
	Heavy Rainfall and Flooding	Flooding disasters affect employee attendance and wastewater treatment systems. They can also cause disruptions in water and power supplies, logistics, and transportation, or break down the supply chain, thereby leading to production stoppages, reduced output, and resource losses.	Increased operating costs and operational disruptions	Long-Term	Medium-High	Medium	• Forward typhoon warnings from the municipal meteorological observatory ahead of heavy rainfall. Upon receiving rainstorm alerts, all relevant departments must immediately execute rainstorm and gale preparedness measures at the earliest notice. • Activate emergency response mechanisms: the mechanical and electrical department prepares drainage pumps and conducts comprehensive system inspections; the environmental engineering department checks sewage pipes for blockages; and all departments inspect drainage outlets for obstructions, contacting government authorities for assistance if necessary. • Equip each industrial park with flood prevention facilities, including drainage stations, flood gates, drainage pumps, and entrance flood barriers.

Climate-Related Opportunities & Response Strategies

Category	Topics	Identified Opportunity	Operational Impact	Time Horizon	Likelihood	Impact Severity	Opportunity Capture Measures
Manufacturing OperationsTechnical R&D	Diversified Operations	As climate change accelerates the rapid growth of green industries, chips and related PCB products can be applied to green sectors such as renewable energy, electric vehicles (EVs), smart manufacturing, and the Internet of Things (IoT). Leveraging its technical R&D advantages across diversified product lines, the Company will actively expand into these new markets that align with climate transition demands, thereby enhancing product added value and scaling up business revenue.	Developing PCBs for emerging sectors like renewable energy, electric vehicles, and 5G IoT can generate additional business revenue.	Long-Term	High	High	• Maintain a highly diversified printed circuit board (PCB) product portfolio to fulfill manufacturing requirements across multiple sectors, including telecommunications, consumer electronics, automotive, servers, low Earth orbit (LEO) satellites, robotics, and low-altitude economy industries.
Manufacturing Operations	Participation in Carbon Trading Markets	As carbon markets mature and expand globally, the Company can capitalize on its carbon trading experience gained from the Shenzhen industrial park to monetize carbon credits and secure government carbon-reduction incentives. Looking ahead, as carbon trading regulations tighten in markets such as Taiwan and India, it will unlock further opportunities to develop and trade carbon-reduction financial products, helping the Company generate stable, medium-term financial returns.	Strong carbon reduction performance can generate carbon credits, enabling participation in carbon trading or eligibility for government rewards, thereby creating additional business revenue.	Medium-Term	High	High	• Actively engage in carbon trading markets and participate in carbon emissions trading schemes. • Closely track carbon market policy developments across all plant locations, branch offices, and client regions to dynamically adjust strategies.
Upstream Supply	Resource Substitution and Diversity	Faced with supply chain disruption risks triggered by climate change, a diversified supplier strategy provides alternative sourcing options for raw materials and energy, strengthening overall supply chain resilience. This strategy not only mitigates the risk of supply chain breakage caused by climate disasters, but also enables the Company to respond more flexibly to market fluctuations, enhancing stable production capabilities and cost-control efficiencies.	Disperses raw material and energy procurement risks, reducing the impact of raw material shortages or severe price volatility on profit margins.	Long-Term	High	Medium-High	• Establish a diversified supplier matrix and adaptive alternative energy strategies. • Strengthen supply chain risk assessment mechanisms and emergency response protocols.
Manufacturing Operations	Recycling and Reuse	Implementing the recycling and reuse of raw materials reduces raw material procurement volumes and waste disposal costs, enhances resource utilization efficiency, and subsequently lowers overall operating costs.	Cost Reduction: • Enhances resource utilization efficiency and decreases waste disposal expenses. • Revenue Generation: Helps secure recognition from green customers and brands, opening up new business opportunities and order pipelines, which increases potential business revenue.	Long-Term	High	Medium-High	• Achieve UL 2799 Zero Waste to Landfill Platinum Validation. • Recycle and reuse packaging trays to reduce material resource consumption. (The recycling rate for packaging trays reached 8% in 2025). • Deploy pure water and RO water recycling systems, and implement water reuse schemes for rinsing after the acid washing processes. • Introduce smart centralized control systems to monitor the water quality and operational status of wastewater and reclaimed water facilities. • Ensure that selected suppliers obtain third-party certifications for the use of recycled materials (e.g., ISO 14021 or UL 2809).

Climate-Related Opportunities & Response Strategies (Continued)

Category	Topics	Identified Opportunity	Operational Impact	Time Horizon	Likelihood	Impact Severity	Opportunity Capture Measures
Manufacturing Operations	Adopting More Efficient Production and Distribution Processes	Faced with energy and cost pressures driven by climate change, investing in highly efficient, energy-saving equipment and optimizing manufacturing processes to enhance energy utilization efficiency and curb carbon emissions has become crucial. Moving forward, increasingly stringent low-carbon targets will propel the transition toward smart factories and process automation, further sharpening the product's competitive edge and Driving down unit costs.	Cost Reduction • Lowers energy consumption and carbon emissions per unit of product. • Minimizes carbon fees and manufacturing overheads, thereby boosting product gross margins.	Long-Term	Medium-High	Medium-High	• Replace traditional manufacturing paradigms with smart factory architectures, enabling real-time monitoring of operations across all plant locations to effectively curb the waste of energy, raw materials, and chemicals while elevating manufacturing quality. • Deploy IE4+ and Grade 1 energy-efficient motors in newly constructed facilities, achieving over 10% in energy savings compared to IE3 motors, with an estimated annual carbon reduction of approximately 12,371 tonnes. • Utilize water-source heat pumps to harvest waste heat from air compressors and chillers, substituting steam heating typically required for production water intake and AHU (Air Handling Unit) reheating; this thermal recovery minimizes boiler natural gas consumption and cuts carbon emissions by an estimated 10,167 tonnes annually. • Optimize FFU (Fan Filter Units) configurations to achieve an annual carbon reduction of ,416 tonnes. • Implement dual thermal harvesting modes at the Qinhuangdao Industrial Park - using water-source heat pumps across manufacturing plants and air-source heat pumps in living quarters - to concentrate waste heat from air compressors, chillers, and ambient air, reducing natural gas usage by 1,566,000 m3 per year and cutting annual carbon emissions by approximately 4,012 tonnes. • Scale up the deployment of smart factories and accelerate manufacturing process automation upgrades.
Manufacturing Operations Technical R&D	R&D and Innovation of New Products & Services	The climate transition is accelerating market demand for low-carbon, high-efficiency product technologies. Capitalizing on its robust R&D and innovation capabilities, the Company actively develops products and services tailored to clients' green transition requirements. Through technological innovation, the Company satisfies diversified market needs and stringent environmental standards, sharpening its competitive edge, expanding strategic partnership opportunities, and boosting its market position and short-term revenue growth momentum.	Revenue Generation • Expands market presence, increases strategic collaborations, and drives potential business revenue growth momentum. • Enhances the Company's technological leadership and strengthens customer stickiness.	Short-Term	Medium-High	Medium-High	• Develop next-generation thermal-sensitive board-level material technologies. • Advance product development for embedded-dissipation LiDAR (Laser Imaging Detection and Ranging) systems. • Build a strategic patent portfolio focused on substrate lightweighting and metal recovery technologies. • Initiate product development from a green design perspective - prioritizing recyclable materials alongside clean, eco-friendly manufacturing processes and technologies to develop a new generation of functional, modular printed circuit boards featuring rapid response times and high sensitivity.

Climate Risk Scenarios & Quantitative Analysis

To further evaluate the impact of climate change, the Company conducted a climate scenario analysis in 2025 focusing on the most material physical and transition risks. This analysis quantified the potential financial impacts of climate risks, enabling the Company to integrate climate considerations into its future strategic decision-making.

Physical Risk Scenario Analysis

The Company designated water resource issues as the primary evaluation target for its physical risk scenario analysis. Recognizing that extreme weather events driven by climate change will disrupt business operations with increasing frequency, the Company selected “Heavy Rainfall and Flooding” events - currently assessed as having the most severe impact - to quantify the potential financial impacts of physical risks under plausible future warming scenarios. The insights derived from this scenario analysis empower the Company to proactively fortify its future operations and strategic planning.

● **2050 Water-Related Impact Assessment Assumptions**

Common Assumptions			
Extreme Weather Event Scenario Assumptions			**Extreme Event Impact Assumptions**
1.The Company selected two scenarios, SSP1-2.6 and SSP5-8.5, to analyze the potential scale of financial impact under a worst-case pathway (SSP5-8.5) versus a pathway where global warming aligns with the Paris Agreement targets (SSP1-2.6). 2.Utilizing the CMIP6 climate models from the IPCC WGI Interactive Atlas platform, the Company projected the frequency of extreme weather events by mid-century (2050) based on the average rate of change in future rainy days under the selected scenarios.			Financial impacts are assessed using historical flooding events that caused industrial park closures over the past decade. Losses from operational disruptions are projected using 2025 revenue as the baseline: (1) Shenzhen Park: Experienced 2 flooding events causing half-day closures over the past decade. Under SSP1-2.6, the projected frequency by 2050 is 1.08 times per decade; under SSP5-8.5, it is projected at 1.11 times per decade. (2) Qinhuangdao Park: Experienced 1 flooding event causing a half-day closure over the past decade. Under SSP1-2.6, the projected frequency by 2050 is 1.08 times per decade; under SSP5-8.5, it is projected at 1.11 times per decade. (3) Huai’an Park: Has experienced no flooding-induced operational closures over the past decade.
Projected	**Scenario**	**2050 (Mid-Century)**	
Average Rate of Change in Rainy Days (Baseline Period: 5-Day Precipitation Indexes)	SSP1-2.6	8%	
	SSP5-8.5	11%	

Financial Impact Assessment

Based on the climate scenario modeling, the Company’s capital expenditures allocated to water-related issues in 2025 accounted for approximately 0.03% of its annual revenue. Looking forward to mid-century (2050), the potential financial losses stemming from operational disruptions caused by heavy rainfall events are projected to account for 0.11% of 2025 revenue under both the SSP1-2.6 and SSP5-8.5 scenarios.

Flood Prevention Countermeasures and Planning Across Industrial Parks

The Company has successfully developed and executed site-specific climate physical risk adaptation plans and resilience measures across all existing business operations. Furthermore, to ensure 100% risk mitigation coverage for new operations, all newly planned projects and facilities are required to integrate physical climate risk assessments and preventive adaptation engineering during their initial design and construction phases.

Scenario Simulation	Risk Analysis Results by Campus					
	Shenzhen Industrial Park	Huai’an Industrial Park	Qinhuangdao Industrial Park	Taiwan Industrial Park	India Industrial Park	Thailand Industrial Park
Under 2°C Warming, Sea Level Rise 4.7m	Low	Low	Low	Low	Low	Low
Under 4°C Warming,Sea Level Rise 8.9m	Low	Low	Low	Low	Low	Low

Although sea-level rise assessments indicate a relatively low level of physical risk across the Company’s production campuses, management maintains a proactive stance toward climate adaptation by deploying robust preventive infrastructure - such as dedicated drainage and flood-relief stations, automated floodgates, high-capacity drainage pumps, and reinforced entrance flood barriers - to mitigate localized flooding vulnerabilities from extreme torrential rain or seawater intrusion and shield operations from unexpected cost spikes.

Furthermore, forward-looking climate scenario modeling has been applied specifically to assess water resource risks under various future pathways; comprehensive details on these methodology matrices can be found in the “Water Resource Management” chapter of this report. Even though current physical impact simulations indicate that factory and building structures remain completely free from water logging risks under extreme conditions, the Company has pre-emptively constructed targeted flood mitigation infrastructure along the lowest elevation roadways within its campuses to guarantee absolute operational safety.

Flood Prevention Countermeasures and Planning Across Campuses

Industrial Park	Risk Mitigation					
	Floodwalls	Drainage Pumps	Entrance Flood Barriers	Sandbags	Basement Waterproof Floodgates	Operational Management Measures
Shenzhen Industrial Park	√	√	√	√	√	• Conduct routine inspections of rooftop and underground stormwater drainage infrastructure. • Monitor weather forecasts closely and open stormwater discharge valves immediately upon heavy rainfall alerts. • Track river water levels, inspect for blockages, and promptly report to government authorities for assistance when needed. • Connect drainage pumps to emergency power supplies and perform periodic functional testing. In the event of intense rainfall that restricts gravity drainage, close the stormwater discharge valves and activate the pumps to actively discharge rainwater outside the campus perimeter.
Huai'an Industrial Park	√	√	√	√	√	
Qinhuangdao Industrial Park	√	√	√	√	√	
Taiwan Industrial Park (Kaohsiung)	Low Risk, Existing stormwater drainage infrastructure is sufficient to handle peak volumes.	Low Risk, Existing stormwater drainage infrastructure is sufficient to handle peak volumes.	√	√	√	

Transition Risk Scenario Analysis

For its transition risk scenario analysis, the Company selected carbon pricing mechanisms as its core evaluation objective, specifically examining the potential financial exposures from Mainland China's Carbon Emissions Trading Scheme (ETS) and Taiwan's Carbon Fee System - including carbon expenditures and the costs of purchasing Green Electricity Certificates (GECs) - across two distinct pathways: the current climate trajectory and a 1.5℃ global warming scenario aligned with the Paris Agreement.

2030 Greenhouse Gas Financial Impact Assessment Assumptions

Regional Assumption	
Taiwan Region	**Mainland China**
1. Carbon Fee Impact Scope Assumption: It is assumed that Taiwan's carbon pricing will be levied in full based on emissions and evaluated against the contracted power capacity of the Kaohsiung Campus, with a target of achieving a 30% carbon reduction through green energy by 2030 and a stretch goal of 52%. 2. Grid Emission Factor Variation Assumption: Considering changes in the grid emission factor, it is assumed that the 2030 assessment will adopt the 2025 electricity emission coefficient target of 0.388 kgCO2e/kWh.	1. Carbon Price Impact Scope Assumption: It is assumed that carbon pricing in Mainland China will be levied in full based on emissions, with a target of achieving a 30% carbon reduction through green energy by 2030 and a stretch goal of 52%. 2. Grid Emission Factor Variation Assumption: Considering changes in the grid emission factor, the assessment adopts the 2030 provincial grid emission factor estimates derived from the *Research on Carbon Dioxide Emission Factors of China's Regional Power Grids (2023).*

Common Assumptions			
Carbon Pricing Scenario Settings			
NDCs Scenario Carbon Pricing: • Taiwan Region: Based on the initial planning of the competent authorities, the carbon fee is expected to gradually increase from the originally set RMB300 to between RMB1,200 and RMB1,800 per metric ton by 2030. • Mainland China: References a carbon price of approximately RMB 234 per metric ton of CO2equivalent (tCO2e) in the Shenzhen carbon market, alongside recent transaction records of approximately RMB 405 per tCO2e for China Certified Emission Reductions (CCER).			
Net Zero Scenario Carbon Pricing: Evaluated using the"Net Zero 2050" scenario from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), utilizing the average carbon prices projected by the GCAM and REMIND-MAgPIEassessment models.	**Project**	**Unit**	**Taiwan Region**	**Mainland China**
	NDCs Scenario Carbon Pricing	RMB / tCO_2e	267–400	51–90
	Net Zero Scenario Carbon Pricing	RMB / tCO_2e	908	957

Note: 1.In the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) released in 2021, the international climate change research community integrated the results of multiple research teams to propose the "Shared Socioeconomic Pathways" (SSP) climate scenarios. SSP5-8.5 is a high radiative forcing pathway and the only scenario that can produce a radiative forcing of 8.5 W/m2 by 2100; SSP1-2.6 is a low radiative forcing pathway, and its multi-model simulation results show that the global average temperature rise will be controlled below 2°C by 2100.

2.Capital expenditures related to water resources cannot be entirely attributed to greenhouse gas categories; therefore, factors such as pollution prevention and control, water-saving cost savings, and flood control water pressure were simultaneously incorporated into the statistics.

Common Assumptions		
Company Emission Scale by 2030	**Company Renewable Energy Utilization**	
Evaluated based on the projected electricity consumption scale for Mainland China and the Taiwan region by 2030.	Anchored to the actual self-generated and self-consumed renewable energy from the 2025 fiscal year as a baseline, conservatively assuming no further capacity expansion by 2030.	
Company Green Electricity Certificate (GEC) Procurement Scenario	**Green Electricity Certificate Cost Assumptions**	
Aligned with the Company's 2030 target of achieving a 52% carbon reduction through green energy. It is assumed that if self-generated renewable energy falls short, the Company will implement a strategy to procure Mainland China Green Electricity Certificates to bridge the gap.	Due to the supply and demand uncertainties in the 2030 market, evaluating the future average price of GECs in Mainland China is challenging. For the Taiwan region, GEC pricing references the premium cost of RMB 4.63/kWh from the RE10X10 Corporate Green Power Initiative 2023 Annual Report, alongside Taipower's published 2024 Small-Scale Green Power Sales Q&A floor price of approximately RMB 5–6/kWh. For Mainland China, GEC pricing references the average listed trading prices on the China Green Electricity Certificate Subscription Platform.	
	Taiwan Region GEC Price	1,029–1,333 RMB / certificate
	Mainland China GEC Price	15–25 RMB / certificate

Financial Impact Assessment

In 2025, the Company allocated approximately 0.66% of its revenue to carbon management, energy conservation, and environmental protection equipment to address climate change; looking ahead to 2030, climate scenario analysis indicates that potential operational financial impacts from carbon pricing mechanisms will account for 0.06% to 0.15% of 2025 revenue under the Nationally Determined Contributions (NDCs) scenario, and rise to 0.83% to 2.98% under the Net Zero scenario.

Biodiversity Management

Responding to the intensifying global focus on natural issues and fulfilling its commitment to biodiversity and ecological conservation, the Company formally adopted the Taskforce on Nature-related Financial Disclosures (TNFD)management framework in 2025. This step systematically strengthens the overarching management of nature-related risks and opportunities. Leveraged on the mature Taskforce on Climate-related Financial Disclosures (TCFD) framework established in 2020, the Company effectively integrated existing data, reporting flows, and governance structures to achieve synergy between TNFD and TCFD implementations, ensuring standardized and efficient progression of nature-related risk assessments and disclosures.

Governance Structure and Responsibilities

The Company actively promotes the deep integration of nature-related topics into its existing climate risk governance framework. It defines the core responsibilities of the Board of Directors, the Chairman, and the ESG Development Committee in managing and overseeing nature-related risks and opportunities. Concurrently, the division of rights and responsibilities across relevant departments and personnel is clearly defined, establishing a well-structured and highly collaborative governance ecosystem that provides a solid organizational foundation for managing nature-related issues.

Nature-Related Risks and Impacts

To accurately identify the dependencies and impacts of corporate operations and the supply chain on the natural environment, the Company completely adopted the LEAP methodology (Locate, Evaluate, Assess, Prepare) recommended by the TNFD. Covering direct operations, surrounding areas, and upstream core supply chains, the Company systematically analyzed actual and potential nature-related impacts to lock onto key areas of focus and formulate targeted action plans, aligning business growth with sustainable nature management.

Risk Assessment Methodology and Boundaries

The Company utilized the World Wide Fund for Nature (WWF) Biodiversity Risk Filter (BRF) tool to conduct its biodiversity risk assessments, incorporating the Potentially Disappeared Fraction of species (PDF) as a core auxiliary indicator to comprehensively quantify the biodiversity dependencies and impacts of its operational locations and critical suppliers.

This initial annual assessment covers direct operations, adjacent areas, and major suppliers across 30 core production sites in 6 countries and regions, including Taiwan, Mainland China, India, Japan, South Korea, and Malaysia. Downstream waste disposal and recycling services were also integrated into the assessment boundary, focusing on identifying the potential impacts of these operational processes on soil, water bodies, ecosystems, and biodiversity to achieve closed-loop management of nature-related risks across the product life cycle.

The BRF analysis covers 33 dependency and impact indicators across physical and reputational risks, leading to the identification of 5 key nature-related risks: physical risks including water resources, air quality conditions, landslides/mudslides, and extreme heat, alongside reputational risks concerning impacts on protected areas/reserves. By mapping impact severity against the likelihood of occurrence, the Company categorized water resource risk as moderate and the remaining four risks as low-moderate, subsequently formulating differentiated mitigation strategies for each tier to continuously minimize its negative environmental footprint and drive a benign symbiosis between ecological benefits and business growth.

Locate	Evaluate	Assess	Prepare
Locate the interface with nature: Identified areas of interdependence with natural ecosystems using the BRF tool by aggregating data from direct operations and critical suppliers, including geographic coordinates, industry classifications, and business scales.	Evaluate dependencies and impacts: Analyzed results across the 33 dependency and impact indicators based on severity and the number of affected sites to screen and prioritize material nature-related risks.	Assess material risks and opportunities: Identified the materiality of risks to corporate operations, analyzed their projected financial implications, and pinpointed corresponding latent opportunities.	Prepare to respond and report: Reported the analysis results of material nature-related topics, formulated responsive management strategies and mitigation measures, and established specific disclosure metrics and targets.

Risk Identification Results and Analysis

Risk Type	Risk Item	Risk Definition	Risk Level	Potential Impact	Materiality Analysis
Physical Risk	Water Resources	Water availability refers to the accessibility of freshwater resources, which can significantly impact an enterprise through production or supply chain disruptions, increased operational costs, and growth constraints. It is generally calculated based on the volume of available surface water and groundwater within a specific region. Key indicators include water depletion, baseline water stress, blue water scarcity, and groundwater levels.	Medium	Water scarcity directly compromises production efficiency, threatening to cause operational downtime or decreased capacity, which in turn elevates water procurement costs and reduces overall Company revenue.	• Direct Operations: The printed circuit board (PCB) industry relies heavily on water resources during manufacturing. Recognizing this, the Company's major campuses in Mainland China undergo annual water resource risk identification and assessment to guarantee proper water management. Conversely, the India facility utilizes dry manufacturing processes, resulting in a low baseline water demand and minimal risk exposure. • Supply Chain: Should the supply chain suffer from water shortages, it could trigger disruptions in component manufacturing or auxiliary services. A small number of South Korean suppliers exhibit a high dependence on water; the Company will continue to oversee and mitigate this vulnerability through standardized supplier audits.
	Air Quality Status	This indicator is based on PM2.5 concentration levels and reflects whether the ambient air quality is healthy and sustainable for humans and ecosystems. Over the long term, chronic exposure to PM2.5 concentrations that exceed average baseline levels is a strong predictor of increased mortality rates.	Low	The emission of air pollutants is bound by local regulatory standards, and non-compliance can lead to regulatory fines. Furthermore, prolonged operations in environments with poor air quality can negatively affect employee health. The Company must also consistently inspect, maintain, or upgrade air pollution control equipment to remain fully compliant.	• Direct Operations: Manufacturing processes have the potential to elevate the concentration of particulate matter (PM2.5) in the atmosphere. To manage this, the Company regularly monitors and tracks the emissions of various air pollutants each year. Currently, the discharge volumes at all factory sites remain well below local regulatory limits. • Supply Chain: The Company systematically tracks and verifies the compliance status of each supplier to ensure that no relevant environmental infractions or air quality violations occur across the supply network.
	Landslides / Mudslides	Landslides present significant risks to human life and economic activities. Due to human interventions - such as land-use changes, land degradation, and infrastructure expansion - landslides have become increasingly prevalent. Furthermore, extreme precipitation driven by climate change intensifies landslide risks, threatening the sustainable development of vulnerable regions.	Low	Taiwan and Japan are located within active seismic zones, where earthquakes frequently trigger mudslides or landslides. If suppliers fail to maintain stable deliveries due to mudslide-induced disasters, the Company's production activities could be disrupted, or procurement costs could increase due to the need to source alternative suppliers.	• Direct Operations: According to the hazard potential layers on Taiwan's official disaster prevention information network, the Company's operational sites are not designated within mudslide-susceptible impact zones. Additionally, the Company has implemented a Business Continuity Plan (BCP), and the majority of its operational locations have obtained relevant ISO certifications to mitigate and respond to potential business disruption risks. • Supply Chain: In recent years, no suppliers have experienced operational disruptions caused by mudslides or landslides.
	Extreme Heat	Extreme heat has pronounced impacts on human health and directly correlates with economic activities and industries, such as the built environment. Under the influence of climate change, the frequency and intensity of abnormal weather events and extreme temperatures have risen sharply, a phenomenon that will only be exacerbated as global temperatures continue to climb.	Low	Adapting to extreme heat causes cooling systems to operate under heavy loads, which drives up energy consumption and may result in additional capital expenditures. Regarding employee health, prolonged high-temperature environments can elevate the risk of occupational hazards, subsequently leading to increased personnel expenses.	• Direct Operations: Currently, the Company's manufacturing facilities utilize central air conditioning to dynamically adjust indoor temperatures, and the factory buildings incorporate thermal insulation designs. Consequently, employees working indoors and production equipment are relatively unaffected by high temperatures. Furthermore, the Company commissions a third party annually to conduct occupational hazard assessments, which explicitly include high-temperature testing. • Supply Chain: In recent years, no suppliers have experienced hazard incidents triggered by extreme heat. The Company will continue to track whether any supply chain cost increases arise from high-temperature adaptation measures.
Reputational Risk	Protected Areas / Reserves	Protected areas and reserves have long been recognized as the cornerstone of biodiversity conservation, playing a vital role in achieving global biodiversity and sustainable development goals. If a Company's operational locations highly overlap with protected areas, its reputational risk will be severely impacted.	Medium-Low	Corporate operational activities can bring negative impacts to surrounding protected areas or reserves, which not only damages the ecological environment but also compromises the Company's reputation. Furthermore, any violations of local regulations could result in regulatory fines and legal expenses.	• Direct Operations: All production sites are located within designated industrial parks and do not overlap with any global or national biodiversity conservation areas. Additionally, the Company has established a "Biodiversity Policy" and a "No Deforestation Commitment," which apply to all operational locations and require mutual compliance from suppliers. • Supply Chain: Suppliers in the Taiwan and Japan regions have no records of operating near protected areas or causing negative impacts through their production activities.

Management Approach

- When executing land-use modifications (such as factory construction or land layout adjustments), ecological impact assessments must be conducted, and mitigation measures implemented to achieve net-zero loss of the ecological environment.
- When conducting operations within critical biodiversity areas, proactive avoidance, mitigation, and compensation measures must be deployed to minimize environmental impacts.
- During the procurement or self-construction of renewable energy infrastructure, biodiversity due diligence must be performed alongside consistent monitoring and restoration efforts to reduce ecological shocks.
- The Company actively collaborates with suppliers and stakeholders to collectively uphold biodiversity, forest conservation, and broader ecological protection.

Metrics and Targets

The Company monitors and evaluates key metrics and targets concerning nature-related dependencies, impacts, risks, and opportunities in a transparent and measurable manner, fully integrating them with existing corporate environmental goals and management systems. Based on the five key risks identified in the aforementioned assessment, the Company has mapped out relevant responses to its established environmental metrics and targets. Performance oversight and responsibility delegation are managed by the Corporate Governance and ESG Development Committee to guarantee effective risk management.

Furthermore, the Company publicly discloses the implementation progress of its annual targets each year, enabling stakeholders to understand its progress and active commitment toward nature-related issue management. For biodiversity conservation, the Company has introduced dedicated biodiversity protection policies and commitments, while partnering with government agencies to restore local native species and trees.

Management Achievements

- **January 2022**: Partnered with the Taiwan Forestry and Nature Conservation Agency on a collaborative project to remove invasive Leucaena leucocephala (river tamarind) and restore native plant species.
- **December 2022**: Completed the removal of invasive plants and planted approximately 30,000 native trees, which is projected to sequester 600 metric tons of carbon emissions.
- **July 2023**: Formally published the corporate Biodiversity and No Deforestation Commitment.
- **March 2024**: Utilized recycled water at the India facility to plant and irrigate 370 trees.
- **September 2024**: Signed a collaborative project with Chung Hua University to promote local economic development through ecological initiatives.
- **October 2024**: Formally launched the TNFD Biodiversity Assessment Program.
- **May 2025**: Planted 637 new native trees and shrubs through the Chung Hua University partnership, continuing to drive local economic and ecological synergy.
- **To Date**: All environmental impact assessment (EIA) reports comprehensively include ecological impact analyses. All Company industrial parks comply fully with local greening requirements, and the Company has successfully achieved the Alliance for Water Stewardship (AWS) Platinum Certification.

Risk Type	Risk Item	Metrics and Targets	Response / Mitigation Measures
Physical Risk	Water Resources	• Maintain a wastewater reuse rate of over 50%. • Maintain an overall plant-wide water recycling rate of over 41%.	• Upgrade manufacturing process equipment to enhance water conservation at the source. • Maintain standing emergency water storage plans.
	Air Quality Status	Ensure air pollutant emissions consistently test below local regulatory limits.	• Utilize environmentally friendly raw materials. • Introduce advanced equipment to reduce air pollution emissions. • Conduct regular testing and continuously monitor emissions data.
	Landslides / Mudslides	Not Applicable	• Ensure the proper continuous operation of disaster prevention facilities. • Conduct regular disaster response and evacuation drills.
	Extreme Heat	• By 2025: Achieve a 15% or greater reduction in carbon emissions through green energy. • By 2030: Achieve a 30% carbon reduction via green energy, with an aspirational target of 52%. • By 2050: Achieve Net-Zero emissions.	• Deploy energy-efficient equipment across facilities. • Install self-built solar power systems and procure exter nal green power. • Integrate Green Building Certification standards into future factory construction plans.
Reputational Risk	Protected Areas / Reserves	Not Applicable	• Formulate and enforce a dedicated Biodiversity Policy. • Mandate compliance across the entire supply chain. • Require comprehensive Environmental Impact Assessments (EIAs) for all land-use modifications. • Conduct training and awareness campaigns on natural ecosystems for suppliers

Strategic Target Management

Medium-Term Target (2025)

Drive and implement nature- and biodiversity-related risk assessments and establish robust corporate response mitigation measures.

Long-Term Targets (2030)

- Deepen environmental protection partnerships and systematically audit the inventory and populations of restored flora and fauna species.
- Ensure water resource security and actively address and eliminate the negative impacts of pollution on biodiversity.
- Inventory the positive impacts of managing air pollution and waste emissions, and rigorously execute corresponding environmental solutions.

Ultimate Goal (2050)

Advance toward achieving a Net Positive Impact (NPI) on the environment and ecosystems, remaining fully dedicated to the long-term protection and preservation of global biodiversity.

Energy Management

Since 2013, the Company has implemented the ISO 50001 Energy Management System at its Shenzhen campus, systematically executing energy monitoring, reviews, and continuous improvements to accurately identify high energy-consuming processes. Guided by the core principles of energy conservation, emission reduction, greening, and recycling, the Company deploys economically viable energy-saving solutions to continuously enhance energy performance while ensuring production energy demands are met.To support these initiatives, the Company built a digital energy management platform. By leveraging multi-protocol communication and data transmission, the platform achieves computerized, visualized, and intelligent energy management. It monitors electricity consumption in real time across the industrial parks, buildings, sub-systems, and critical machinery, triggering automatic alerts for anomalies to ensure rapid response and resolution.Currently, 100% of the Company's major manufacturing facilities have fully established, operational, and certified ISO 50001 Energy Management Systems. Furthermore, in 2025, the Company organized energy efficiency management training sessions with 14,306 attendee participations, successfully strengthening energy-saving awareness across the workforce and steadily driving the realization of its carbon neutrality goals.

Corporate Energy Management System Certifications

Energy Consumption Analysis

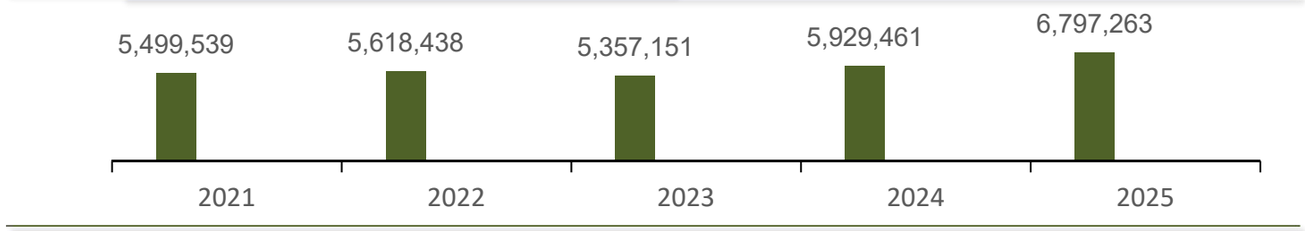
Driven by factory expansion, production capacity growth, and the integration of newly acquired legal entities, the Company's total energy consumption increased by 14% year-over-year (YoY) compared to 2024. During the same period, procurement of off-site renewable electricity reached 1,282,269 MWh, representing a 31% YoY increase. The energy mix across all subsidiaries remains predominantly reliant on purchased electricity, followed by natural gas. It also includes purchased steam, purchased thermal energy (for winter heating), self-generated solar power, and gasoline and diesel consumed by corporate fleets and onsite cargo vehicles.

During the reporting period, the Company continued to scale up its installed solar capacity and planned the phased construction of energy storage facilities to optimize peak-load management. Total comprehensive energy consumption (including self-generated, self-consumed solar energy) reached 6,797,263 GJ, resulting in an energy intensity of 173.16 GJ per RMB 10,000 of revenue. Purchased electricity (including green electricity) accounted for 84% of the total mix, while renewable energy utilization accounted for 68%. Within the purchased green electricity, solar power contributed 626,094 MWh and wind power contributed 656,175 MWh. Additionally, the Company's completed distributed rooftop photovoltaic (PV) projects generated 6,237 MWh annually. In total, the cumulative use of green electricity throughout the year reduced carbon emissions by approximately 689,946 metric tons.Looking ahead, the Company will continuously expand its PV installations, promote energy-saving and consumption-reducing manufacturing processes, develop low-carbon products, actively broaden partnerships in renewable energy, and refine its clean energy infrastructure. The Company has set a definitive energy-saving target: by 2028, the total energy savings will increase by more than 2.6% compared to 2025 baseline levels, taking concrete actions toward achieving carbon neutrality.

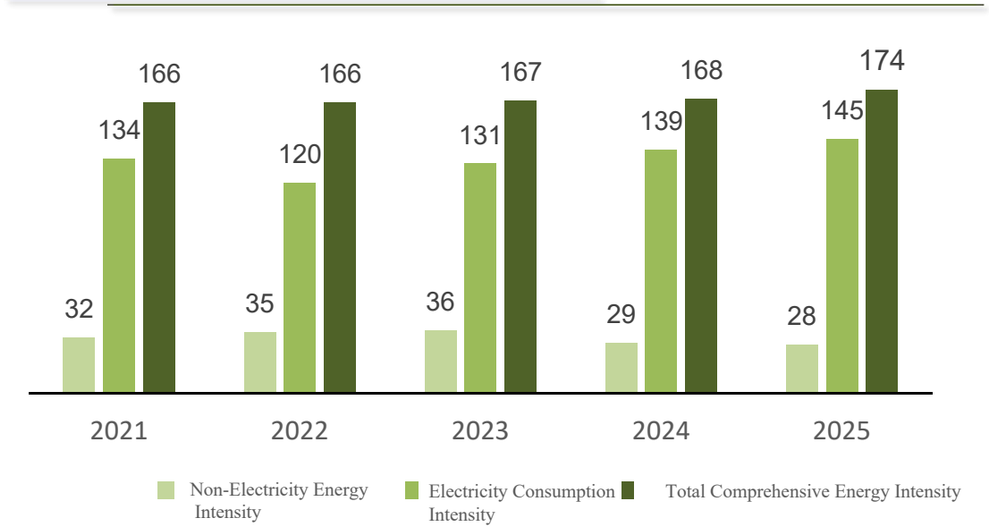
2025 Corporate Energy Consumption Performance

Category	Energy Source	Unit	Consumption	Energy Intensity (GJ / Million CNY)	Energy Mix Share (%)
Non-Renewable Energy	Purchased Grid Electricity	Megawatt hour (MWh)	290,059	26.67	15.36%
		Gigajoules (GJ)	1,044,213		
	Gasoline	Liter(L)	144,885	0.12	0.07%
		Gigajoules (GJ)	4,509		
	Diesel	Liter(L)	417,539	0.38	0.22%
		Gigajoules (GJ)	14,959		
	Natural Gas	m^3	10,476,844	10.17	5.86%
		Gigajoules (GJ)	398,120		
	Purchased Steam	Metric Tons	203,123	14.37	8.27%
		Gigajoules (GJ)	562,418		
	Purchased Thermal Energy	Gigajoules (GJ)	134,424	3.43	1.98%
Renewable Energy	On-site Solar PV (Self-consumed)	Megawatt hour (MWh)	6,237	0.57	0.33%
		Gigajoules (GJ)	22,452		
	Purchased Off-site Green Power	Megawatt hour (MWh)	1,282,269	117.92	67.91%
		Gigajoules (GJ)	4,616,168		
	Total	Gigajoules (GJ)	6,797,263	173.63	100%

Five-Year Energy Consumption Profile (Unit: Gigajoules, GJ)



Five-Year Energy Intensity Profile (Unit: GJ / RMB Million)



Note：Energy Intensity Conversion Formulas and Heating Value Sources

1.Energy Intensity = Heating Value × Energy Consumption ÷ Revenue.

2.Electricity: 3,600 KJ/kWh; Gasoline: 43,070 KJ/kg; Diesel: 42,652 KJ/kg; Natural Gas: 38,931 KJ/m3; Purchased Steam: Huai'an Campus at 2,768.86 KJ/kg.

3.The 2025 energy consumption data reporting boundary includes the following newly added legal entity/site: Pengocean Thailand.

4.This disclosure retroactively traces past data to integrate renewable energy consumption.

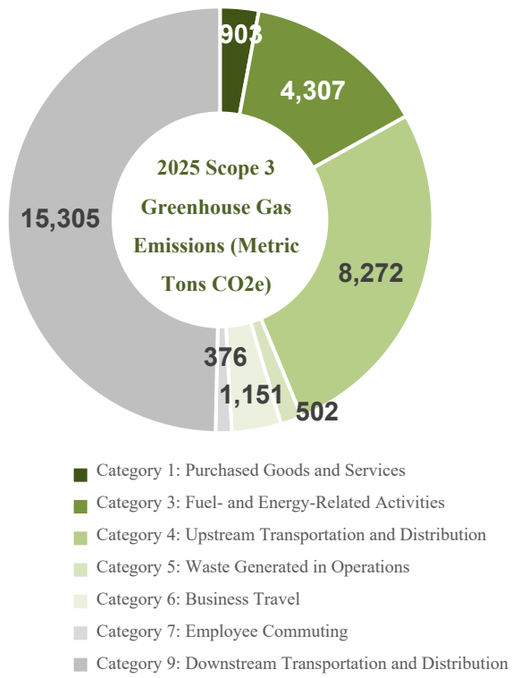
Greenhouse Gas (GHG) Emissions

During the reporting period, the total Scope 1 and Scope 2 greenhouse gas emissions across the Company's major production sites reached 291,699 metric tons of CO2e. The emissions intensity stood at 0.07 metric tons of CO2e per RMB 10,000 of revenue, representing an 84% reduction compared to the 2013 baseline.

Looking ahead, the Company will continue to expand its solar power infrastructure, develop renewable energy projects, procure green electricity, and deploy energy storage solutions to further drive down carbon emissions. Currently, the Company has expanded its Scope 3 GHG inventory to cover seven major categories: purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, downstream transportation and distribution, waste generated in operations, business travel, and employee commuting. The Company plans to complete the inventory and disclosure of all Scope 3 greenhouse gas emission categories within the next two years.

Corporate Greenhouse Gas (GHG) Emissions

Item	Unit	2021	2022	2023	2024	2025
Scope 1	tCO_2e	34,553	65,921	61,387	80,551	80,556
Scope 2 (Market-based)	tCO_2e	914,040	871,354	326,614	254,367	211,143
Scope 2 (Location-based)	tCO_2e					901,143
Scope 3	tCO_2e	21,441	24,057	19,863	19,919	30,816
Total Scope 1 & Scope 2	tCO_2e	948,593	937,275	388,001	334,918	291,699
Total Emissions	tCO_2e	970,034	961,332	407,864	354,837	322,515
Scope 1 & Scope 2 Emissions Intensity	tCO_2e per RMB 10,000 Revenue	0.28	0.26	0.12	0.10	0.07
Target Carbon Density Reduction Rate (Scope 1 & 2) Baseline Year:2013	%	30	30	33	40	40
Actual Carbon Density Reduction Rate (Scope 1 & 2)	%	40	45	74	80	84



Note: 1.Verification Approach: The greenhouse gas verification approach is based on operational control. Official GHG verification certificates for each legal entity can be viewed on the Company's official website under: "Sustainability - Environmental Friendliness - Energy Saving & Carbon Reduction."

2.Emission Factors: Calculations are performed according to the latest standards announced by local governments (Electricity Grid Emission Factors: South China: 0.4042 kg CO2/kWh, North China: 0.6361 kg CO2/kWh, East China: 0.550 kg CO2/kWh).

3.Gases Included: The calculation includes seven types of gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. The Global Warming Potential (GWP) rates used are sourced from the IPCC Sixth Assessment Report data.

4.Baseline Year: The year 2013 is used as the baseline year for environmental data comparison because the hardware infrastructure construction was relatively complete. Baseline Year 2013 Data: Scope 1 emissions: 35,282 metric tons of CO2e; Scope 2 emissions: 593,025 metric tons of CO2e; Scope 3 emissions: 4,486 metric tons of CO2e; Scope 1 & 2 emissions intensity: 0.47 metric tons of CO2e/ RMB 10,000.

5.Emissions Intensity: Emissions Intensity = (Scope 1 Carbon Emissions + Scope 2 Carbon Emissions) ÷ Corporate Consolidated Revenue.

6.The carbon emissions intensity reduction target for 2026 is set at 40% (based on the 2013 carbon emissions intensity baseline of 0.47 metric tons of CO2e/RMB 10,000).

Energy Saving and Carbon Reduction

During the reporting period, the Company achieved a total annual carbon reduction of 729,611 metric tons, equivalent to a 70% reduction in original total carbon emissions, demonstrating significant results across all carbon reduction initiatives. Specifically, a reduction of 35,653 metric tons of carbon was achieved through process energy-saving modifications and the introduction of advanced energy-efficient equipment. Thermal energy recovery contributed to a reduction of 4,012 metric tons of carbon. The installed capacity of self-built solar power facilities reached 5.07 MW, generating 6,237 MWh of electricity and reducing carbon emissions by approximately 3,340 metric tons. In 2025, the solar PV capacity built at Avary (HongQisheng) reached 11.18 MW, and the Kaohsiung Campus reached 1.65 MW, with an estimated annual power generation of 11,555 MWh. Additionally, the procurement of renewable energy certificates (RECs) resulted in a carbon reduction of 686,606 metric tons.In terms of building the energy-saving management system, the Company utilized its “Seven Green Platforms” to conduct specialized, Company-wide energy-saving management training, strengthening employee awareness. Energy-saving officers at each campus regularly conducted routine self-inspections and formulated specialized energy-saving audit plans in accordance with the Company’s environmental protection and energy-saving management operational procedures, systematically driving the implementation of energy-saving and carbon-reduction initiatives. The Company continuously deepened the application of its “Seven Green” energy-saving methodologies. During the planning and design phases of new production lines and factory constructions, priority was given to configuring mature and advanced energy-saving equipment and facilities, achieving an energy efficiency improvement of over 10% compared to legacy factory designs.

Key Corporate Energy-Saving Projects

Project	Key Project Description	Energy-Saving Performance
Utility & Facility Efficiency	•New factories utilize premium IE4+ and Grade 1 efficiency motors, delivering over 10% energy savings compared to IE3 motors, reducing carbon emissions by approx. 12,371 metric tons annually. •Water-source heat pumps capture waste heat from air compressors and chillers to replace steam heating for incoming process water and AHU (Air Handling Unit) reheating. This thermal recovery cuts natural gas use in boilers, reducing carbon emissions by approx. 10,167 metric tons annually. •FFU (Fan Filter Unit) optimization reduces carbon emissions by 2,416 metric tons.	Carbon Reduction: 35,653 metric tons / year
Thermal Energy Recovery	•The Qinhuangdao Campus utilizes rooftop water-source heat pumps at factory buildings and air-source heat pumps at living quarters to reclaim waste heat from air compressors, chillers, and ambient air, reducing natural gas consumption by 1,566,000 m3 annually.	4,012 metric tons / year
Solar PV Generation (Active)	•Huai’an Campus I: Installed capacity of 2.1 MW •Huai’an Campus II: Installed capacity of 2.4 MW •Shenzhen Campus: Installed capacity of 0.57 MW	Carbon Reduction: 3,340 metric tons / year
Solar PV Generation (Pending Activation)	•Qinhuangdao Avary (HongQisheng): Installed capacity of 11.18 MW • Kaohsiung STSP (Nanke): Installed capacity of 1.65 MW	Carbon Reduction: 686,606 metric tons / year
Procurement of RECs	Purchase and consume renewable energy electricity to minimize greenhouse gas emissions.	

Note:1.The emission factors used to calculate the carbon reduction performance for natural gas savings are sourced from the IPCC Sixth Assessment Report data.

2.Facility Energy-Saving Performance Carbon Reduction = Electricity Savings × Electricity Carbon Emission Factor.

3.Calculations are based on the latest standards announced by local governments (Electricity Grid Emission Factors: South China: 0.4042 kg CO2/kWh, North China:0.6361kg CO2/kWh, East China: 0.550 kg CO2/kWh).

Carbon Management and Internal Carbon Pricing

To scientifically manage climate-related risks, seize low-carbon development opportunities, and drive deep decarbonization across all operational processes, the Company has established an Internal Carbon Pricing (ICP) mechanism to internalize the external environmental costs of greenhouse gas emissions. This mechanism covers the Company’s Scope 1 and Scope 2 greenhouse gas emissions, embedding them into the operational decision-making and investment evaluation processes of all business units in the form of a shadow carbon price. Given that the Company’s major production bases are located in Mainland China and the Shenzhen Campus is included in the carbon trading pilot program, the Company has set its 2025 internal shadow carbon price at RMB 44.4 per metric ton of carbon dioxide equivalent (tCO2e), benchmarked against the Shenzhen carbon market price.

In practical application, the Company integrates the internal carbon pricing mechanism into the evaluation process for energy-saving, carbon-reduction, and low-carbon investment projects. By quantifying carbon reduction benefits in monetary terms, the mechanism incorporates them into project cost-benefit analyses and return on investment (ROI) evaluation systems. This mechanism effectively drives energy efficiency improvements and guides low-carbon investment strategies, supporting the formulation of the Company’s climate-related policies and the achievement of carbon reduction targets. Concurrently, it serves as a core parameter for scenario analysis, helping the Company proactively prepare for potential carbon pricing policies and related regulatory risks.

Water Resources Management

In response to the challenges of frequent extreme weather events driven by climate change and the continuously rising risks associated with water resources, strengthening end-to-end water management and recycling technology innovation has become a core priority for the Company's robust operations. In 2025, the Company's production campuses comprehensively advanced specialized process water-saving initiatives, accurately identifying high water-consuming stages with a primary focus on pickling tanks, scrubbing towers, pure water systems, and high water-consumption process equipment. Through source control, process optimization, and end-to-end water usage supervision, the Company routinely reviewed the efficiency of recycled and pure water utilization to continuously lower its water usage levels and operational water risks. Relying on technological innovation, the Company continuously improved its wastewater recycling rate and water resource utilization efficiency. In the same year, the Company conducted specialized AWS (Alliance for Water Stewardship) sustainable water management training for all staff, with a cumulative total of 270 employees participating during the year, comprehensively enhancing the team's ability to identify water risks and apply industry best practices.

The Company has established a goal-oriented water resources management system. Through its "Seven Green Platforms," the annual water recycling rate targets are broken down level by level to each department, implementing a closed-loop management mechanism consisting of monthly reviews, quarterly evaluations, and annual summaries to dynamically track target achievement and formulate optimization plans. In 2025, the Company's wastewater recycling rate reached 50.4%.

Water Resource Risk Identification and Mitigation

Water Resource Risk Assessment

World Wildlife Fund (WWF) Water Risk Filter / AWS Evaluation Tool

The Company has established a routine water resource risk assessment mechanism, conducting annual AWS system audits, certifications, and comprehensive water resource risk inspections across its major production campuses. Utilizing the World Wildlife Fund (WWF) Water Risk Filter tool to analyze watershed water resource risks, the assessment results indicate that all of the Company's campuses are located in low water resource risk areas and have not experienced any shocks related to water scarcity. Concurrently, the Company conducted water resource issue questionnaires targeting core stakeholders - including suppliers, customers, governments, shareholders, neighboring enterprises, community residents, and employees - and compiled specialized reports combined with background data on the watersheds of each campus to accurately evaluate risks and clarify directions for management optimization.

World Resources Institute (WRI) Water Resource Assessment Tool

The Company utilizes the World Resources Institute (WRI) Aqueduct Water Risk Atlas assessment tool to simulate and analyze the water stress conditions of each campus under baseline and extreme scenarios, with the assessment results fully integrated into the operational resilience strategy framework.

The Company's Qinhuangdao Campus is located in a northern coastal region where the overall regional water stress is relatively high. However, the campus is adjacent to a water-supply river and is supported by three major backup water supply points, ensuring sufficient water supply security. According to the AWS watershed assessment, the Qinhuangdao Campus is designated as a low water stress area. Since entering operation in 2008, the campus has never experienced a water shortage, and over 90% of its water consumption is sourced from surface water (river water), resulting in an extremely low dependency on municipal tap water.

WRI Baseline Water Resource Status by Campus

Assessment Category	Shenzhen Industrial Park	Huai'an Industrial Park	Qinhuangdao Industrial Park
Baseline Water Stress	Low	Low	High
Water Depletion	Low	Low	Medium

WRI 2030 Water Resource Projections Under the Worst-Case Scenario (SSP3-RCP8.5)

Assessment Category	Shenzhen Industrial Park	Huai'an Industrial Park	Qinhuangdao Industrial Park
Water Stress	High	High	Extremely High
Water Supply	100-300cm	100-300cm	3-10cm

- Note: Baseline Water Stress Description: Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies account for the impacts of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more intense competition among users.
- Water Depletion Description: Baseline water depletion measures the ratio of total water consumption to available renewable water supplies. Total water consumption includes domestic, industrial, irrigation, and livestock water use. Available renewable water supplies account for the impacts of upstream consumptive water users and large dams on downstream water availability. Higher values indicate a greater impact on local water supplies and reduced water availability for downstream users. Water depletion is similar to water stress, but instead of looking at total withdrawals (consumptive plus non-consumptive), it calculates baseline water depletion using only consumptive water withdrawals.
- Simulated Scenario: The extreme scenario (SSP3-RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and lower urbanization rates - all of which could affect water consumption. Global carbon emissions steadily rise, with carbon dioxide concentrations reaching approximately 1,370 ppm by 2100, which corresponds to global average temperatures increasing by 2.6–4.8°C compared to 1986–2005 levels.
- Water Stress Description: Water stress is an indicator of competition for water resources, informally defined as the ratio of human societal demand for water divided by the available water.
- Water Supply Description: This indicator represents the total volume of blue water (renewable surface water). Higher values indicate more abundant water supplies.

Water Resource Risk Mitigation

The Company has built its water resource risk mitigation system around three core pillars: water conservation, recycling, and supply security. We comprehensively scale up wastewater recycling and improve its utilization efficiency, implement water-saving retrofits in production workshops, and establish product-specific water usage KPIs paired with regular performance evaluations. By implementing the AWS (Alliance for Water Stewardship) international sustainable water management standard, we have strengthened water conservation controls and ensured compliant wastewater discharge. Furthermore, the Company actively participates in local watershed ecological protection to promote the sustainable use of regional water resources, and advances a diversified layout of water sources while constructing emergency water storage facilities to guarantee production and operational water needs under extreme conditions.

For the Qinhuangdao Campus, efforts are focused on executing source-level water conservation and end-of-pipe recycling enhancement projects. Over the past two years, the campus wastewater recycling rate has stabilized at 50%, leading the industry. Additionally, over 90% of the campus's water is sourced from river water, significantly reducing its dependency on municipal tap water. In the next 3 to 5 years, the campus will comprehensively promote the application of reclaimed water to further relieve regional water stress.

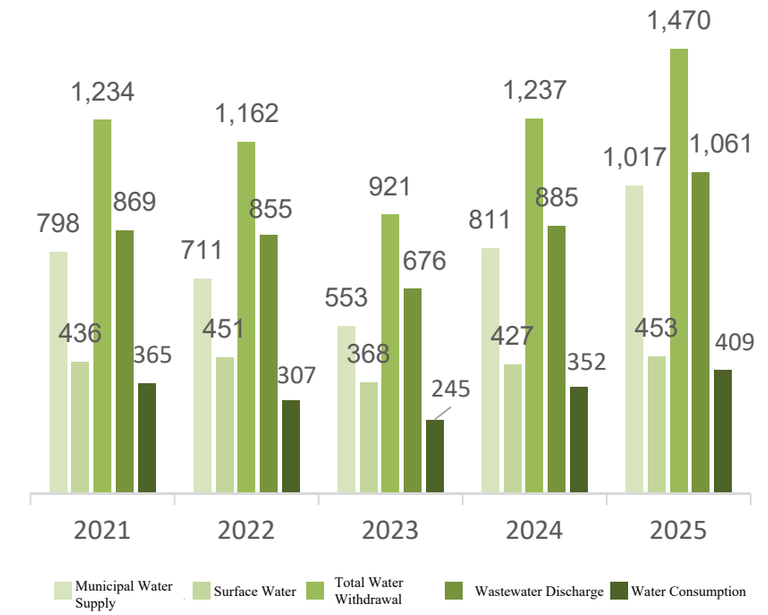
Water Supply and Risk Management by Campus

Campus		Daily Water Source Supply or Reservoir Capacity [10,000 m^3/d]	Backup Water Tank Capacity [m^3]	Current Backup Duration [hrs]	Risk Management Measures
Shenzhen		16	8,000	30.3	• Supplied by dual reservoir water sources and a dual municipal water plant pipeline network, ensuring long-term supply stability. • On-site backup water storage exceeds 30 hours to respond to temporary emergencies. •Internal wastewater recycling rates can be raised to reduce fresh water consumption. • Water can be processed via the reclaimed water system for production use (requires expansion space) + water truck deployment.
Huai'an	I	20	4,000	20	• PP cotton filtration has been added to the water supply inlet of the Huai'an Campus I municipal water tanks. • Filtered water and softened water at Huai'an Campus I are not supplied directly to production lines. In case of high municipal water turbidity, the replacement frequency of the RO security filter PP cartridges can be increased in addition to increasing backwash frequency.
	II	20	12,000	48	• Huai'an Campus II features four municipal water tanks that can alternately switch between inlet and outlet workflows (e.g., Tank 1 takes in water in the morning and discharges in the afternoon, while Tank 2 discharges in the morning and takes in water in the afternoon). This increases the settling time of municipal water to lower turbidity (capable of treating 6,000 metric tons of water per day).
	III	10	16,000	28	• To address excessively high turbidity in filtered water, backwash frequency can be increased, or PP cotton filter cartridges can be added at either the manufacturing end or the supply end to reduce turbidity (capable of treating an additional 300 metric tons of water per day).
Qinhuangdao		10	12,000	20.2	• Equipped with two raw water tanks that function as normal storage tanks during regular operations, and can be used for emergency PAC (polyaluminum chloride) chemical coagulation and sedimentation when incoming water turbidity spikes during floods. • Utilizes an Ultrafiltration (UF) system to treat high-turbidity raw water during the rainy season. • Cleaning frequency can be increased and inlet flux lowered without affecting the output water quality. • Emergency capacity for treating exceptionally high-concentration raw water: 7,000 metric tons/day. • Most industrial water is sourced from raw water (river water), reducing dependency on municipal tap water and easing water supply pressure. • Enhances water conservation at the source while increasing the water recycling rate at the end-of-pipe system.
		191			
Kaohsiung		10	6,352	101	• The rainwater harvesting tank is deployed for backup water storage (1,630 m3), adding 1 day of reserve capacity. • Municipal water trucks can transport water from the Nanhua (Tainan) and Mudan (Pingtung) reservoirs as an emergency response.
		1526 (Reservoir Capacity)			

Current Status of Water Resource Utilization

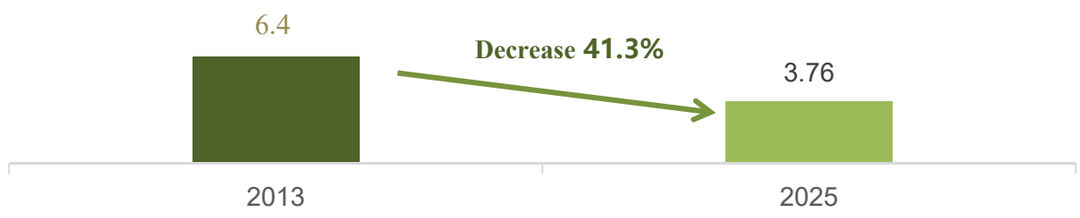
The primary water sources for the Company's main production bases include municipal water supplies and surface water. In 2025, the total annual water withdrawal was 14.70 million metric tons, total water consumption was 4.09 million metric tons, and the water usage intensity was 3.76 metric tons per RMB 10,000. The water supply across all campuses remains fully guaranteed. Concurrently, the Company's supporting backup water tanks can sustain continuous production and operations for over 20 hours, ensuring a stable and reliable emergency water supply capacity.

Company Water Resource Utilization (Unit: 10,000 Tons)



Note: • Water Consumption Formula: Water Consumption = Total Water Withdrawal − Wastewater Discharge.
• The water withdrawal and wastewater discharge types listed above are entirely freshwater (Total Dissolved Solids ≤1,000 mg/L).
• In addition to municipal and surface water, Avary (Pengding) also utilizes rainwater. However, its usage volume is extremely low and no flow meters are installed; therefore, this data is neither tracked nor presented.
• Water Intensity Formula: Water Intensity = Annual Water Withdrawal (Metric Tons) ÷ Annual Avary Consolidated Revenue (RMB 10,000).
• For wastewater discharge data, the figures for the Shenzhen and Huai'an regions exclude domestic wastewater discharge.

Company Water Intensity (Unit: 10,000 Tons / RMB 10,000)

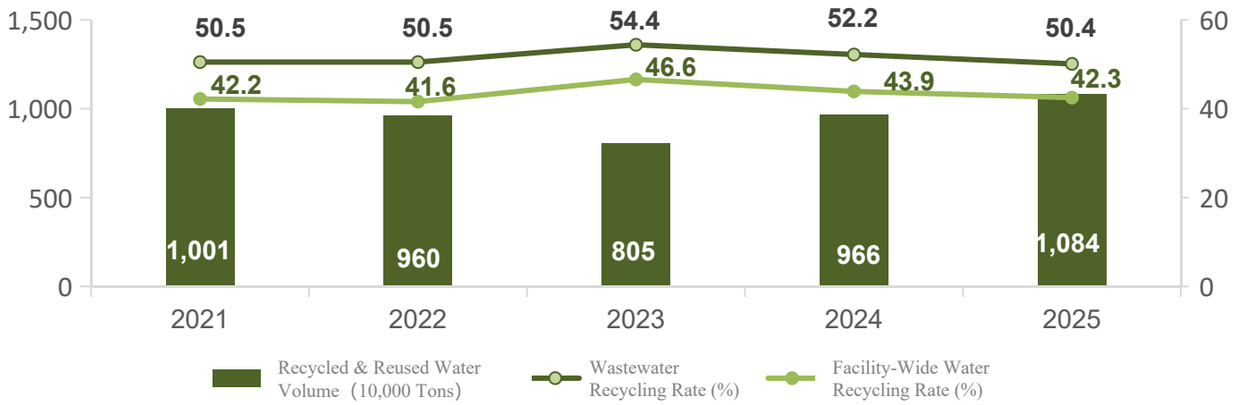


Note: Water Intensity Formula: Water Intensity = Annual Water Withdrawal (Metric Tons) ÷ Company Annual Consolidated Revenue (RMB 10,000).

Water Recycling and Reduction

The Company adheres to the principle of prioritizing water conservation and circular utilization. We actively introduce high-performance water recycling equipment to reuse treated wastewater across production processes, environmental cleaning, landscape irrigation, and other scenarios based on water quality requirements. The wastewater recycling standards at all campuses outperform local regulatory requirements. In 2025, the Company's recycled water volume reached 10.77 million metric tons, achieving a wastewater recycling rate of 50.4%. Water intensity decreased by 41.3%compared to the 2013 baseline year. The Company has set clear water-saving targets: to reduce water intensity to 3.72 metric tons / RMB 10,000 by 2026, and to 3.68 metric tons / RMB 10,000 by 2030.

Company Recycled & Reused Water Volume and Water Recycling Rate Status



Note: Wastewater Recycling Rate Formula: Wastewater Recycling Rate = Recycled & Reused Water Volume ÷ (Recycled & Reused Water Volume + Total Wastewater Discharge) × 100%.
Facility-Wide Water Recycling Rate Formula: Facility-Wide Water Recycling Rate = Recycled & Reused Water Volume ÷ (Recycled & Reused Water Volume + Total Water Withdrawal) × 100%.
The volume of recycled & reused water excludes the internal circulating water within cooling towers.

Water Conservation Initiatives

In 2025, the Company's production campuses actively implemented process water-saving initiatives, achieving a cumulative annual water savings of 467,640 metric tons.

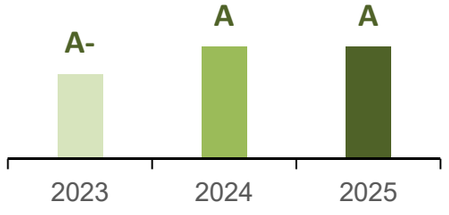
Key Initiatives	Details	Performance
Water reduction and conservation retrofits for low-risk production lines	Reducing overflow volume or lowering water usage grades on low-risk production lines.	89,255 metric tons
Pure water and RO water recovery systems	Introducing Reverse Osmosis (RO) concentrate recovery systems to minimize wastewater discharge.	136,497metric tons
Post-pickling water reuse	Utilizing circulation pumps to transfer the overflow from post-pickling rinsing tanks back into pre-pickling rinsing tanks, substituting the need for fresh overflow water replenishment.	11,910 metric tons

Water Stewardship Management and Disclosure

The Company's water resource management achievements have received prestigious international recognition. In 2025, the Company was awarded an "A" rating in the CDP Water Security Questionnaire, maintaining its industry-leading position. In 2019, the Shenzhen Campus became the first in the industry to achieve the AWS (Alliance for Water Stewardship) Platinum certification. As of 2025, all of the Company's production campuses in Mainland China have obtained and successfully maintained this AWS Platinum certification.

The Company remains committed to transparent environmental disclosures. Each campus independently conducts one soil inspection and two groundwater tests annually. The results of these evaluations are disclosed to the public, proactively welcoming social supervision.

Company CDP Water Security Score & AWS Certification Status



- The Shenzhen Campus was the very **first facility within the industry to be awarded the prestigious AWS Platinum Certification**
- As of 2025, all production campuses have successfully achieved and continuously maintained the **AWS Platinum Certification**

Wastewater Discharge Management

The Company implements a comprehensive wastewater management strategy centered on circular reuse and multi-purpose water cascading. Based on production processes and specific pollutant characteristics, wastewater is meticulously segregated into over 20 distinct categories for separate collection. This setup is supported by 10 major classes of specialized treatment systems utilizing multi-stage treatment processes and an intelligent central control system, enabling 24-hour real-time monitoring of treatment facility operations and water quality status.

A professional laboratory has been established within the wastewater treatment plant of each campus to conduct daily water quality testing. Automated online monitoring equipment is installed at the wastewater discharge outlets of the primary manufacturing facilities. This data is linked 24/7 with local environmental protection bureaus to guarantee a 100% compliant discharge rate, ensuring that discharged water quality consistently outperforms both national and local regulatory standards.

Company Wastewater Online Monitoring Infrastructure

Once wastewater is treated to compliance standards, it is routed into the local municipal wastewater treatment facilities for final processing. It is then discharged in a fully compliant manner into the Maozhou River (Shenzhen), Qing'an River (Huai'an), and Tang River (Qinhuangdao), imposing zero negative impact on the local watershed ecosystems.

2025 Wastewater Quality Performance by Campus

Region	Key Water Quality Metrics	Unit	2025 Status	Regulatory Standard	Avary Target	Target Achievement	Applicable Water Quality Regulation
Shenzhen	pH	-	7.3	6~9	6~9	Outperformed regulatory & target defaults	Emission Standard of Water Pollutants for Electroplating (DB 44/1597-2015)
	COD	mg/L	74.6	160	100		
	Copper (Cu)	mg/L	0.16	1	0.6		
Qinhuangdao	pH	-	7.8	6~9	6~9	Outperformed regulatory & target defaults	Emission Standard of Water Pollutants for Electronic Industry (GB 39371-2020), Integrated Wastewater Discharge Standard
	COD	mg/L	238	400	300		
	Copper（Cu）	mg/L	0.8	2	1.5		
Huai'an	pH	-	7.5~7.8	6~9	6~9	Outperformed regulatory & target defaults	Emission Standard of Water Pollutants for Electronic Industry (GB 39371-2020)
	COD	mg/L	102~221	500	400		
	Copper (Cu)	mg/L	0.19~0.40	2	1.5		
Kaohsiung	pH	-	7.2	5~10	6~9	Outperformed regulatory & target defaults	Sewerage Acceptance and Fee Standards of Tainan & Kaohsiung Science Park, Southern Taiwan Science Park
	COD	mg/L	12.2	450	120		
	Copper (Cu)	mg/L	0.03	0.7	0.5		
India	pH	-	6.5	5.5~9	5.5~9	Outperformed regulatory & target defaults	*《Standards for Sewage Treatment Plants order no.1069/2018》*
	COD	mg/L	44.1	150	100		
	Copper (Cu)	mg/L	0.01	-	-		
Thailand	pH	-	6~9	6~9	5.5~9	Outperformed regulatory & target defaults	*Standards for Wastewater Discharging from Factories Entering the Central Wastewater Treatment System*
	COD	mg/L	30~150	750	300		
	Copper (Cu)	mg/L	0.1~1.7	2	1.9		

Surrounding Water Quality Monitoring Points at the Shenzhen Campus

The Company regularly conducts independent monitoring of the water quality within a one-kilometer radius of its production facilities. Furthermore, the Shenzhen Campus collaborates closely with the local government to tackle key technical challenges in municipal wastewater treatment. While continuously driving its own green performance metrics, the Company provides professional, engineering-focused solutions for regional water ecosystem remediation, actively executing its corporate social responsibility.

Cleaner Production

Cleaner Production Initiatives and Certifications

The Company strictly complies with national and industry environmental laws and standards. In accordance with the Cleaner Production Specifications for the Printed Circuit Board Manufacturing Industry, we have established a comprehensive, full-process manufacturing management system. By co-advancing source control alongside end-of-pipe treatment, cleaner production practices have been fully integrated across our operations.Since 2010, the Company has proactively initiated cleaner production audits. Through the execution of numerous optimization initiatives, we have successfully achieved operational benefits - including reduced material consumption and lowered manufacturing costs - while simultaneously strengthening our core green competitiveness.

2025 Cleaner Production Audit Status

Campus	Shenzhen Region	Qinhuangdao Region	Huai'an Region
Cleaner Production Audit	√	√	√

Note: Cleaner production audits are conducted in accordance with the Measures for Cleaner Production Audits enforced in Mainland China. This framework is not applicable to the Kaohsiung (Taiwan), Thailand, and India regions.

2025 Key Sustainability Performance Metrics

50.4%
Wastewater Recycling Rate

94%
Waste Recycling & Resource Recovery Rate

1.282 Billion kWh
Procured Green Electricity

6,237 MWh
Solar Photovoltaic Generation

Air Pollution Prevention and Control

The atmospheric pollutants generated during the Company's production processes primarily include Nitrogen Oxides (NOx), Sulfur Dioxide (SO2), Particulate Matter (PM), and Volatile Organic Compounds (VOCs), among others. To continuously reduce pollutant emissions, the Company optimizes management and control right from the manufacturing source, prioritizing the substitution of highly volatile raw and auxiliary materials with clean materials, and utilizing enclosed process technologies to achieve complete collection from stationary pollution sources. Meanwhile, advanced treatment equipment such as exhaust gas scrubbing towers, dust collectors, activated carbon adsorption, and zeolite rotors have been introduced, effectively reducing the total emissions of atmospheric pollutants.

The Company has established a routine monitoring mechanism, conducting regular independent testing and hiring external professional agencies annually to continuously track pollutant emission data, ensuring that exhaust gas emissions are fully compliant and far superior to national regulatory standards. During the reporting period, the Company's emission concentrations were below 10% of the concentrations stipulated by regulations.

Manufacturing Source Control
- Use-of Clean Raw Materials
- Enclosed-Capture for Stationary Sources
- Process Optimization

End-of-Pipe Treatment
- Exhaust-Gas Scrubbing-Towers
- Dust-Collectors.
- Activated-CarbonAdsorption
- Continuous-Innovatione

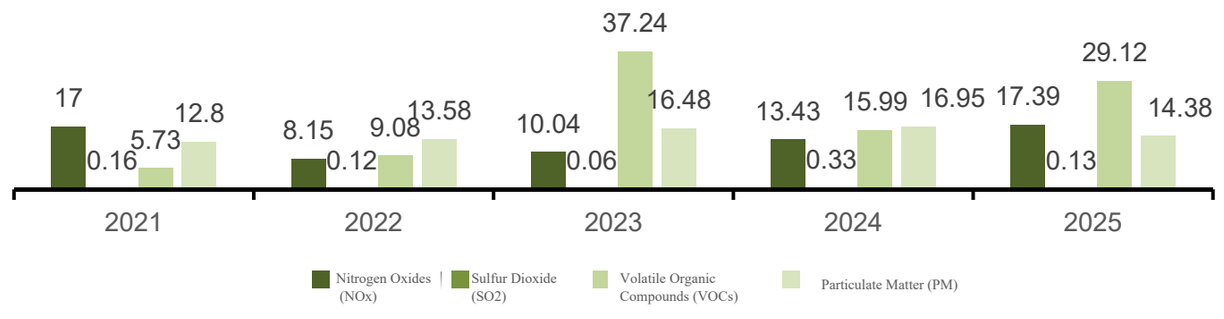
Monitoring & Verification
- Regular Independent Testing

2025 Key Atmospheric Pollutant Emissions

Pollutant Name	Emissions Volume (ton)	Air Pollutant Emission Intensity* (kg/RMB million)
Nitrogen Oxides (NO_x)	17.39	0.44
Sulfur Dioxide (SO_2)	0.13	0.0034
Volatile Organic Compounds (VOCs)	29.12	0.71
Particulate Matter (PM)	14.38	0.37

Note: • Air Pollutant Emission Intensity = Pollutant Emissions Volume (kg) ÷ Annual Company Consolidated Revenue (RMB Million).
• Due to production capacity expansion at the Huai'an Campus in 2025, the consumption of raw materials relating to Nitrogen Oxides (NOx) and Volatile Organic Compounds (VOCs) increased, resulting in fluctuations in corresponding emission volumes.
• Volatile Organic Compounds (VOCs) emissions variations were also influenced by the introduction and commissioning of new production capacities at the newly added Avary Thailand (Pengsheng) Campus.
• All the above emission volumes strictly comply with relevant environmental regulations, laws, and Environmental Impact Assessment (EIA) standards.

Historical Key Atmospheric Pollutant Emissions Status(Unit: ton)



Air Emissions Key Metrics & Target Achievement Status

Industrial Park	Key Atmospheric Metrics	Unit	2025 Status	Regulatory Standard	Company Target	Target Achievement
Shenzhen	VOCs	mg/m³	1.28	80	64	Outperformed Regulatory Targets
	Particulate Matter (PM)	mg/m³	7.04	120	96	
	NO_x (Boiler)	mg/m³	10.80	150	120	
	SO_2(Boiler)	mg/m³	0.00	50	40	
Qinghuangdao	VOCs	mg/m³	1.94	50	40	Outperformed Regulatory argets
	Particulate Matter (PM)	mg/m³	2.40	120	96	
	NO_x (Boiler)	mg/m³	16.19	50	25	
	SO_2 (Boiler)	mg/m³	1.06	10	8	
Huai'an Campus I	VOCs	mg/m³	1.71	60	48	Outperformed Regulatory Targets
	Particulate Matter (PM)	mg/m³	2.72	20	16	
	NO_x (Boiler)	mg/m³	16.34	50	40	
	SO_2(Boiler)	mg/m³	0.00	35	28	
Huai'an Campus II	VOCs	mg/m³	3.11	60	48	Outperformed Regulatory Targets
	Particulate Matter (PM)	mg/m³	2.34	20	16	
	NO_x (Boiler)	mg/m³	3.54	50	40	
	SO_2(Boiler)	mg/m³	0.00	35	28	
Huai'an Campus III	VOCs	mg/m³	1.52	60	48	Outperformed Regulatory Targets
	Particulate Matter (PM)	mg/m³	2.33	20	16	
	NO_x (Boiler)	mg/m³	15.83	50	40	
	SO_2(Boiler)	mg/m³	0.00	35	28	
India Industrial Park	VOCs	mg/m³	8.86	100	80	Outperformed Regulatory Targets
	Particulate Matter (PM)	mg/m³	33.51	75	60	
	NO_x (Boiler)	mg/m³	263.01	710	568	
	SO_2(Boiler)	mg/m³	6.86	/	28	
Kaohsiung Industrial Park	VOCs	mg/m³	5	/	60	Outperformed Regulatory Targets
Pengsheng (Thailand) Industrial Park	VOCs	mg/m³	0.12	30	30	Outperformed Regulatory Targets

Note: The parameters listed above constitute core regulatory monitoring metrics.

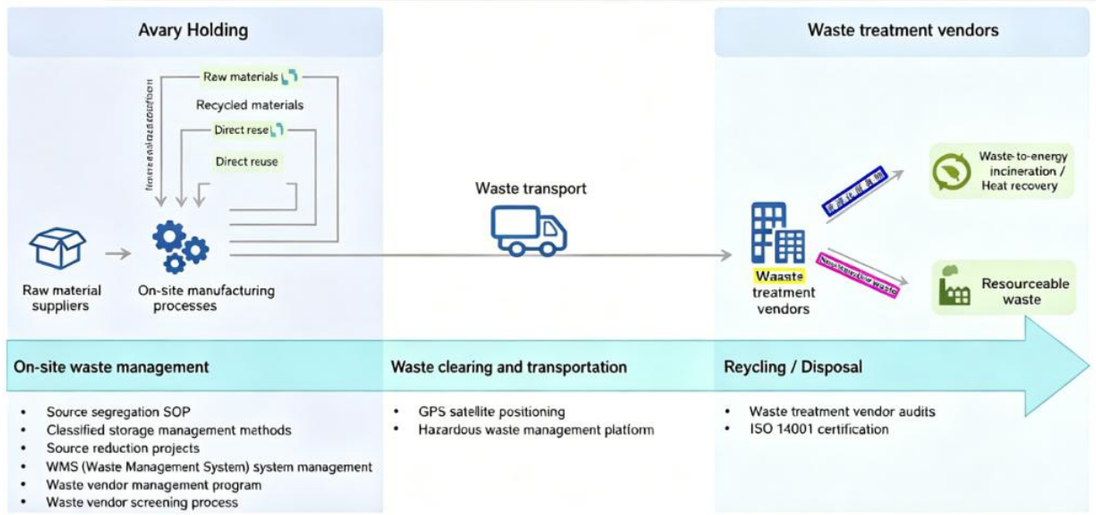
Waste Management Strategy and Process

The Company's waste management strictly follows the three-pronged strategy of reduction, resource recovery, and harmless disposal. Grounded in the philosophy of "Green Innovation, Green Procurement, and Green Production," we optimize material utilization across three critical stages - product design, raw material procurement, and manufacturing processes - to minimize waste directly at the source.

At the resource utilization level, the Company has constructed a four-level recovery system: prioritizing direct on-site reuse and reclamation treatment reuse within the factories; and externally, prioritizing recovery and utilization by the original raw material manufacturers, followed by entrusting professional agencies with reprocessing and reuse, thereby maximizing the recycling and utilization rate of resources. For non-resourceable waste that cannot be recycled, qualified professional institutions are uniformly entrusted to implement harmless disposal methods such as waste-to-energy incineration and thermal energy recovery.

To strengthen technical support and compliance management, the Company has established a specialized organization of environmental experts to research and develop innovative resource recovery technologies, enhancing waste recovery value while reducing generation volumes and environmental impacts. Every year, on-site audits are conducted for waste treatment service providers at each campus to ensure full-process compliance in disposal. Through an information management system and GPS satellite positioning technology, end-to-end collaborative management and control are achieved, covering on-site storage, transport circulation, and terminal disposal of waste. Meanwhile, the Company regularly conducts specialized training on waste classification management, with cumulative participation in waste education and training reaching 203 person-times in 2025.

Avary Holding Waste Management Process



Waste Management Performance

In 2025, the Company completed 100% full-coverage audits of 8 general waste disposers and 36 hazardous waste disposers. The Company classifies its waste into two categories: general waste and hazardous waste, which are further divided into resourceable waste and non-resourceable waste based on their recycling attributes.During the reporting period, the Company's total waste volume increased by 14.3% compared to 2024. The total volume of general waste was 39,559 tons, and the total volume of hazardous waste was 53,724 tons. The hazardous waste intensity was 13.7 kg/RMB 10,000, representing a 17.5% increase compared to 2024. This growth was primarily driven by the increase in production capacity across various campuses and the inclusion of the new Avary Thailand (Pengsheng) campus. Despite the volume increase, the Company achieved a waste resource recovery rate of 94%, maintaining its target of a recovery rate above 90% for the 13th consecutive year.

The Company advances its resource recovery management in accordance with the UL 2799 Zero Waste to Landfillstandard. Relying on its waste management system for real-time collection and data tracking, the Company precisely manages waste streams such as spent etching solutions, micro-etching solutions (copper-containing waste liquids), and waste liquids containing nickel, gold, palladium, and silver, achieving on-site recovery and reuse within the factories. Currently, all major production campuses have successfully obtained the UL 2799 Platinum Certification.

In terms of technological innovation in resource recovery, the Company achieved a technical breakthrough through its copper recovery project: by utilizing on-site processes, copper carbonate waste is successfully converted into copper oxide and directly reused in production, recovering 1,019 tons of copper annually and reducing carbon emissions by approximately 3,943 tons. Simultaneously, a waste acid recovery project is being planned; once completed, it will be capable of recovering 1,500 tons of nitric acid per year, effectively lowering procurement costs and enhancing production efficiency.In the field of cross-industry collaborative carbon reduction, the Company innovatively utilized waste alkali generated from peer industries' production for resource recovery and regeneration, using it to replace purchased fresh liquid caustic soda for acidic wastewater treatment. Against the backdrop of a lack of explicit regulatory guidelines in China, the project was legally implemented following reviews by national and local eco-environmental regulatory authorities and expert panels, becoming the first compliant waste alkali reuse demonstration project in Mainland China. Following the implementation of the project, it can replace 3,600 tons of purchased fresh liquid caustic soda annually and reduce greenhouse gas emissions by 1,066 tons of carbon dioxide equivalent per year. By virtue of this innovative practice, the Company was honored with the "Zero-Waste Supply Chain" Award by the China National Resources Recycling Association and obtained a Scientific and Technological Achievement Evaluation Certificate.

▲"Zero-Waste Supply Chain" Award & Scientific and Technological Achievement Evaluation Certificate

2025 Waste Removal and On-site Reuse Status

Primary Category	Secondary Category	Waste Classification	Removal / Reuse Volume (Tons)	Proportion (%)	Resource Disposal (Tons)	Proportion (%)	Non-resource Disposal (Tons)
Industrial Waste Removal Volume	General Waste	Other Resource Types	4,397	11.0	4,397		-
		Other Metals	9,896	25.0	9,896		-
		Other Non-resource Types	4,751	12.0	-		4,751
		Waste Wood	2,193	5.5	2,193		-
		Waste Paper	8,943	22.6	8,943		-
		Waste Plastics	9,275	23.6	9,275		-
		Precious Metals	104	0.3	104		-
		Subtotal	39,559	100	34,808	87.99	4,750
	Hazardous Waste	Scrap Boards & Offcuts	3,999	7.5	3,999		-
		Other Resource Types	2,780	5.8	2,780		-
		Other Non-resource Types	6,384	11.9	-		-
		Waste Liquids	20,831	38.2	20,831		6,384
		Metals	19,730	36.6	19,730		-
		Subtotal	53,724	100	47,340	88.12	-
		Total	93,283	50	82,148		11,135
On-site Reuse & Reduction	/	Various Waste Liquids	92,800	50	92,800		-
Total Waste Removal & Reuse		Total	186,083	100	174,948	94.02	11,135

Note:1.The waste generation weight only accounts for the actual weight cleared and transported out of the campus as waste, excluding volumes recycled and reused directly within the factory campus.
2.he product recycling percentage is calculated based on the circular reuse share of scrap boards and offcuts = Volume of scrap boards and offcuts sold ÷ Removal volume.
3.Because the Company does not manufacture end-consumer products, product lifecycle management focuses primarily on the recovery and reuse of scrap boards and offcuts. The recycling vendors process these materials by crushing the boards to recover metals such as gold and copper, and then turning the remaining pulverized materials into construction material fillers. In 2025, the total removal volume of scrap boards and offcuts was 3,999 tons, achieving a recycling and reuse proportion of 100%.
4.Various waste liquids reused and reduced within the factories include: spent etching solutions, micro-etching solutions (copper-containing waste liquids), nickel-containing waste liquids, gold-containing waste liquids, palladium-containing waste liquids, and silver-containing waste liquids, among others.
5. “Other non-resource types” include incineration-bound waste (industrial waste and non-recyclable domestic/municipal waste).

2025 Waste Treatment and Disposal Status

Category	Waste Recovery Method	On-site (Tons)	Off-site (Tons)	Total Volume (Tons)	Proportion (%)
Recyclable Waste Treatment Status					
General Waste	Reuse for original purpose	70	-	70	0.20%
	On-site reuse & reduction	-	34,808	34,808	99.80%
	Subtotal	70	34,808	34,878	100%
Hazardous Waste	Reuse for original purpose	-	236	236	0.17%
	On-site reuse & reduction	92,800	47,340	140,140	99.83%
	Subtotal	92,800	47,577	140,377	100%
Non-recyclable Waste Treatment Status					
General Waste	Incineration (Energy Recovery)	0	4,751	4,751	100%
	Landfill	0	0	0	0
	Subtotal	0	4,751	4,751	100%
Hazardous Waste	Incineration (Energy Recovery)	0	6,384	6,384	100%
	Landfill	0	0	0	0
	Subtotal	0	6,384	6,384	100%

Note:

- Waste recycled and reused on-site does not leave the factory grounds and incurs no commercial transaction fees; therefore, precise measurement devices are not utilized for these streams, and on-site recovery/reuse weights are estimated values.
- The estimated total weight of reused general waste is calculated based on the actual quantity of items reused within respective classifications multiplied by a predefined unit weight estimate.
- The estimated weight of reused hazardous waste (such as spent acid recovery) is calculated based on the generation volume and the corresponding reduction in fresh raw material input.
- The off-site treatment weight for general waste includes the recycling and recycling-disposal weights of kitchen waste.

Environmental Services and Promotion

Green Buildings & Energy Saving

The Company comprehensively promotes energy-saving and carbon-reduction actions, reducing full-lifecycle energy consumption and environmental impacts by building green-certified buildings and manufacturing plants. As the core carrier of R&D collaboration in the PCB industry chain, the Company's headquarters, Shenzhen Avary Times Building, was awarded the National 3-Star Green Building Design Label (the first in Bao'an District, Shenzhen) and simultaneously obtained LEED Platinum Certification. Shenzhen Campus I, Qinhuangdao Hongqisheng, Huai'an Campus I, and Huai'an Campus II have all passed the Green Factory Certification by the National Ministry of Industry and Information Technology. Furthermore, all newly built campuses of the Company are planned and constructed in strict accordance with green factory and green building standards.

▲ Avary Times Building Obtained LEED Platinum Certification

Low-Carbon Transportation

Transportation is a critical link in the Company's advancement of green logistics. Placing a high priority on commuting safety, the Company operates scheduled electric shuttle bus services at designated stops across high-density employee areas. Concurrently, a monthly evaluation mechanism for material cargo loading and consolidation rates has been established to continuously optimize freight dispatching and reduce greenhouse gas emissions during transport. In 2025, through material consolidation optimization and the promotion of green electric commuting, the Company saved a cumulative 1,691 kiloliters of fuel, reducing carbon emissions by approximately 5,614 metric tons. Moving forward, the Company will continuously enhance cargo loading efficiency, enrich green travel options for employees, and optimize commuting service plans.

Empowering Employees & Nurturing a Happy Workplace

This chapter addresses the double materiality topics

- **Occupational Health and Safety (OHS)**
- **Talent Development**
- **Talent Attraction and Retention**
- **Diversity, Equity and Inclusion (DEI)**

Governance

Under the Company's ESG Development Committee, the Corporate Culture Sub-group spearheads the integration of corporate culture, employee communication, and care initiatives, driving diversity, equity, and inclusion (DEI), humanistic care, and the cultivation of a positive workplace atmosphere. The Human Resources Department centrally oversees human rights management, talent development, and the remuneration and benefits system. It formulates and implements frameworks spanning labor rights protection, talent cultivation, and incentive and benefits schemes to safeguard the legitimate rights and career advancement of employees. Concurrently, the Safety Committees across our industrial parks are dedicated to occupational health and safety (OHS) management, enforcing safety regulatory systems, conducting hazard identification and risk assessments, and overseeing safety training and emergency management.

Strategy

Guided by our core values of "Integrity, Responsibility, Innovation, Excellence, and Benevolence," the Company remains committed to meritocracy, openness, and inclusiveness, guaranteeing equal employment opportunities and free choice of occupation for all employees. Centering on the full lifecycle of talent selection, cultivation, utilization, and retention, the Company has engineered a comprehensive, all-dimensional training framework incorporating school-enterprise collaborations, general education, professional skills, managerial competencies, and talent development to continuously elevate employees' comprehensive competencies. Furthermore, the Company fully implements a robust performance management system that integrates Management by Objectives (MBO), multi-dimensional assessments, team performance evaluations, and agile reviews. This is accompanied by ongoing optimizations to remuneration, benefits, and OHS mechanisms, thereby firmly safeguarding employee rights, empowering talent growth, and ensuring workplace safety.

Indicator and Performance

Indicator	2025 Performance
Retention Rate of Key Talent	97.9%
Overall Employee Satisfaction	89%
Total Number of Training Courses Delivered	27,745 Courses
"Six Loves" (Liu Ai) Employee Care Activities	4,827
"Six Assists" (Liu Zhu) Employee Assistance Initiatives	98
Public Welfare Activities and Charitable Donations	RMB 4.28 million

Note: For further details, please refer to the Material Topic Management Targets & Performance – Social Dimension.

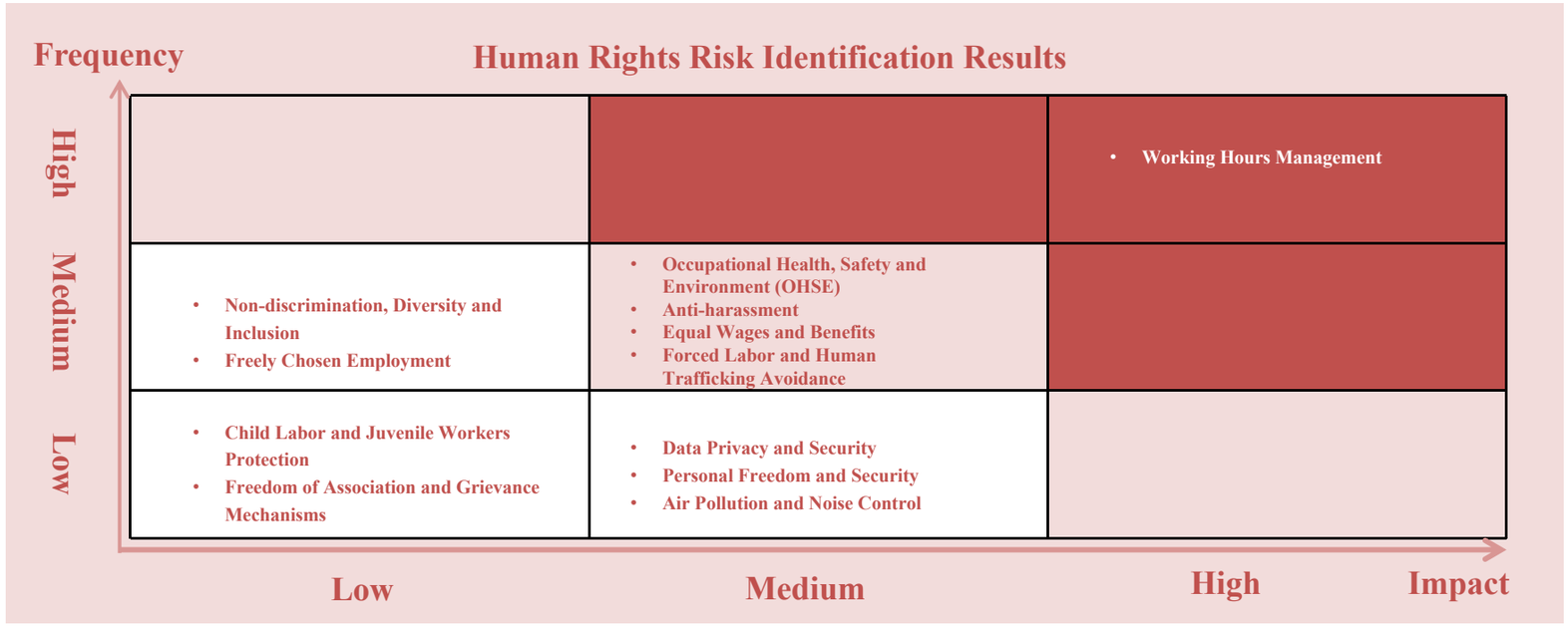
Diversity & Equality

The Company strictly abides by relevant laws and regulations, including the Labor Law, the Labor Contract Law, the Social Insurance Law, and the Provisions on the Prohibition of Using Child Labor of Mainland China, as well as the Labor Standards Act of the Taiwan region. Standardized and unified human resource management systems have been established across our operational sites in Taiwan, Shenzhen, Huai'an, Qinhuangdao, India, and Thailand, fully guaranteeing fair and reasonable working conditions alongside a safe and healthy work environment for all employees. Active in practicing mainstream international human rights and labor standards, the Company adheres to the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the Responsible Business Alliance (RBA) Code of Conduct. We firmly uphold the core labor principles established by the International Labour Organization (ILO) Core Labour Conventions, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation. Concurrently, we benchmark our governance practices against the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. To systematically safeguard the fundamental rights of our employees, the Company has enacted the Avary Holding Human Rights Policy Statement. For supply chain human rights management, we have instituted the Supplier Social Responsibility Management Operations Measures, driving suppliers, contractors, and other partners to jointly uphold human rights protection requirements. Furthermore, the Company has established a normalized compliance management mechanism to proactively track, periodically collect, and assess labor and social security regulations from competent authorities across various jurisdictions, as well as customer code requirements, continuously validating the legitimacy, suitability, and effectiveness of our compliance management. The Company mandates that all operational regions strictly execute local labor and employment-related laws, comprehensively safeguarding the legitimate rights and interests of all stakeholders, including employees and partners, while building a robust mechanism for human rights risk identification, monitoring, and full-lifecycle management. In daily operations and workplace management, the Company consistently upholds the core philosophy of inclusivity, accountability, and sustainability, standardizing workplace practices and continuously advancing the steady elevation of our labor and human rights management.

Human Rights Management

In strict accordance with the RBA Code of Conduct for the Responsible Business Alliance and internationally recognized principles of labor and human rights, the Company, with the professional assistance of BSR (Business for Social Responsibility), has conducted internal human rights assessments to refine relevant internal management policies. Focusing on key human rights material topics - such as labor rights, equal pay for equal work, child labor, discrimination and harassment, forced labor, human trafficking, freedom of association, a safe and healthy working environment, and corporate culture construction - the Company continuously optimizes its risk mitigation and remediation mechanisms through awareness advocacy and normalized risk assessments, effectively safeguarding the labor and human rights of our workforce. In 2025, no major disputes or material incidents occurred regarding human rights, including child labor, non-compliant use of juvenile workers, discrimination and harassment, forced labor, human trafficking, or freedom of association.

Utilizing the CAPDCA (Check-Act-Plan-Do-Check-Act) cyclical quality management approach, the Company conducts periodic human rights due diligence. The scope of units undergoing human rights impact assessments includes all subsidiaries, achieving a 100% coverage rate of our operational activities, thereby comprehensively evaluating human rights risks and potential impacts.



Based on the results of the human rights risk identification, the Company has identified 12 topics as material human rights issues: Working Hours Management, Occupational Health, Safety and Environment (OHSE), Anti-harassment, Equal Wages and Benefits, Forced Labor and Human Trafficking Avoidance, Non-discrimination, Diversity and Inclusion, Freely Chosen Employment, Data Privacy and Security, Personal Freedom and Security, Air Pollution and Noise Control, Child Labor and Juvenile Workers Protection, and Freedom of Association and Grievance Mechanisms. The Company here clarifies the assessment mechanisms and the respective mitigation and remediation measures for each topic.

◆ Assessment Mechanisms for Material Human Rights Issues

Stakeholders	Material Human Rights Issues	Impact Assessment Mechanisms	Actual Operational Status
Employees	Occupational Health, Safety and Environment (OHSE) • Working Hours Management • Anti-harassment • Equal Wages and Benefits • Forced Labor and Human Trafficking Avoidance • Non-discrimination, Diversity and Inclusion • Freely Chosen Employment • Personal Freedom and Security • Freedom of Association and Grievance Mechanisms • Child Labor and Juvenile Workers Protection	• RBA SAQ (Self-Assessment Questionnaire) • RBA VAP (Validated Assessment Program) • Customer Audits • OHSAS 18001/45001 • Employee Satisfaction Surveys • Statutory and Regulatory Assessment & Compliance	• RBA recertification audits are conducted regularly every two years. • Customers conduct annual audits across CSR, management systems, and quality categories to ensure stable operations. • Annual employee satisfaction surveys are deployed to capture employees' voices timely and drive continuous improvements. • Diversified communication channels are established to capture grass-roots employees' needs, listen to their insights, and safeguard their rights. • Employee human rights protection practices are updated dynamically in line with local regulations to ensure compliance. • Zero use of child labor or non-compliant juvenile workers.
Suppliers Contractor	Occupational Health, Safety and Environment (OHSE) • Working Hours Management • Freely Chosen Employment • Equal Wages and Benefits	• Supplier Risk Assessment Questionnaire • RBA SAQ • RBA VAP • On-site Audits	• Annual SER (Social and Environmental Responsibility) risk assessments are conducted for active suppliers. Tiered and classified management is applied based on the risk levels (High/Medium/Low), with high-risk suppliers integrated into the annual audit pipeline. • In 2025, 72 suppliers were audited, resulting in 46 "Green" and 26 "Yellow" ratings. • In 2025, no transactions were suspended due to suppliers failing to remediate "Red" audit results.
Customers	Data Privacy and Security	• Information Security Audits • ISO 27001 Certification Audits	• An Information Security Committee has been established to conduct regular cybersecurity audits and hazard identification. • Internal and external audits for the ISO 27001 Information Security Management System are conducted annually.
Community	Air Pollution and Noise Control	Industrial Park Monitoring	Internal and third-party monitoring of air emissions are conducted annually to ensure full regulatory compliance.

Upon identifying any human rights risks, potential impacts, or violations, the Company proactively implements corresponding mitigation or remediation measures. By conducting rigorous human rights due diligence, the Company is equipped to comprehensively assess and identify latent human rights risks, impacts, and non-compliance events, as well as to evaluate the effectiveness of human rights initiatives. This feeds into the iterative review of our human rights policies, management regulations, and procedures, ensuring the continuous optimization of our human rights protection framework.

◆ Mitigation and Remediation Measures for Material Human Rights Issues

Stakeholders	Material Human Rights Issues	Mitigation Measures	Remediation Measures
Employees	Occupational Health, Safety and Environment (OHSE)	1. Implement the ISO 45001 Occupational Health and Safety Management System across all industrial parks, and establish Avary Holding's OHSE policies and frameworks in strict accordance with RBA standards and relevant occupational health laws and regulations. 2. Deliver multi-channel safety training initiatives. 3. Convene monthly Safety Committee meetings to review workplace safety anomalies across the Company; each manufacturing plant conducts monthly cause analyses and discusses corrective actions regarding anomalies that occurred during the month. 4. Periodically monitor and test occupational hazard factors in the workplace.	1. Formulate and institutionalize the Measures for Reporting, Investigation, and Handling of Occupational Injuries. 2. Conduct periodic emergency drills and systematically review and evaluate drill outcomes. 3. Provide employees with appropriate personal protective equipment (PPE) that fully complies with regulatory mandates. 4. Strengthen advocacy and standard operating procedures (SOPs) for PPE (personal protective equipment) compliance, and enforce on-site supervisory inspections of employee PPE usage. 5. Provide regular occupational health examinations for employees in hazard-exposed positions.
	• Working Hours Management • Anti-harassment • Equal Wages and Benefits • Forced Labor and Human Trafficking Avoidance • Non-discrimination, Diversity and Inclusion • Freely Chosen Employment • Personal Freedom and Security • Freedom of Association and Grievance Mechanisms • Child Labor and Juvenile Workers Protection	The Company adheres to fundamental human rights principles - including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the RBA Code of Conduct - as well as local laws and regulations across our global operational sites. We periodically review the implementation of our human rights policies to ensure robust enforcement. 1. [**Working Hours Management**]Strictly control working hour frameworks and enforcement in accordance with the Working Hours and Employee Overtime Management Measures and RBA mandates. 2. [**Anti-harassment**] Enact the Measures for the Prevention and Management of Sexual Harassment and Discrimination to eradicate sexual harassment. Implement regular training and assessments across all organizational levels annually, supplemented by monthly on-site random audits and telephonic interviews. 3. [**Equal Wages and Benefits**] Maintain a compensation and benefits framework that ensures external competitiveness and internal equity. Beyond regular monthly salary payments, the Company offers variable incentive pay based on actual operational performance, including year-end performance bonuses, continuous service bonuses, employee profit-sharing, innovation and R&D rewards, and proposal improvement bonuses. The Company also provides comprehensive statutory benefits. 4. [**Forced Labor and Human Trafficking Avoidance**] Establish the Humane Treatment Operational Measures SOP. Deliver annual training prohibiting forced labor and human trafficking for recruitment personnel and general employees. Integrate working hour early-warning features within the attendance system to review and regulate daily working hours. Conduct annual training and assessments across all levels, coupled with monthly on-site random audits and telephonic interviews. 5. [**Non-discrimination, Diversity and Inclusion**] Respect diversity and inclusion, strictly uphold equal treatment, and dedicate efforts to fostering equal employment opportunities. We prohibit differential treatment based on nationality, race, ethnicity, skin color, age, gender, gender identity, physical or mental disability, pregnancy, marital status, religion, political stance, or union affiliation. Enact the Special Group Protection Operational Measures to ensure non-discriminatory and fair treatment for female workers, safeguarding their human rights, health, and welfare. 6. [**Freely Chosen Employment**] Enact the Humane Treatment Operational Measures SOP to ensure that all employment is strictly voluntary. 7. [**Personal Freedom and Security**] Enact the Humane Treatment Operational Measures and Employee Safety Management Operational Measures, strictly prohibiting restrictions on freedom of movement to safeguard employee security. 8. [**Freedom of Association and Grievance Mechanisms**] Enact the Measures for Managing the Right to Freedom of Association and Collective Bargaining, and build diversified communication channels to safeguard employee rights. 9. [**Child Labor and Juvenile Workers Protection**] Enact the Identity Verification Measures for New Employee Recruitment to categorize incoming personnel, eliminate child labor, and safeguard the rights and interests of juvenile workers.	1. Promulgate the Avary Holding Human Rights Policy Statement. 2. Regularly review and revise management measures on an ad-hoc basis annually to continuously optimize institutional systems and workflows. 3. Conduct annual internal and external audits, including customer audits and RBA VAP audits, driving optimization and corrective actions based on audit findings. 4. Leverage the "Applicant Recruitment Verification Protocol" and deploy facial recognition via the HR smart system during card-swiping to verify identity, completely eradicating child labor. 5. Utilize early-warning automated systems to provide timely alerts, preventing employee overtime and enforcing strict working hour monitoring. 6. Ensure employee wage payments fully comply with all applicable remuneration laws, including minimum wage and overtime compensation mandates. 7. Maintain global compensation competitiveness by coordinating the annual planning and review of compensation policies across all industrial parks in response to macroeconomic changes. Leverage salary benchmarking reports provided by professional consultancies to gauge local market wage levels and formulate timely salary adjustments. Grant paid annual leave in accordance with statutory regulations, regularly track leave utilization via the HR system, and prompt employees to take timely leave to prevent excessive accumulation, promoting physical and mental well-being and work-life balance. 8. Champion diversity and inclusion with a focus on female empowerment, respecting employees' personal aspirations and welcoming more women into the workforce. Provide dedicated care for employees during pregnancy, maternity leave, and lactation. Introduce nutritional meal plans for pregnant mothers and issue "Pregnancy Care Certificates" to offer personalized support. Lactation rooms are equipped across production facilities in all industrial parks; lactating employees are entitled to leave work 1 hour early daily to balance career and family. Offer cash incentives and subsidies for multi-child births. Provide 1 additional day of fully-paid newborn care leave beyond statutory maternity leave. Present a corporate care gift package to female employees upon their return to work post-childbirth. 9. Institutionalize the Employee Handbook, explicitly safeguarding Company-wide protocols regarding freedom of association and collective bargaining rights, with daily operations managed in strict accordance with relevant laws. 10. Establish diversified communication channels through which employees can lodge grievances at any time. Conduct timely investigations and remediate situations based on feedback. In 2025, zero (0) grievances were reported regarding harassment or discrimination.

◆ Mitigation and Remediation Measures for Material Human Rights Issues (Continued)

Stakeholders	Material Human Rights Issues	Mitigation Measures	Remediation Measures
Suppliers & Contractors	Occupational Health and Safety (OHS)	1. Establish the Supplier Social Responsibility Management Operations Measures to identify suppliers' risk profiles, conduct audits, and implement controls accordingly, thereby mitigating suppliers' SER (Social and Environmental Responsibility) risks. 2. Sign the Safety and Health Commitment Letter with suppliers to formally communicate the Company's occupational health management mandates.	1. Conduct annual supplier audits and rigorously track the progress of corrective actions. 2. Provide relevant education and training sessions for suppliers.
	• Working Hours Management • Freely Chosen Employment • Equal Wages and Benefits	1. Conduct annual supplier audits to proactively avert human rights risks across the supply chain. 2. Leverage supplier education and training to advocate for the significance of labor rights and instruct on practical enforcement methods, thereby reducing human rights risks preemptively.	1. Implement ad-hoc spot-check audits and conduct RBA SAQ evaluations for suppliers. 2. Mandate that suppliers execute corrective actions targeting human rights risks, and continuously track their remediation progress. 3. Require suppliers to provide compensatory remedies - such as "counseling" or "policy revisions" - for employees whose human rights and interests have been compromised.
Customers	Data Privacy and Security	1. Abide by applicable personal data protection laws and regulations across all operational regions, ensuring compliance by employees and third parties while jointly dedicating efforts to safeguarding personal data security to protect the rights of customers and other data subjects. 2. Formulate the Information Security Management Policy as the governance baseline to protect the security of information assets related to customers, business counterparties, and corporate operations. 3. Enhance regulatory awareness among employees and suppliers interacting with customers through targeted advocacy and operational compliance guidelines on privacy, personal data protection, and information security management.	1. Conduct annual information security audits and internal reviews to ensure that information systems and network environments comply with security enforcement standards; strictly execute information security policies and customer privacy protection measures to prevent any leakage of corporate trade secrets and customer data. 2. If investigations confirm that employees or suppliers are involved in incidents violating privacy and personal data protection policies, or applicable privacy laws, the Company will immediately review and optimize management measures. Concurrently, we will communicate with the affected customers and evaluate case-by-case compensatory remedies. 3. Impose disciplinary actions on personnel involved in non-compliant behaviors in accordance with applicable disciplinary codes.
Community	Air Pollution and Noise Control	1. [**Air Pollution**] Minimize air pollutant emissions by installing exhaust gas scrubbers, dust collectors, activated carbon adsorption systems, and introducing innovative technologies. Concurrently, conduct regular self-directed and external third-party testing annually, and continuously track monitoring data for various pollutants to ensure that all exhaust emissions comply with regulations or remain far below emission control thresholds. 2. [**Noise**] Conduct boundary noise monitoring across manufacturing sites in accordance with local laws and regulations at each industrial park location.	1. [**Air Pollution**] Drive atmospheric pollution reduction and prevention through a three-pronged approach spanning the manufacturing, prevention, and monitoring phases. At the manufacturing phase, deploy clean raw materials, enclosed source collection systems, and process optimizations to minimize pollutant generation. At the prevention phase, leverage scrubbers, dust collectors, activated carbon adsorption, and continuously develop/introduce other end-of-pipe pollutant treatment technologies. Finally, at the monitoring phase, retain external third parties for periodic testing to guarantee compliant atmospheric pollutant emissions. 2. [**Noise**] Identify distinct noise sources and execute targeted engineering enhancements, such as installing soundproofing facilities, to achieve noise reduction.

To safeguard the fundamental labor rights and ensure a safe working environment for our workforce, the Company established the Social and Environmental Responsibility (SER) Committee in 2017. The Committee is tasked with governing fields including labor, health and safety, environment, ethics, and management systems. It explicitly defines the Committee's mandates alongside the powers and responsibilities of its members, formulates relevant policies and performance targets, oversees implementation roadmaps, and conducts periodic evaluations and reviews.

To thoroughly execute electronics industry codes of conduct and ensure internal mechanisms align with the latest Responsible Business Alliance (RBA) Code of Conduct, the Company officially became an RBA member on May 24, 2021. Annually, the Company submits the Self-Assessment Questionnaire (SAQ) via the official RBA Online platform to identify and mitigate latent risks. Furthermore, every two years, the Company undergoes the RBA Validated Assessment Program (VAP) conducted by customer-commissioned third-party institutions, leveraging an external audit perspective to further uncover opportunities for sustainable optimization and continuous improvement.

◆ SAQ and VAP Risk Assessment Results Across Industrial Parks

Category	Shenzhen Industrial Park	Qinhuangdao Industrial Park	Huai'an Industrial Park I	Huai'an Industrial Park II & III	India Industrial Park
2025 SAQ Score	72.1	72.6	72.1	72.1	68.3
Risk Assessment	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk
2024/2025 VAP Score	2025: 166.1	2025: 181.5	2024: 175.4	2024: 169.2	(Note)
Recognition Level	Silver	Silver	Silver	Silver	/

Note: 1. In 2025, the India Campus did not conduct a VAP audit as there was no such customer requirement; hence, only the SAQ assessment was performed.

2. VAP Recognition Criteria: A full score of 200 points qualifies for the Platinum Recognition Level, requiring the closure of all non-conformances (NCs), implemented by the operating site based on customer requests; a score ≥180 qualifies for the Gold Recognition Level, requiring the closure of all Priority and Major NCs; a score ≥ 160 qualifies for the Silver Recognition Level, requiring the closure of all Priority NCs.

3. The overall decline in SAQ scores was driven by adjustments to the SAQ scoring criteria.

Building upon RBA third-party evaluations, the Company proactively joined the international non-profit organization BSR in 2021 as an official member, introducing objective third-party practitioners to carry out internal human rights due diligence assessments. By benchmarking against advanced international practices, the Company effectively identifies latent social responsibility risks, optimizes risk response and remediation mechanisms, and comprehensively safeguards employees' labor, human rights, and legitimate interests.

◆ Human Rights Risk Assessment Statistics

Category	Proportion of Human Rights Risk Assessments Completed over the Past Three Years	Proportion of Risks Identified within the Assessed Scope	Proportion of Identified Risks with Mitigation Measures Implemented
Own Operations	100%	100%	100%
Contractors and Tier-1 Suppliers	100%	100%	100%
Joint Ventures	Not Applicable (N/A)	Not Applicable (N/A)	Not Applicable (N/A)

Human Rights Advocacy and Training

To effectively manage human rights risks, foster a compliant, respectful, and safe working environment, and tangibly safeguard employee rights and occupational health and safety (OHS), the Company systematically deploys human rights advocacy and education programs rooted in its corporate social responsibility philosophy. These programs achieve comprehensive coverage of all employees through diversified channels, including online and offline courses, official announcements, grievance channel posters, the "Ding+" APP, and specialized meetings. In 2025, the Company's cumulative training hours for human rights protection exceeded 700,000 hours, achieving a 100% employee participation rate. Moving forward, the Company will continue to deepen relevant educational initiatives to steadily elevate human rights awareness across the entire workforce.

◆ Human Rights Training Programs and Key Achievements

Training Framework & Deliverables

- Execute Compliance Advocacy and Human Rights Education: Training modules encompass the prohibition of forced labor, prohibition of human trafficking, prohibition of child labor, equal pay for equal work, anti-discrimination, anti-harassment, working hours management, compensation and benefits, freedom of association, humane treatment, communication and grievance channels, occupational safety, and management systems.
- Promote Grievance Channels and Applications: Assist employees in addressing work and life grievances, building a harmonious working environment characterized by openness, mutual respect, and streamlined communication.
- Provide a Robust Occupational Safety Training System: Tailor initiatives to distinct operational scenarios and position requirements, deploying safety onboarding for new hires, fire drills, first-aider training, and in-service safety training.

Annual Performance & Achievements

- Employed 208 persons with disabilities globally, including 197 across campuses in Mainland China.
- Conducted 8 internal reviews and 30 external audits; risk assessments indicated a low-risk profile.
- Achieved a global training volume of 514,034 person-times, accumulating a total of 745,645 training hours.

Employee Structure

The Company firmly believes that talent is the core driver of corporate development. Adhering to our core values of "Integrity, Responsibility, Innovation, Excellence, and Benevolence," we champion meritocracy, openness, and inclusiveness to attract global talent while guaranteeing equal employment opportunities and free choice of occupation for all employees. Centering on the full lifecycle of talent selection, cultivation, utilization, and retention, the Company provides an all-dimensional and diversified training ecosystem spanning school-enterprise collaborations, general education, professional skills, managerial competencies, and career development. This framework continuously enhances employees' comprehensive competencies, empowering our workforce to grow in tandem with the Company. As of the end of 2025, the Company's regular workforce comprised 31,055 males and 15,886 females, representing a net year-over-year increase of 3,811 employees. Our non-regular (contracted) workforce included 332 males and 300 females, with 100% of the entire workforce employed on a full-time basis. During the year, the Company actively employed 208 persons with disabilities. Workers who are not employees tracked by the Company primarily consist of construction contractors, non-routine engineering contractors (such as equipment maintenance and modification projects), and routine contracted service personnel (such as security, cleaning, catering, and landscaping), whose scopes of work are planned and executed based on specific project requirements. In 2025, the total hours worked by workers who are not employees were equivalent to approximately 6,970 person-years.

Note: The number of workers who are not employees is estimated in person-years based on the total hours worked (calculated at 250 working days in 2025, 8 hours per day).

Attaching great importance to diversity and inclusion (D&I), the Company consistently focuses on female empowerment, respects employees' self-actualization, and proactively attracts and retains female talent, encouraging them to create value for both the enterprise and society. Influenced by the technical characteristics of our manufacturing processes, production line personnel are predominantly male; however, in functional roles such as finance, human resources, sales, and quality assurance (QA), female employees account for 57.6% of the workforce. Globally, female employees accounted for 34.0% of the total workforce, representing a year-over-year increase of 2,091 females compared to 2024. This demonstrates the Company's ongoing commitment to providing fair competition and advancement opportunities for both genders.

◆ Employee Distribution by Age, Education, Job Level, Nationality, and Region

Category	Group		Male		Female		Total & Proportion	
			Headcount	%	Headcount	%	Total	%
Age	≤ 30 years old		14,208	45.27	6,124	37.84	20,332	42.74
	31-50 years old		16,903	53.85	9,977	61.64	26,880	56.50
	≥ 51 years old		276	0.88	85	0.53	361	0.76
	Total		31,387	100	16,186	100	47,573	100
Education	Master's & Doctorate		308	0.98	234	1.45	542	1.14
	Bachelor's		6,074	19.35	2,574	15.90	8,648	18.18
	Junior College		10,426	33.22	4,144	25.60	14,570	30.63
	High School & Below		14,579	46.45	9,234	57.05	23,813	50.06
	Total		31,387	100	16,186	100	47,573	100
Job Level	Senior Management		10	0.03	3	0.02	13	0.03
	Non-Senior Management		3,750	11.95	712	4.40	4,462	9.38
	Entry-level Engineers		4,348	13.85	1,758	10.86	6,106	12.84
	Entry-level Technicians		19,993	63.70	12,209	75.43	32,202	67.69
	Other Engineers		3,286	10.47	1,504	9.29	4,790	10.07
	Total		31,387	100	16,186	100	47,573	100
Nationality	China	Mainland China	29,920	95.33	15,073	93.12	44,993	94.58
		Taiwan	668	2.13	290	1.79	958	2.01
	India		280	0.89	270	1.67	550	1.16
	Thailand		223	0.71	247	1.53	470	0.99
	Myanmar		240	0.76	184	1.14	424	0.89
	Philippines		32	0.10	82	0.51	114	0.24
	Vietnam		5	0.02	28	0.17	33	0.07
	Indonesia		7	0.02	3	0.02	10	0.02
	Cambodia		7	0.02	3	0.02	10	0.02
	Others		5	0.02	6	0.04	11	0.02
	Total		31,387	100	16,186	100	47,573	100
Work Region	China	Mainland China	30,054	95.75	15,174	93.75	45,228	95.07
		Taiwan	339	1.08	265	1.64	604	1.27
	India		315	1.00	273	1.69	588	1.24
	Thailand		672	2.14	461	2.85	1,133	2.38
	Overseas Regions		7	0.02	13	0.08	20	0.04
	Total		31,387	100	16,186	100	47,573	100

Note: Others include Malaysia, Japan, South Korea, North Korea, and New Zealand.

Employees with Disabilities and Ethnic Minorities

Since 2017, the Company has year-on-year expanded the recruitment of employees with disabilities and ethnic minorities to continuously enhance workforce diversity. As of the end of 2025, the Company employed 208 staff members with disabilities and 5,018 ethnic minority employees (including 4,987 in Mainland China and 31 in the Taiwan region). The employment rate of employees with disabilities fully complies with regulatory requirements in the jurisdictions where our industrial parks operate.

Gender	Age Group	Employees with Disabilities	% of Total Workforce		Ethnic Minority Employees	% of Total Workforce	
Male	≤ 30 years old	26	0.2	0.5	1,585	11.89	10.9
	31-50 years old	129	0.8		1,820	10.74	
	≥ 51 years old	5	1.8		7	2.37	
Female	≤ 30 years old	7	0.1	0.3	688	11.85	9.9
	31-50 years old	40	0.4		911	9.39	
	≥ 51 years old	1	1.2		7	6.54	

Note: Percentages are calculated based on the respective legal entities to which the employees with disabilities and ethnic minority employees belong.

New Hires and Employee Turnover

When recruiting, the Company strictly follows the *Avary Holding Human Rights Policy Statement* to foster an equal employment environment. We pledge to eliminate any form of discrimination against applicants based on nationality, race, ethnicity, skin color, age, gender, gender identity, disability, pregnancy, marital status, religion, political orientation, or labor union affiliation. To ensure an objective and impartial recruitment evaluation, the Company has fully introduced scientific assessment tools such as “Logic Tests” and “CPAS (Career Personality Assessment System) Tests” for professional and executive positions to accurately gauge candidate alignment.During the hiring process, Human Resources specialists first communicate with candidates regarding their fundamental background and personal traits, followed by in-depth interviews conducted by direct line managers focusing on professional competencies and work experience. All applicants undergo a unified and equitable selection pipeline. Guided by our core talent selection philosophy of “Three Hearts” - Responsibility, Ambition, and Initiative - the Company comprehensively weighs objective criteria such as work experience, educational background, and professional skills, while placing equal emphasis on candidates’ diligence and collaborative spirit, striving to build a harmonious, efficient, and outstanding team.

◆ Proportion of New Hires by Region, Gender, and Age Group

Gender	Age Group	Mainland China	Taiwan China	India	Thailand	Others Overseas Sites	Total
Male	≤ 30 years old	46.29%	18.81%	37.81%	32.71%	0.00%	45.48%
	31-50 years old	28.37%	31.95%	1.71%	16.24%	0.00%	27.59%
	≥ 51 years old	0.01%	4.16%	0.00%	0.22%	0.00%	0.06%
Female	≤ 30 years old	14.33%	20.79%	54.02%	35.37%	100.00%	15.71%
	31-50 years old	10.99%	21.88%	6.46%	15.35%	0.00%	11.12%
	≥ 51 years old	0.01%	2.41%	0.00%	0.11%	0.00%	0.04%

◆ Turnover Rate and Voluntary Turnover Rate by Job Category

Category		Turnover Rate	Voluntary Turnover Rate
Management	Entry-level	0.45%	0.45%
	Mid-level	0.38%	0.38%
	Senior-level	0.36%	0.36%
	Total	0.43%	0.43%
Non-Management		6.35%	6.35%
Total Turnover Rate		5.79%	5.79%

Notes: 1.Total Turnover Rate = Monthly average number of separations / Monthly average headcount at the end of the period.

2.Voluntary Turnover Rate refers to separations initiated by employees based on their own volition, rather than mandatory terminations by the Company.

◆ Historical Turnover Rates

Historical Turnover Rates Over the Past Three Years	2022	2023	2024	2025
Total Turnover Rate	6.6%	7.2%	7.6%	5.8%
Voluntary Turnover Rate	6.6%	7.2%	7.5%	5.8%

◆ Employee Turnover Rates by Gender and Age Group Over the Past Two Years

Category	Group	2024	2025
Gender	Male	8.7%	6.5%
	Female	5.5%	4.4%
	Total	7.6%	5.8%
Age	≤ 30 years old	9.9%	8.2%
	31-50 years old	5.9%	4.0%
	≥ 51 years old	0.9%	0.9%
	Total	7.6%	5.8%

◆ Percentage of Management Roles by Region/Nationality

Category	Group		Management		Non-Management		Total	
			Headcount	% of Management	Headcount	% of Non-Management	Headcount	% of Total Workforce
Nationality	China	Mainland China	4,267	95.35%	40,726	94.50%	44,993	94.58%
		Taiwan	199	4.45%	759	1.76%	958	2.01%
	India		7	0.16%	543	1.26%	550	1.16%
	Thailand		0	0.00%	470	1.09%	470	0.99%
	Myanmar		0	0.00%	424	0.98%	424	0.89%
	Philippines		0	0.00%	114	0.26%	114	0.24%
	Vietnam		0	0.00%	33	0.08%	33	0.07%
	Indonesia		0	0.00%	10	0.02%	10	0.02%
	Cambodia		0	0.00%	10	0.02%	10	0.02%
	Others		2	0.04%	9	0.02%	11	0.02%
Total			4,475	100%	43,098	100%	47,573	100%

Note: Other nationalities include Malaysia, Japan, South Korea, North Korea, and New Zealand.

◆ Diversity Metrics by Percentage of Governance Body Members and Workforce

Metric	Unit	2022	2023	2024	2025
Proportion of Junior Female Managers	%	13.10	13.40	15.30	15.50
Proportion of Junior & Mid-level Female Managers	%	13.60	13.90	15.50	17.80
Proportion of Senior Female Managers	%	22.20	27.30	23.10	23.10
Proportion of Female Managers in Revenue-Generating Functions (Note 2)	%	12.60	12.90	13.80	14.20
Proportion of Females in IT Workforce	%	24.60	22.20	19.40	17.50
Proportion of Females in STEM-Related Functions (Note 3)	%	35.40	33.00	33.70	33.60
Total Workforce	Heatcount	35,344	41,786	43,130	47,573
Female Managers	Heatcount	472	485	662	715
Male Managers	Heatcount	2,997	2,992	3,595	3,760
Proportion of Female Managers	%	13.60	13.90	15.60	16.00
Proportion of Male Managers	%	86.40	86.10	84.40	84.00
Female Employees	Heatcount	12,555	13,443	14,095	16,186
Male Employees	Heatcount	22,789	24,866	25,314	31,387
Proportion of Female Employees	%	36	35	36	34
Proportion of Male Employees	%	64	65	64	66

Note:
1. *Junior managers refer to Section Chiefs (Ke-level) and Team Leaders (Zu-level); senior managers refer to Division Directors (Chu-level) and above.*
2. *Revenue-generating functions exclude departments such as Human Resources, Corporate Commercial Division, Headquarters Mansion, IT, Smart Manufacturing, Legal Affairs, Supply Chain, and Finance.*
3. *STEM-related functions refer to operational units associated with Science, Technology, Engineering, and Mathematics disciplines.*

Communication and Employee Care

Communication and Grievance Channels

The Company consistently attaches great importance to employee feedback and their legitimate rights and interests. We advocate for equality and autonomous participation in corporate management, encouraging employees to voice opinions and recommendations regarding operations, and to lodge grievances against non-compliant matters in accordance with laws and regulations. In 2025, to further hear from the grassroots workforce and precisely understand employee needs, the Company comprehensively optimized and upgraded existing communication channels - including employee service hotlines, suggestion mailboxes, physical suggestion boxes, and Employee Service Centers - and rolled out diversified promotions across online, offline, and multimedia channels.Online channels leverage internal communication platforms such as “Ding+”, “Avary E-Academy”, the “Ding Ding Da Ming” WeChat Mini-Program, and official corporate website announcements. Offline channels encompass new-hire onboarding briefings, corporate social responsibility (CSR) promotional cards, bulletin boards, and posters displayed across living quarters, production workshops, cafeterias, and dormitories. Multimedia channels utilize LED screens in living quarters, public display screens in workshops and dormitories, and campus broadcasting systems.The Company enforces strict confidentiality protocols regarding whistleblowers and aggrieved parties, with grievance dossiers managed exclusively by designated personnel. We ensure timely acceptance, rapid processing, and time-bound responses to tangibly elevate employee satisfaction. Supplementing proactive employee feedback, the Company hosts routine employee symposiums, professional and executive-level (Shih-level) officer symposiums, Elite Management Trainee Program (Jing-Gan-Ban) sessions, and young cadre symposiums, executing a total of 168 sessions throughout 2025.。

Embracing an employee-centric philosophy aimed at mutual labor-management wins, all of our management systems are oriented toward safeguarding employee rights and fostering an excellent workplace environment, driving shared growth between the workforce and the enterprise. The Company has established a rigorous internal control and regulatory framework that clearly defines employee responsibilities and entitlements. These operational codes are integrated into the Employee Handbook, communicated during new-hire onboarding, and concurrently uploaded to our electronic HR platform for anytime access, thereby safeguarding the legitimate rights of our workforce.

Employee Communication Channels and Response Metrics		Volume of Input (Cases)	Timely Responses (Cases)
Employee Service Center	Face-to-face consultation & issue resolution	123	123
Employee Suggestion Box	Chairman’s Mailbox	3	3
	Labor Union Mailbox	16	16
	E-Grievance Mailbox	7	7
Integrity Reporting Hotlines	Corporate Website	0	0
	Professional Ethics Zone	0	0
Employee Relations Officers	Proactive care and timely fulfillment of employee needs through specialized officers	3,303	3,303
Employee Care Hotline	Work and life feedback tracking	61	61

Effectiveness of Communication

The Company firmly believes that the sustained achievement of corporate operational milestones relies on the long-term dedication and value contribution of all employees, and that harmonious and stable labor relations serve as the cornerstone for forging consensus and moving forward in alignment. Centering on employee well-being and mutually beneficial outcomes, our management frameworks and policies prioritize safeguarding employee rights and curating a premium corporate environment, steering both labor and management to forge ahead toward our corporate sustainability targets. To this end, the Company has institutionalized a comprehensive internal control framework and management standards, transparently articulating employee duties and legitimate rights, and hardcoding these guidelines into the Employee Handbook. This content is not only thoroughly disseminated during onboarding but is also systematically integrated into our digital human resources platform for convenient reference, effectively guaranteeing employees’ right to know and safeguarding their legal interests to foster stable, transparent, and trust-based industrial relations.

Notification of Employee Rights and Operations

The Company utilizes diversified channels to promptly communicate corporate operations and dynamic developments to our workforce. Offline engagement is driven via departmental symposiums, weekly meetings, bi-weekly alignments, monthly reviews, and ad-hoc expert lectures on industry trends. Online notifications are pushed through internal corporate emails, “Ding+”, and the “Avary E-Academy” APP, ensuring that all employees obtain critical corporate announcements firsthand and stay synchronized with the Company’s strategic roadmaps.

Activity for Employee Communication and Notifications	Shenzhen Campus	Huai’an Campus	Qinhuangdao Campus	Taiwan Campus	India Campus	Thailand Campus	Other Overseas Sites	Total
Employee Symposiums (Sessions)	15	13	18	11	10	4	0	71
2025 Email Announcements (Postings)	500	544	656	255	178	191	174	2,498
2025 Expert Lectures (Sessions)								32(Aggregate)

Unobstructed Communication Channels

The Company places the highest priority on employee feedback and rights, advocating for the equitable participation of employees in corporate governance and encouraging workers to contribute constructive insights into corporate management, while maintaining an open path to appeal unreasonable matters. The Company has constructed diversified, unobstructed grievance pipelines including the HR department, executive-authorized personnel, Party and Youth League committees, the Labor Union, grievance hotlines, and physical suggestion boxes, supporting both real-name and anonymous submissions. Each industrial park is equipped with specialized

windows and hotlines for employee feedback and complaints, alongside the Chairman's Mailbox, Labor Union Mailbox, Party and Youth League Mailboxes, and dedicated e-mail accounts, all managed by assigned professionals and promoted via online, offline, and multimedia formats.

To institutionalize employee participation in corporate governance, the Company provides advance notice regarding significant operational changes in full compliance with the statutory regulations of each operational location, ensuring employees are comprehensively informed. Furthermore, pursuant to the Management Measures for the Right to Freedom of Association and Collective Bargaining, we execute collective contracts and specialized collective agreements in accordance with relevant labor laws, clearly outlining dispute-resolution and opinion-handling mechanisms. The Employee Consultation and Complaint Management Operations Measures mandate that all consultations and complaint files must be recorded in meticulous detail following the 5W1H principle, aiming for immediate resolution and feedback as a baseline rule. For complex matters that cannot be closed immediately, the targeted processing timeline must be explicitly communicated to the employee (generally not exceeding 7 days, with a maximum limit of 14 days, except for cases involving statutory violations or requiring coordination with external authorities). The Company systematically targets instant responses and on-the-spot notifications to ensure that two-way communication remains highly efficient and transparent..

The Company regularly convenes quarterly Employee Representative Symposiums to drive thorough dialogue surrounding the working environment, living infrastructure, and welfare logistics. Based on the insights gathered, we continuously optimize and upgrade campus facilities, forging a mutually trustworthy, harmonious, and enduring relationship between labor and management.

Labor Union Operations and Support

Employee Welfare Committees and Labor Unions

The Company has established Employee Welfare Committees across our Taiwan and India campuses to roll out diversified welfare activities while fully safeguarding employee rights and interests. The proportion of employees covered by collective bargaining agreements reaches 100% at both the Taiwan and India campuses. The Taiwan campus convenes labor-management meetings quarterly in accordance with the law, while the India campus hosts statutory labor-management councils annually between January and March. These platforms drive two-way communication and coordination regarding corporate operational policies and future strategic roadmaps, thereby building solid consensus. Furthermore, the Company has institutionalized the Employee Consultation and Complaint Management Operations Measures, enabling workers to submit recommendations and feedback to the HR department and senior executives via diversified channels - such as suggestion boxes and digital platforms - to guarantee smooth and efficient communication.

Across our Mainland China campuses, Labor Unions have been established to tangibly defend employees' legitimate rights and interests while providing robust welfare security. Operating on the principles of equality and voluntariness, all employees - irrespective of ethnicity, race, gender, occupation, religious belief, or educational background - are entitled to apply for union membership based on their own volition. Currently, 100% of the workforce across our Mainland China campuses is covered by collective bargaining agreements.

Structured and Compliant Union Operations

The Company actively supports employees in participating in lawful community and social organizations in accordance with the law. We strictly guarantee employees' right to freedom of association and prohibit any form of obstruction or interference. Concurrently, the Company refrains from influencing the independent operations of labor unions and associated organizations through methods such as financial dependency or provisioning funding support.

◆ To tangibly safeguard employees' freedom of association and collective bargaining rights, the Company has deployed the following measures:

- **Defend and Guarantee Freedom of Association:** Formulate and enforce the Management Measures for the Right to Freedom of Association and Collective Bargaining to champion employees' legitimate rights and interests.
- **Legal Person Status and Equal Consultation:** Labor unions across all industrial parks have obtained legal person status as social organizations in accordance with the law. They engage in equal consultation with the Company, execute collective contracts, and complete official filings with local Human Resources and Social Security authorities.
- **Digitalized Union Integration:** Launched the "Ding Ding Da Ming" WeChat Mini-Program, empowering employees to voluntarily apply for union membership and participate in union activities online.。

The labor unions at each campus democratically elect their respective Labor Union Committees, Financial Review Committees, and Female Workers Committees through General Assemblies of Member Representatives, firmly establishing the General Assembly of Member Representatives as the supreme authority of the union. Anchored in the mission of serving employees and fueling high-quality corporate development, the unions perform their statutory mandates in accordance with the law.

Fundamental Mandates of the Labor Union

- Protection: Represent and safeguard the legitimate rights and interests of employees.
- Participation: Participate in the democratic management of the enterprise and exercise democratic oversight.
- Development: Guide employees to participate in corporate building, accelerating the realization of production and operational milestones.
- Education: Strengthen employee education and continuously elevate workforce competencies.

Strategic Framework of Labor Union Work

- Center core initiatives on safeguarding employees' legitimate rights and interests.
- Secure a win-win trajectory where employee rights are robustly protected and corporate development is dynamically powered.
- Drive corporate sustainability, defend employees' vital interests, and promote social harmony and stability.

◆ Collaborative Achievements of the Labor Union and Corporate Culture Department (2025)

Program	Key Deliverables & Achievements
All-Member Care & Incentives	Achieved a participation rate of over 96% in universal welfare initiatives.
Key Talent Care & Incentives	Deployed a large-scale “Role Model Recognition” campaign, honoring 470 exemplary individuals and 60 advanced collectives across all campuses.
“Six Cares” Initiatives	Executed 4,827 event sessions, reaching a total of 869,993 person-times.
Culture & Awareness Advocacy	ESG Culture: 12,938 person-times
	Quality Culture: 9,199 person-times
	Health Culture: 90,274 person-times
	Digital Transformation Culture: 39,718 person-times
	Integrity & Anti-Corruption Culture: 42,224 person-times
Awards & Honors Recognition	Secured 49 external institutional awards and honors for the Human Resources Division.
External Engagement Activities	Partnered with government bodies, social institutions, and vendors to drive diversified networking; executed 4 event sessions with 144 participants in total.
“Six Assistances” Initiatives	Executed 98 event sessions, reaching a total of 19,317 person-times.

Talent Attraction and Retention

Industry-Academia Collaboration

Talent constitutes the bedrock of the Company’s core competitiveness. To this end, the Company has long driven deep industry-academia collaborations, fully integrating high-quality university resources to empower young scholars to immerse themselves in academic research and technological innovation. In 2025, the Company completed 11 collaborative R&D technology projects, partnering with a network of 23 universities.

- **Elite Talent Reserve Fellowship** Designed to support young scholars in deep academic research and technological innovation. From 2015 to 2025, this initiative sponsored 36 outstanding students, with cumulative fellowships distributed totaling RMB 2.59 million.

- **LINK Industry-Academia Cultivation Scholarship** In 2025, the Company collaborated with the Economic Development Bureau of the Taoyuan City Government to establish the Taoyuan LINK Industry-Academia Cultivation Platform Scholarship. This initiative aims to assist local students in smoothly completing their education while securing a seamless transition from graduation to employment. The scholarship program was expanded to universities in southern regions this year, admitting a total of 19 students across two cohorts.

- **Joint University Research Centers** (1) May 2025: The Company joined forces with scientific research institutions - including the Purple Mountain Laboratories and Southeast University - to launch a 3-year technology bottleneck breakthrough under the “Jiangsu Provincial Key R&D Program - 6G Integrated Communication and Sensing (ISAC) Chip and Module.” This project aims to accelerate industrial upgrading and continuously fortify the Company’s innovation capabilities in high-end communication fields. (2) July 2025: The Company entered into a three-year cooperation blueprint with Yanshan University to co-create the ”Hebei Provincial Postdoctoral Innovation Base.” By integrating premium resources and driving high-level intellectual exchange, this initiative introduces top-tier industry talent, constructing a talent moat and accumulating strong innovative momentum for the Company’s long-term development. (3) October 2025: The Company teamed up with the Shenzhen Research Institute of Huazhong University of Science and Technology to co-establish a “Shenzhen Key Laboratory.” The lab will spearhead a 3-year research breakthrough targeting polymer optical waveguide substrate technology, fully leveraging the synergy between “fundamental research and industrial transformation.” The laboratory has been officially accredited by the Science, Technology and Innovation Bureau of Shenzhen Municipality.

- **Bi-directional Industry-Academia Knowledge Exchange** In 2025, the Company invited 6 academic experts to conduct 27 specialized seminars, benefiting 3,203 employees and bridging academic theory with industrial practice. Concurrently, the Company dispatched outstanding corporate experts to 8 universities to deliver 28 practical insight-sharing sessions, benefiting 1,083 students and building a robust two-way knowledge bridge between industry and academia.

- **International Industry-Academia Partnerships** In 2025, the Company executed Memorandums of Understanding (MoUs) with Prachinburi Technical College, the Asian Institute of Technology (AIT), and Chiang Rai Rajabhat University in Thailand, establishing long-term, stable collaborative mechanisms. The partnerships focus on three core strategic directions: talent cultivation, technical collaboration, and industry-academia synergy. Through internship pipelines, scholarship backing, and joint R&D models, these initiatives cultivate local engineering and managerial talent, accelerate key technologies in AI, smart manufacturing, and green materials, and build a highly resilient, sustainable ecosystem for the PCB and semiconductor industries.

Through diversified educational assistance and comprehensive industry-academia collaborations, the Company deepens campus-enterprise connections, enhances the practical capabilities of young talent, and actively practices corporate social responsibility (CSR). This shapes a stellar brand image for public welfare and solidifies a firm social foundation for the sustainable development of the enterprise.

Remuneration and Compensation

The Company has structured a remuneration management system that balances external market competitiveness with internal equity and rationality. Paired with a diversified welfare and benefits security framework, this system comprehensively satisfies employee development needs, enhances their sense of belonging and cohesion, and efficiently attracts and retains outstanding talent. Concurrently, the Company continuously refines its compensation strategies to fortify its competitive edge in the market.

Remuneration Policy

Aligning with our operational milestones and business performance, the Company formulates a competitive total compensation package based on a comprehensive evaluation of employee job responsibilities, professional skills, and work performance. The remuneration architecture comprises base salary, allowances, and incentive-based variable compensation - including annual performance bonuses, continuous service bonuses, employee profit-sharing, innovation & R&D awards, and proposal improvement incentives - effectively stimulating employee motivation and stabilizing core talent.。

The initial salary for new hires is determined by their educational background, work experience, and professional competencies. The Company strictly adheres to the principle of equal pay for equal work. Employee salaries,remuneration, and benefits are completely shielded from discrimination based on gender, age, nationality, race, ethnicity,gender identity, religion, marital status, disability, or political orientation. Furthermore, the Company periodically monitors the gender pay gap to guarantee remuneration equity.

The Human Resources department acts on the external economic climate, local minimum wage standards, and salary benchmarking reports provided by professional advisory institutions to orchestrate the planning and review of compensation policies across all campuses. By dynamically formulating salary adjustment blueprints, the department ensures that compensation levels tightly align with regional market benchmarks. The Company strictly complies with labor statutes to guarantee that employees' basic wages are never lower than local minimum wage standards, and meticulously calculates and disburses overtime pay in accordance with the law. Concurrently, the Company implements merit-based salary adjustments and allowances tailored to employees' tenure and job performance, tangibly safeguarding the legal rights and livelihood demands of our workforce.

◆ Ratio of the Lowest Entry-Level Wage of Employees to the Local Minimum Wage

Region	Taiwan, China Campus		Mainland China Campus			India Campus	Thailand Campus
Gender	Taoyuan	Kaohsiung	Shenzhen	Qinhuangdao	Huai'an	Chennai	Prachinburi
Male (%)	100	100	100	100	100	100	100
Female (%)	100	100	100	100	100	100	100

Note: The minimum wage standards are derived from local statutory regulations. The lowest entry-level wage presented above represents the base salary of the Company's entry-level employees, excluding any incentives, allowances, or subsidies.

◆ Gender Pay Gap Metrics

Remuneration Category	Male	Female
Annual Salary of Management Personnel	1	0.97
Annual Salary of Non-Management Personnel	1	0.93
Mean Gender Pay Gap	1	0.92
Median Gender Pay Gap	1	0.90
Mean Bonus Gap	1	0.95
Median Bonus Gap	1	1.13

Note: The calculation scope encompasses a total of 40,046 employees who remained active as full-time entry-level technicians, entry-level engineers, and certain non-senior management personnel as of December 31, 2025, representing 84.18% of the total workforce. The calculation is based on their total annual remuneration over the 12 months of the year, including monthly base salaries, various bonuses, and profit-sharing distributions.

Linking Remuneration with Performance Management

Performance management serves as a critical lever for driving individual, organizational, and corporate performance enhancement and value creation. The Company has fully implemented a robust performance evaluation framework, adopting diversified appraisal models such as Management by Objectives (MBO), multi-dimensional assessments, team performance evaluations, and agile reviews, conducting performance appraisals twice a year. Through these appraisals, employees obtain real-time feedback from their direct line managers while receiving multi-faceted constructive feedback from cross-departmental supervisors and peers. The evaluation dimensions encompass individual historical work deliverables alongside future development goals for both the individual and the team. The appraisal results serve as a fundamental baseline for employee promotions, salary advancements, and incentive payouts. Concurrently, the Company customizes targeted development plans for employees to continuously optimize overall organizational performance. For employees and business units with room for performance improvement, managers provide immediate feedback and focused coaching, helping them optimize workflows, strengthen project deliverables, and empower employees to maximize their full potential in their respective roles.

Executive Remuneration and Incentives Linked to ESG Performance

The Company has established a routine performance evaluation mechanism, complemented by a clear and standardized system for rewards and disciplinary actions. The Company has formulated the Measures for Disbursing Continuous Service Incentive Bonuses, which explicitly define the eligible recipients, disbursement ratios, required years of service, and clawback mechanisms, thereby effectively securing the retention of core talent and stimulating employees' commitment to long-term service. Concurrently, the Company has launched key talent development programs, reinforcing the alignment between the CEO and the senior management team's compensation and corporate operational performance through regular senior executive strategic sessions and annual grand business review conferences, while continuously refining talent selection and promotion frameworks. The General Manager and exceptionally performing Vice General Managers within the Company are also integrated into the Board of Directors' succession planning pipeline.

The performance evaluation mechanisms, remuneration policies, regulatory standards, disbursement criteria, and compensation structures for senior executives - including the Chairman and the General Manager - are formulated under the independent oversight of the Remuneration Committee. The Company has systematically integrated ESG sustainability philosophies into its compensation management framework, driving the senior management team to tangibly assume managerial accountability and obligations for practicing corporate sustainable development.

The Company incorporates ESG performance as a core appraisal component of senior executives' variable compensation for the current year. Through a well-defined performance-reward mechanism, the Company achieves a deep alignment between corporate interests and executive compensation, forging a shared target for corporate sustainability.

In the event that an executive commits statutory or regulatory infractions, violates professional ethics, or engages in malpractice or dereliction of duty - or if misconduct triggers operational risks resulting in economic losses or reputational damage to the Company - the Company, upon approval by the Board of Directors, reserves the right to adjust the disbursement ratio of their remuneration and incentives, or claw back previously distributed incentive bonuses. In 2025, the Company did not retain external independent remuneration consultants.

◆ The "EPS + ESG" Dual-Driven Evaluation and Incentive Mechanism

Variable Compensation	Weight	Appraisal Components
Corporate Financial Metrics	70%	Net Profit After Tax (NPAT), Earnings Per Share (EPS), and Return on Equity (ROE)
ESG Performance Metrics	30%	Governance (G): Non-use of conflict minerals; proportion of recycled materials utilized, etc.
		Environmental (E): Total volume of recycled water; total consumption of green electricity, etc.
		Social (S): Human rights training coverage rate; annual training hours per capita, etc.

Incentive-Based Variable Compensation

Every single employee possesses unique significance and value to the Company. Inspiring employee potential and empowering them to become a pivotal force in operational development is the original intent behind the Companys design of incentive-based variable compensation. In planning this incentive framework, the Company strictly adheres to the dual principles of "Real-time Adjustment" and "High-efficiency Productivity," cultivating an empowering communication culture that drives organizational flexibility, optimization, and dynamic alignment, ultimately achieving the shared goals of mutual growth and synergistic development between employees and the Company.

The intrinsic value of a remuneration policy should not be confined merely to the architectural design of fixed and variable compensation; rather, it lies in establishing a fair mechanism that fosters mutual trust between employees and managers, which represents the catalyst for boosting employee morale and reinforcing organizational identity. To this end, the Company formulates fair and transparent remuneration policies and conducts periodic reviews and optimizations. While highlighting the value of professional expertise, these policies guide employees to fully immerse themselves in their work, continuously construct a relationship of trust between employees and managers, and drive employee interests to remain tightly synchronized with corporate interests.

Diversified Employee Benefits

Insurance Framework

Embracing a people-centric philosophy, the Company constructs a comprehensive and diversified benefits security framework for employees across different regions in accordance with local labor laws. In the Taiwan region, in addition to statutory health insurance, labor insurance, and individual labor pension schemes mandated by the Labor Standards Act, the Company provides group insurance coverage encompassing term life insurance, accidental death & dismemberment (AD&D) insurance, inpatient medical insurance, cancer medical insurance, accidental injury medical insurance, and occupational injury insurance. Employees' dependents are also eligible to enroll at their own expense through corporate discounted rates.

For employees in Mainland China, the Company legally contributes to five statutory social insurances - pension, medical, work injury, maternity, and unemployment insurance - alongside the Housing Provident Fund. Concurrently, the Company organizes annual comprehensive health check-ups for employees. In 2025, the completion rate of employee health check-ups reached 100%.

Insurance Category	Insurance Contribution Metrics by Campus (Unit: RMB Yuan)				
	Mainland China	Taiwan, China	India	Thailand	Total
Statutory Insurance	731,488,505	37,524,285	733,056	1,213,642	769,745,847
Group Insurance	5,628,588	3,143,892	84,642	0	8,857,122
Dependent Insurance	594,782.50	187,880	0	0	782,663

Incentive and Reward Systems

- **Traditional Festival Benefits** The Company distributes holiday welfare gifts during traditional festivals, such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival. This transmits humanistic care, fosters a warm and inclusive corporate culture, and effectively enhances employees' sense of belonging and happiness.

- **Children's Scholarships** The Company provides tuition assistance grants for employees' children each semester. Tiered subsidies are allocated based on educational levels ranging from primary school to postgraduate studies, tangibly reducing family education expenditures. This transmits long-term care and support for employees' family development, curating a premium workplace environment characterized by secure employment and collaborative growth.

- **Long-Service Recognition** Continuously valuing and affirming employees' long-term contributions, the Company hosts annual "Role Model Employee" and "Exemplary Employee" selection campaigns. These initiatives specifically honor veteran, long-service employees who have reached milestones of 10, 15, 20, or more years of service by presenting them with honorary medals and conducting public commendations.

- **Continuous Service Bonuses** The Company has institutionalized a continuous service bonus scheme to encourage long-term, stable tenure and continuous value creation, validating employees' enduring contributions and companionship. Concurrently, a merit-based seniority allowance has been integrated into the framework to further incentivize long-service employees, reinforcing talent stability and organizational development.

- **Annual Bonuses** Based on a combination of overall annual corporate financial performance, individual job performance, and role contributions, the Company disburses annual bonuses. This motivates employees to continuously elevate performance, strengthens team cohesion and belonging, and boosts talent retention rates.

Maternity Measures and Welfare

To support employees in balancing career development with family care, and to champion healthy births and sound child-rearing, the Company has established multiple maternity welfare schemes that exceed statutory requirements. We actively respond to population policies and assist in mitigating macroeconomic demographic challenges.

Subsidies and branches in Mainland China operate strictly in accordance with local regulations, where female employees enjoy a minimum of 158 days of maternity leave, male employees receive 15 days of paternity leave, and both parents are entitled to 10 days of parental leave annually until their child reaches 3 years of age. Subsidiaries in the Taiwan region provide 8 weeks of statutory maternity leave (for primary caregivers) alongside 7 days of pregnancy check-up leave and paternity leave (for non-primary caregivers). Concurrently, the Company assists employees in applying for statutory labor insurance subsidies to safeguard their rights during parental leave.

Regarding parental leave without pay (unpaid childcare leave), the Company strictly complies with regional policies and supports employees in flexibly requesting early or deferred reinstatement. To reinforce fertility support, the Company has rolled out the following exclusive benefits.

◆ To encourage childbirth and improve the quality of care, the Company offers the following benefits

- Multi-Child Childcare Subsidies: The Company provides child-rearing subsidies disbursed over a 5-year duration. The cumulative subsidy amounts to RMB 100,000 for the third child, RMB 200,000 for the fourth child, and RMB 400,000 for the fifth child. In 2025, a total of 24 employees applied for this subsidy, including 23 for a third child and 1 for a fourth child; among the applicants, 16 were male and 8 were female employees.
- Working Parents' Support Station: Integrated a platform that consolidates welfare and health insights for corporate parents.
- On-site Nursing Infrastructure: Equipped all industrial parks with comfortable lactation rooms, and provided resources regarding corporate-affiliated childcare services and associated institutions.
- Maternity Rituals (Mainland China): Campuses in Mainland China provide maternity cash gifts and host wellness activities tailored to comforting new mothers.

In 2025, the Company recorded a global total of 972 newborns among its workforce, with 947 newborns born to employees in Mainland China campuses, accounting for 97% of the total.

Childcare and Maternal Welfare

To safeguard female employees' career trajectories, elevate their retention willingness, and support women in realizing personal value, the Company has introduced a suite of exclusive protection and care initiatives.

• **Dedicated Infrastructure** Lactation rooms are meticulously set up across all industrial parks and production facilities to accommodate the physiological needs of pregnant and breastfeeding female employees.

• **Institutional Framework Protection** The Company implements flexible working hours during the breastfeeding period, granting a 1-hour flexible commuting buffer daily. For pregnant employees who have reached their 7th month of pregnancy, the Shenzhen and Huai'an campuses arrange a minimum of 1 hour of paid rest during working hours daily with full salary coverage. Beyond statutory maternity leave, an additional 1 day of fully-paid newborn care leave is provided.

- **Care Gifts and Celebrations** Female employees returning to work post-maternity receive newborn care gift packs, and dual-employee couples receive wedding blessing gifts upon marriage.

- **Attentive Mobility and Feedback Services** The Company launched a dedicated "Maternal Care Shuttle Bus" to optimize commuting for breastfeeding employees, provides prenatal nutritional meals, and issues "Maternity Care Passes". Furthermore, a dedicated female employee grievance and request response mechanism has been established, ensuring that every incoming call and correspondence is meticulously recorded and resolved with a 100% response rate. The Company also periodically executes the *Special Collective Contract for the Protection of Female Employees'Rights and Interests* to comprehensively anchor women's legal entitlements.

- **Enrichment and Wellness Initiatives** The Company hosts competency-building courses such as flower arranging, cosmetics, handicrafts, and health preservation. It organizes maternal care education workshops, parent-child interaction events, and weekly cultural and sports activities including yoga, dance, and aerobics. Regular screenings for cervical and breast cancer ("Two Cancers" screenings) alongside social networking events for single employees are systematically arranged to care for the holistic physical and mental well-being of female employees.

Parental Leave and Reinstatement Metrics

To support employees in personally caring for their infants and to safeguard their rights upon returning to work, a total of 1,194 employees applied for parental leave (including unpaid childcare leave in Taiwan) during the reporting period.Among them, 1,081 employees successfully returned to work, achieving a reinstatement rate of 90.5%. Of the 1,086 employees who returned to work in 2024, 868 remained active on the payroll as of the end of 2025, yielding a retention rate of 79.9%.

Statistical Metric	Unit	Male	Female
Employees Entitled to/Applying for Parental Leave in 2025 (A)	Persons	643	551
Employees Reinstated Post-Parental Leave in 2025 (B)	Persons	641	440
Employees Reinstated Post-Parental Leave in 2024 (C)	Persons	724	362
Employees Retained for at Least One Year Post-Reinstatement from 2024 Leave (D)	Persons	640	228
Reinstatement Rate (B/A)	%	99.7	79.9
Total	%		90.5
Retention Rate (D/C)	%	88.4	63.0
Total	%		79.9

Notes:
1. *Employees Entitled to/Applying for Parental Leave in 2025 (A): Identified as employees who took maternity leave of over 56 days or paternity leave of one day or more between January 1, 2025, and December 31, 2025.*
2. *Employees Reinstated Post-Parental Leave in 2025 (B): Identified as employees who took maternity leave of over 56 days or paternity leave of one day or more and successfully returned to work between January 1, 2025, and December 31, 2025.*
3. *Employees Reinstated Post-Parental Leave in 2024 (C): Identified as employees who took maternity leave of over 56 days or paternity leave of one day or more and successfully returned to work between January 1, 2024, and December 31, 2024.*
4. *Employees Retained for at Least One Year Post-Reinstatement from 2024 Leave (D): Calculates the number of employees returning from parental leave within 2024 who remained continuously employed for at least one full year following their reinstatement.*

Employee Equity Incentive Plans

The Company firmly believes that when outstanding talent holds corporate stock over the long term, it strengthens the alignment of interests between employees and shareholders. Since its initial public offering (IPO), the Company has actively implemented employee equity incentive plans to establish and mature long-term incentive and restraint mechanisms. This deeply binds personal employee growth with the sustainable development of the Company, driving the co-creation of long-term value.

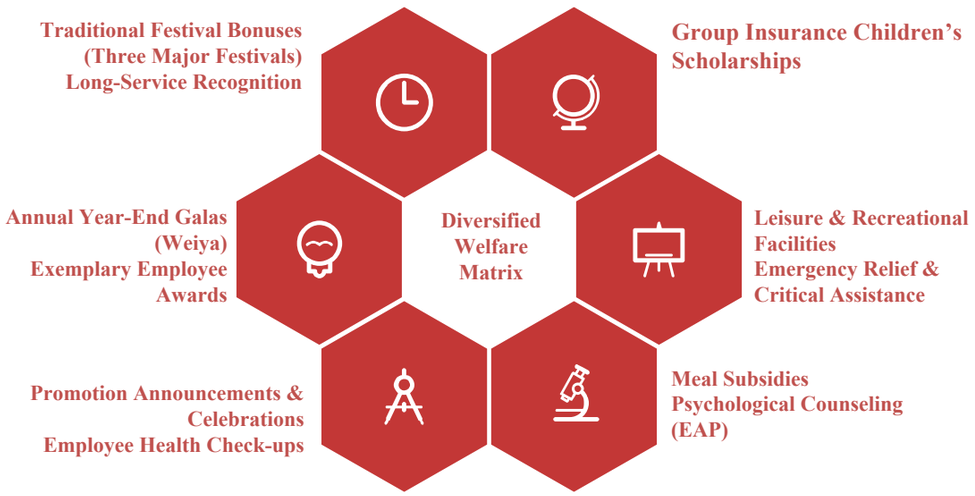
Incentive Vehicle	Program Description
2021 Restricted Stock Incentive Plan	To cultivate a long-term corporate incentive mechanism and attract and retain top-tier talent under the prerequisite of fully safeguarding shareholder interests, the Company formulated the *2021 Restricted Stock Incentive Plan*, granting restricted stocks to more than 200 eligible incentive targets in total.
2024 Restricted Stock Incentive Plan	To further reinforce the rewards framework, the Company extended its long-term incentive strategy by formulating the *2024 Restricted Stock Incentive Plan*, granting restricted stocks to more than 300 eligible incentive targets in total.
"312" Cash Incentive Policy	To encourage core talent to establish long-term roots within the organization, this policy selectively rewards key executives and senior engineers who demonstrate high performance and long-term service commitment by providing an additional 12 months' worth of salary as a cash bonus distributed over a three-year cycle.
"308" Cash Incentive Policy	To incentivize high-potential executives and engineers and cultivate talent who are eager to grow in tandem with the enterprise, this policy grants an additional 8 months' worth of salary as a cash bonus incentive over a three-year cycle.

Other Employee Welfare and Benefits

The Company strictly adheres to relevant labor laws and regulations across all operational jurisdictions, thoroughly executing statutory leave frameworks - including official public holidays, paid annual leave, marriage leave, compassionate leave, pregnancy check-up leave, maternity leave, paternity leave, and parental leave. We contribute in full to statutory social security architectures, including pension, medical, work injury, maternity, and unemployment insurance, alongside comprehensive commercial insurance, corporate annuities, and the Housing Provident Fund, thereby perfecting retirement security and social safety nets.Furthermore, pursuant to statutory frameworks such as the *Employee Welfare Fund Act*, the *Regulations on the Organization of Employee Welfare Committees*, and the *Measures for the Establishment of Employee Welfare Societies*, the Company has institutionalized an Employee

Welfare Committee. We systematically appropriate employee welfare funds according to regulations to operate employee commissaries, corporate cafeterias, barbershops, libraries, health centers, and leisure facilities. This is supplemented by a diversified suite of benefits - including educational scholarships for employees' children, traditional festival gifts, meal allowances, and psychological counseling services - to continuously elevate the overall quality of life for our workforce.

◆ Comprehensive Employee Benefits and Care



Holistic Physical and Mental Health Care

Centering on the "Zhen Ai Tong Xing" (Journey of Love) Employee Assistance Program (EAP), the Company provides a systematic, long-term psychological support framework for our workforce. Through a diversified service portfolio - including professional psychological counseling, one-on-one coaching, stress management, emotional regulation, interpersonal communication, and self-esteem enhancement - the Company empowers employees to strike a harmonious balance between work and life, thereby elevating workplace happiness. In 2025, the Companys dedicated EAP platform, "Zhen Ai Yi Zhan" (Love Harbor), delivered services reaching a total of 14,039 person-times.

Focusing on mental well-being and team cohesion, the Company routinely hosts cultural and sports initiatives such as singing bowl healing sessions, mental wisdom empowerment workshops, heartwarming DIY crafts, and badminton tournaments. These activities enrich employees' leisure time, accelerate interpersonal integration, and cultivate a proactive and healthy corporate culture.

Addressing the essential living needs of our workforce, the Company drives the "Employee Happiness Project" by continuously perfecting sports and fitness infrastructure. Facilities are fully equipped with indoor basketball courts, badminton courts, ping-pong tables, spinning bikes, and treadmills. This is supplemented by events such as basketball leagues, fun sports galas, health check-in challenges, and tug-of-war competitions, successfully advocating a healthy lifestyle and strengthening employees' physical fitness.

The Company has constructed multi-dimensional communication channels - including care symposiums, suggestion mailboxes, rights-protection hotlines, and online portals - maturing our rights defense and workforce service frameworks. We implement touchpoint initiatives such as birthday celebrations, wedding blessings, and welcoming lactation rooms, curating exclusive protections for female employees across prenatal, maternity, breastfeeding, and menopausal stages. Concurrently, regular medical check-ups and health seminars are organized, alongside fitness aerobics, cardio workouts, and yoga courses to popularize a culture of wellness.

The Company continuously operates signature union welfare brands such as "Summer Coolness Disbursal" and "Mutual Love and Care", delivering comforting care during traditional festivities including the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival. We have also opened a streamlined EAP psychological demand channel and invited expert lecturers to deliver modules on health preservation, physical fitness, mental health, and stress relief, meticulously safeguarding our employees' mental and physical state.

In 2025, the Company's external fitness services and holistic wellness courses recorded a cumulative participation of over 95,000 person-times, while universal welfare and care activities served a total of 590,000 person-times. Through this all-dimensional matrix of care and security, the Company assists employees in harmonizing work, personal life, and social relationships, continuously driving improvements in employee satisfaction, sense of belonging, happiness, and pride to co-create a harmonious and stable industrial relationship.

◆ Key Highlights of Employee Engagement Case Studies

▲ Traditional Chinese Medicine (TCM) Health & Wellness Salon Courses

▲ Intangible Cultural Heritage (ICH) Handicraft Workshops

▲ Artistic Flower Arranging Workshops

▲ Distribution of Custom Down Jackets to Employees

▲ Corporate E-Sports Tournaments and Exchanges

▲ Employee Birthday Celebrations and Parties

Talent Retention

The Company builds robust development platforms to cultivate collective talent synergy. To stabilize our key talent pipeline, the Company continuously refines its incentive and care infrastructure, deploying multi-dimensional mechanisms such as profit-sharing, performance bonuses, and equity incentives. Concurrently, commercial group insurance coverage (with premiums subsidized by the Company) is provisioned to key talent and their dependents. All regular employees with a tenure of one year or more are entitled to comprehensive health screening services. In 2025, the Company achieved a key talent retention rate of 97.9%.

Note: Key Talent Retention Rate = (Total number of active employees on payroll as of December 31, 2025, who held a professional rank of Shih-4/Grade 4 or above with consecutive annual performance ratings of "A" or above for two years prior to December 31, 2024) ÷ (Total number of employees who held a professional rank of Shih-4/Grade 4 or above with consecutive annual performance ratings of "A" [inclusive] or above for two years prior to December 31, 2024).

Retirement Schemes and Systems

The Company's Taiwan campus has formulated structured retirement measures in strict accordance with the Labor Standards Act and the Labor Pension Act. Operating under a Defined Contribution (DC) scheme, the Company contributes 6% of an employee's monthly wage into their individual pension account, while employees may voluntarily contribute an additional 0% to 6%. Employees are entitled to claim their retirement pensions upon reaching the statutory retirement age. Subsidiaries in Mainland China strictly contribute to statutory pension insurances in compliance with national regulations, with pensions pooled and managed by local authorities.

For retiring personnel, the Company conducts pre-retirement visits and symposiums, assists with retirement protocols,and hosts farewell gatherings accompanied by commemorative gifts. Furthermore, for eligible retired employees who demonstrate a mutual willingness to continue working, the Company opens rehiring and post-retirement employment pathways, empowering them to continuously engage in professional and social spheres. Through this perfected framework of retirement security and humanistic care, the Company comprehensively safeguards our employees' retired life.

◆ Pension Contribution Percentages across Mainland China Campuses

Remuneration & Pension Category	Shenzhen		Qinhuangdao	Huai'an	India	Thailand
	Shenzhen (Non-Local Resident)	(Local Resident)				
Corporate Contribution Percentage (%)	16	17	16	16	12	3
Proportion of Personnel Covered by Retirement Benefits (%)	100	100	100	100	100	100

◆ Pension Appropriations and Framework at the Taiwan Campus

Region	Retirement Plan Type	Pension Appropriation as a % of Salary	Employee Participation Rate in the Plan
Taiwan Campus	Old Retirement Scheme: Corporate Pension Trust Account	Employer: 2%; Employee: 0%	0.026%
	New Retirement Scheme: Individual Pension Account	Employer: 6%; Employee: 0%–6%	99.974%

Support Programs for Senior and Middle-Aged Employees

To empower middle-aged and senior employees to better adapt to changing workflows and realize sustainable career progression, the Company has structured a dedicated Senior Workforce Support Program, extending diversified resources to our veteran workforce.

Support Initiative	2025 Executed Outcomes & Deliverables
Nutritional Wellness Meals	Provided 14,750 portions of customized healthy and nutritional meals to ensure balanced dietary nutrition for middle-aged and senior employees
Health Examination	Provided customized VIP medical examinations for middle-aged and senior employees
	Supplemented by robust medical subsidy insurance: covering critical illnesses, accidental medical expenses, and inpatient allowances
	Provisioned premium high-end medical insurance architectures: featuring healthcare "green channels" (expedited medical access), emergency medical transportation, and direct medical expense reimbursement pipelines
Traditional Chinese Medicine (TCM) Seminars	Hosted 2 specialized Traditional Chinese Medicine (TCM) health preservation seminars, with 1,527 participants successfully completing the training via a hybrid online-and-offline format
On-site Wellness Centers	To mitigate operational and occupational fatigue, the Company operates an on-site Health Center and a TCM Physical Therapy Pavilion, providing employees with stress-relieving massage therapy and reflexology (foot therapy) services
Career Transformation Training	Provided future-oriented professional development tracks - encompassing industry trend analysis, senior & middle management leadership modules, AI-series courses, top-tier digital transformation planning, and performance management - achieving an average of 95 training hours per capita
Workplace Environment Optimization	To mitigate the impact of age-related visual degradation, high-definition computer monitors are provided to middle-aged and senior executives, paired with dedicated IT service support to calibrate optimal screen resolutions

Talent Development and Empowerment

Tightly aligning with market trends, strategic roadmaps, and departmental functional variations, the Company places core talent competencies at the center and organizational culture as the bedrock. We focus on future-ready talent cultivation and overseas business empowerment to fully anchor strategic execution and sustainable operations. The Company has constructed a hierarchical and categorized talent development framework, customizing growth blueprints based on employee ranks and professional fields. By integrating premium internal and external resources, we systematically cultivate diverse categories of talent critical to corporate operations and development. Leveraging core capabilities in framework planning, resource introduction, and talent diagnostics, the Company forges a high-value talent supply chain,translating training outcomes into practical efficacy to comprehensively elevate workforce knowledge, skills, and corporate core competitiveness.

Career Progression

To adapt to global environmental shifts, satisfy operational and customer demands, and practice corporate social responsibility, the Company continuously optimizes its talent cultivation mechanisms. We design exclusive training modules tailored to different job ranks and professional tracks, efficiently integrating internal resources to precisely cultivate composite talent who support organizational operations and the long-term development of the Company.

Talent Cultivation Programs

For core managerial talent at the division and department levels, the Company introduces external expert consultants to customize role-matching and career development solutions through deep interviews and 360-degree comprehensive competency assessments. Concurrently, diversified learning initiatives are deployed across all workforce echelons.Strategic focus is placed on nurturing core talent pipelines - including key talent, young cadres, and elite cadet classes (Elite Class) - by deepening professional competency building, introducing cutting-edge technologies, and launching specialized cultivation tracks in fields such as digital transformation, data analytics, smart manufacturing, and quality excellence.

In 2025, the average training hours completed by the entire workforce (including contract employees) reached 92.5 hours,with the total annual training investment exceeding RMB 3.4473 million.

◆ Annual Training Hours Matrix by Diverse Category

Demographic Category	Total Annual Training Hours (Hours)	Headcount (Persons)	Average Annual Training Hours (Hours/Person)
By Gender			
Male	2,919,587	31,387	91.4
Female	1,479,558	16,186	93
Total	4,399,145	47,573	92.5
By Employee Rank			
Management Positions	529,415	4,475	118.4
Non-Management Positions	3,869,731	43,098	89.8
Total	4,399,145	47,573	92.5
By Age Group			
Aged 30 and Under	1,773,631	20,332	87
Aged 31–50	2,594,809	26,880	96.7
Aged 51 and Over	30,705	361	85.5
Total	4,399,145	47,573	92.5

Advancing Employee Career Development

Through systematic professional services, customized solutions, and all-dimensional resource support, the Company anticipates and resolves organizational and individual challenges that impact employee productivity. This empowers employees to immerse themselves in their roles with a healthy mind and body, ultimately securing a win-win trajectory for both the enterprise and the workforce.

◆ Employee Career Nurturing Flowchart

Through the aforementioned six-step, closed-loop lifecycle management, the Company solidly advances its employee career development initiatives. We support workforce growth from an all-dimensional perspective, effectively boosting employee satisfaction and operational efficiency, thereby propelling the steady and sustainable development of the enterprise.

◆ 2025 Employee Engagement and Satisfaction Survey Results

Employee Level	Engagement Rate (%)	Engagement Rate (%)
General Employees	81	88
Engineers and Team Leaders	86	92
Section-Level Managers & Above	88	93
Department Manager-Level & Above	94	94
Total Workforce	83	89

Note: In 2025, the Company conducted an internal employee engagement survey. A total of 47,812 employees participated in the survey, representing a comprehensive coverage rate of 99.6%.

◆ Employee Career Development List

Strategic Direction	Core Objective	Responsible Unit	Action Plan
Health	Safeguarding physical and mental wellness	Employee Relations & Education Training Departments	Health Management & Health Promotion Initiatives
Work	Facilitating continuous career progression	Employee Relations, Education Training Departments & Line Managers	Needs Assessment → Plan Formulation → Service Provision → Training & Education → Feedback & Adjustment → Evaluation & Improvement
Life	Elevating overall quality of life	Labor Union & Corporate Culture Department	“Six Loves” Theme-Month Initiatives (Love Yourself, Love Family, Love Colleagues, Love the Company, Love Life, and Love the Earth)

◆ 2025 Employee Symposiums and Grievance Resolution List

Campus	General Employees			Professional Staff (Shi-Level)			Elite Cadets (Elite Class)			Young Cadres			Subtotal Sessions	Subtotal Raised / Solved
	Sessions	Raised	Solved	Sessions	Raised	Solved	Sessions	Raised	Solved	Sessions	Raised	Solved		
Shenzhen	10	38	38	5	11	11	35	56	56	1	0	0	51	105
Huai’an	8	50	50	5	17	17	38	99	99	1	0	0	52	166
Qinhuangdao	12	76	76	6	7	7	21	77	77	1	0	0	40	160
Taiwan	6	32	32	5	45	45	NA	NA	NA	NA	NA	NA	11	77
India	10	216	216	Merged with Employee Sessions			NA	NA	NA	NA	NA	NA	10	216
Thailand	4	35	35				NA	NA	NA	NA	NA	NA	4	35
Subtotal	50	447	447	21	80	80	94	232	232	3	0	0	168	759

Notes: The Taiwan, India, and Thailand campuses do not currently have "Elite Cadet" or "Young Cadre" echelons; hence, the corresponding data fields are presented as "NA".

Talent Cultivation Framework

Offline Cultivation Programs

To precisely align with the professional development trajectories of employees across various levels, the Company has engineered a hierarchical, targeted, and precision-matched talent cultivation framework. Leveraging multi-dimensional learning environments coupled with continuous practical exposure in core operational functions, we forge future enterprise leaders who possess both strategic vision and robust execution capabilities.

The pedagogical architecture stands on a bedrock of Ten Core Competencies (such as Strategic Decision-making, Performance Management, and Quality Excellence). It dynamically calibrates and optimizes curriculum modules by synchronizing them with organizational hierarchies, specific job roles, and operational practicalities, ultimately achieving a deep integration between talent capabilities and corporate sustainable development strategies.

◆ Corporate Training Framework

"Long Teng" Class - Focusing on "Macro Decision-Making & Industry Influence"

Tailored for senior executives, this program centers on core modules such as sustainable strategic layout, cross-border team collaboration, and boardroom communication. Through high-level workshops and benchmarking corporate visits, the program broadens executives' global horizons. Furthermore, participants are required to spearhead ESG-related initiatives, deeply embedding sustainability philosophies into core business operations and executive decision-making.

"Meng Hu" Class - Reinforcing "Cross-Functional Integration & Operational Driving Force"

Grounded in the pivotal role of mid-level managers as the bridge between strategy and execution, this program utilizes situational simulations and coaching leadership to sharpen resource integration capabilities. Paired with a 360-degree feedback mechanism, it precisely diagnoses managerial blind spots, empowering participants to transform into team leaders who balance operational efficiency with humanistic care.

"Jie Bao" Class - Anchoring "Project Execution & Frontline Leadership"

Offering practical curriculums focused on highly efficient communication and strategic execution, this program leverages the "Shadow Program" to allow participants to immersively absorb the management expertise of veteran executives. Learning outcomes are rigorously validated via continuous improvement proposal competitions, accelerating the transition of specialized professional talent into frontline managers.

Personal Leadership Growth Class

Engineered for non-managerial key talent, this initiative introduces international-standard self-management and potential-activation blueprints. Focusing on effective learning and emotional intelligence management, it utilizes facilitated learning methodologies to dissolve departmental silos and solidify the essential qualities of future leaders.

Online Cultivation Programs

To optimize learning efficacy, the Company breaks away from traditional lecturing modalities, pioneering a Four-Dimensional Blended Learning Architecture

Online Learning

Leverages digital learning platforms to deliver flexible curriculums. By utilizing big data to accurately analyze learning gaps, the platform algorithmically pushes personalized learning pathways to employees.

Offline Interaction

Facilitates cross-hierarchical dialogues through interactive seminars and digital transformation workshops, sparking innovative and synergistic business solutions.

Case Studies

Dissects domestic and international corporate transformation cases (such as Net-Zero Carbon Strategies and Supply Chain Human Rights Management), guiding participants to reflect on and optimize their own business practices.

Action Learning

Drives participants to formulate and output actionable ESG improvement proposals. Outstanding projects are evaluated by senior executives and fully deployed across operations, achieving a seamless integration of learning and practical application.

"Dingsheng e-Academy" - Propelling Autonomous Learning via an E-Learning Platform

The Company has officially launched the "Dingsheng e-Academy" online learning platform, seamlessly integrating online, offline, and hybrid training modalities to encourage asynchronous, micro-learning among employees. By utilizing assessment-driven learning strategies, the platform successfully strengthens training efficiency and fosters autonomous learning habits.

The platform actively supports employee knowledge-sharing and self-curated course uploads. In 2025, the platform hosted 5,304 internally developed courses, achieving an active employee learning rate of 93.4%. The Company's corporate training team publishes quarterly training outcome reports, leveraging academic data indices and performance highlights to back management refinements and continuously iterate our talent development frameworks.

Total Courses Offered	Total Course Hours	Total Training Person-Times	Total Training Hours Completed	Average Training Hours per Capita	Total Digital Courseware Assets	Courseware Learning Efficacy Rate
27,745	303,545	9,106,073	4,399,145	92.5	8,054	82.70%
Total Financial Investment in Training (RMB/yuan)						3,447,268

Coaching and Mentorship Mechanisms

The coaching and mentorship mechanism serves as the core framework for reinforcing the leadership pipeline and inheriting organizational expertise. The Company implements differentiated counseling based on organizational hierarchies and synergizes internal and external resources to construct a sustainable leadership ecosystem.

Hierarchical Counseling

For Division-level executives, the Company deploys a hybrid approach combining external consultant coaching with internal coach cultivation. High-level leadership coaching is spearheaded by consultants possessing international experience. Through one-on-one counseling, situational simulations, and competency assessments, we expand their strategic horizons and change-management capabilities.

Internal Coach Empowerment

The Company trains and empowers senior Division and Department-level executives to become certified internal coaches, sharpening their skills in facilitation, feedback, and employee motivation, thereby forging a "leaders developing leaders" closed loop.

New Hire Onboarding Mentorship

Dedicated mentors are assigned to newly onboarded professional staff (Shi-level) and new hires. A 6-month structured mentorship program is executed, encompassing cultural integration, technical skill guidance, and professional networking. Upon successfully passing the performance appraisal, mentors are granted dedicated incentive rewards.

Facilitator Action Training

In 2025, the Company rolled out its inaugural "Facilitator Action Training Camp." The curriculum imparts advanced facilitation techniques, consensus-building methodologies, and over 20 practical tools. By nurturing a facilitation mindset, this program propels cross-functional collaboration, upgrades meeting cultures, and enhances organizational resilience.

Constructing an AI Education and Training System

Artificial intelligence is a pivotal driving force for cultivating New Quality Productive Forces and spearheading industrial transformation. Centering on digital transformation and technological innovation, the Company has launched a series of AI-related courses - including Top-Level Planning for Digital Transformation: Integrated Supply Chain Project, Top-Level Planning Project for Smart Campuses, Bi-Weekly Symposium: Technology and AI Data Analytics, and Finding Digital Companions: Digital Transformation in Practice - accelerating the strategic reserve of AI talent. In 2025, these programs achieved a cumulative training volume of 2,575 person-times, with total training hours reaching 23,976 hours.

International Talent Cultivation

To adapt to our global footprint and overseas factory construction strategies, the Company systematically cultivates internationalized talent. We regularly dispatch employees for hands-on operational training overseas and continuously carry out multi-language training. Specifically, TOEIC English training and proficiency testing are conducted for managers and engineers. Furthermore, Thai language training was introduced in 2023; in 2025 alone, 17 employees were trained, bringing the cumulative total to 67 proficient individuals, thoroughly guaranteeing communication efficiency across our Thailand manufacturing facilities. Multi-language training robustly underpins globalized operations and marks a critical milestone in the Company's internationalization strategy.

Performance Evaluation and Review Mechanisms

The Company has established a performance-oriented evaluation mechanism to identify outstanding talent, maximize human capital potential, and ensure optimal role-matching. Concurrently, the Company continuously refines its employee development ecosystem by executing rigorous performance and career development management. Through Management by Objectives (MBO) and the solid execution of work plans, we guarantee the effective attainment of organizational targets and continuously elevate corporate operational performance.Timely incentives and recognition are granted to high-performing employees, while customized counseling and role optimization are provisioned to those whose performance requires improvement. The Human Resources Department establishes comprehensive employee performance profiles, which serve as a critical foundation for talent reviews, leadership pipeline building, and the selection of high-potential reserve cadres.

In terms of performance management practices, the Company conducts performance appraisals on a regular basis, leveraging the appraisal outcomes as crucial metrics for distributing bonuses, adjusting salaries, allocating profit-sharing dividends, and determining career promotions. Following the conclusion of the Annual Business Review and Budgetary Conference, Division-level executives conduct one-on-one sessions with department or functional heads to reach a mutual consensus on individual goals and Key Performance Indicators (KPIs). Subsequently, department or functional heads communicate with their respective team members individually to co-define personal KPIs, ensuring that corporate strategic objectives are efficiently transmitted and executed from the top down.

Performance Evaluation System

Upholding the core principles of objectivity, equity, and fairness, the Company regularly conducts employee performance evaluations, encompassing Management by Objectives (MBO), multi-dimensional assessments, and team performance evaluations. Serving as a critical annual communication mechanism, performance reviews facilitate two-way dialogues between managers and employees to clarify job role priorities, career growth expectations, development trajectories, and operational goals, ensuring that individual performance seamlessly aligns with overall organizational objectives

Upon the completion of performance evaluations, adhering to the philosophy of matching talent with suitable roles to maximize human capital potential, the Company constructs a dual-dimensional employee growth architecture rooted in learning development and talent progression. This framework supports both managerial and technical professional staff in achieving diversified career paths based on their unique traits and competencies, provisioning matched training curriculums for each stage of employee growth. To continuously enhance managerial efficacy, the Company introduces targeted curriculums tailored to different managerial echelons, encouraging autonomous learning to foster co-growth between employees and the enterprise.

In 2025, a total of 46,063 employees underwent regular performance and career development reviews. This includes 975 employees in the Taiwan campus, 44,227 in Mainland China campuses, 146 in the India campus, 706 in the Thailand campus, and 9 in other overseas locations, achieving an overall workforce coverage rate of 97%. This robustly demonstrates the Company's high level of commitment to talent cultivation and development.

◆ Employee Evaluation Methodologies and Operational Practices

Evaluation Methodology	Target Audience	Frequency	Operational Execution & Practices
Management by Objectives (MBO)	Professional Staff (Shi-level)	Semi-annually	At the end of each year, corporate strategies and high-level goals are established during the Annual Review and Budgetary Conference.
			Heads of various business units decompose and configure unit-level KPI targets based on corporate strategies.
			Unit heads conduct one-on-one sessions with department or functional managers to output mutually agreed-upon personal goals and key KPIs.
			Department or functional managers concurrently hold one-on-one (sessions) with subordinates to co-define personal KPIs.
			Performance attainment is reviewed after six months/one year, and managers at all levels sequentially evaluate the performance of their subordinates within the department.
Multi-Dimensional Assessment	Management Positions	Annually	Following an initial employee self-evaluation, individuals simultaneously undergo multi-source evaluations conducted by their direct supervisors and heads of the departments they serve.
Team Performance Evaluation	All Operating Units	Annually	Business Units (BUs) are evaluated based on their annual revenue and profitability performance metrics, whereas supporting/peripheral units are evaluated via a cross-functional peer review system.
Agile Dialogue	Total Workforce	Continuous	Upon completing formal evaluations, managers must conduct face-to-face performance reviews with employees, coaching them to formulate Personal Performance Improvement Plans (covering job rotation, training, counseling, etc.) to drive mutual progress. Managers can also leverage the Dingsheng e-Academy online learning platform to track employees' learning roadmaps in real time.

◆ Internal Training Course Lifecycle Flowchart

Annual Training Needs Survey Launched → Needs Survey Questionnaire Completed → Annual Education & Training Plan Formulated → Submitted for Executive Approval → Monthly Education & Training Plan Drafted → Deployment of Education & Training → Trainee Active Participation → Efficacy Evaluation & Review

◆ Workforce Participation in Regular Performance and Career Development Reviews

Category	Taiwan		Shenzhen		Qinhuangdao		Huai'an		India		Thailand		Other Overseas		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Number of Management Positions Receiving Regular Performance and Career Development Reviews	164	27	1,073	266	1,025	195	1,447	225	7	0	0	0	0	0	4,429
Total Headcount of Management Positions	169	27	1,078	266	1,027	195	1,475	227	7	0	0	0	1	0	4,472
Percentage of Management Positions (%)	97%	100%	100%	100%	100%	100%	98%	99%	100%	0	0	0	0	0	99%
Number of Non-Management Positions Receiving Regular Performance and Career Development Reviews	458	326	8,281	4,173	7,792	4,497	9,714	5,539	108	31	368	338	4	5	41,634
Total Headcount of Non-Management Positions	551	375	8,440	4,234	7,857	4,524	10,043	5,626	273	270	462	430	4	12	43,101
Percentage of Non-Management Positions (%)	83%	87%	98%	99%	99%	99%	97%	98%	40%	11%	80%	79%	100%	42%	97%
Total Headcount Receiving Regular Performance and Career Development Reviews	622	353	9,354	4,439	8,817	4,692	11,161	5,764	115	31	368	338	4	5	46,063
Total Workforce	720	402	9,518	4,500	8,884	4,719	11,518	5,853	280	270	462	430	5	12	47,573
Overall Percentage (%)	86%	88%	98%	99%	99%	99%	97%	98%	41%	11%	80%	79%	80%	42%	97%

Occupational Health and Safety (OHS)

Occupational Health and Safety Policies and Management

The Company strictly abides by relevant laws, regulations, customer guidelines, and the core tenets of sustainable operations to formulate and execute occupational health and safety commitments and policies that align precisely with our actual operational realities. These policies have been publicly disclosed on our official corporate website; for granular details, please refer to the "*Avary Holding Occupational Health and Safety Policy*" section.

Occupational Health and Safety Management Systems (OHSMS)

To provision a safe and healthy working environment for both employees and contractor personnel, and to continuously elevate our occupational health and safety performance, the Company's primary manufacturing campuses in Mainland China as well as overseas facilities have all successfully obtained the ISO 45001:2018 Occupational Health and Safety Management Systems external certification. This coverage encompasses all workers, operational activities, and workplaces across our global operating locations, ensuring that the management of both internal employees and third-party contractors strictly complies with statutory codes and regulatory mandates.

The Company rigidly observes Article 4 of the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, which mandates that employers must create a working environment and conditions for laborers that conform to national occupational health standards and sanitary requirements, and take effective measures to guarantee that laborers receive occupational health protection. Concurrently, the Company adheres to Article 11 of the Provisions on the Administration of Occupational Health in the Workplace, requiring that employers with occupational disease hazards must formulate prevention and control plans, implement programs, and establish robust occupational health management systems and standard operating procedures (SOPs).

The Environmental Health and Safety (EHS) departments across all campuses are staffed with full-time, dedicated professionals who plan and propel campus-wide safety and sanitation management operations. All relevant personnel possess valid professional certificates to operate, and the EHS departments report directly to the top administrative executives of their respective campuses.

The Company's safety management paradigm has systematically progressed from institutionalization and proceduralization toward full scale digital systemization. We have engineered an all-in-one integrated safety management platform that seamlessly covers vendor management, occupational health tracking, certificate/license management, safety responsibility pacts, safety training, EHS incidents, and safety KPIs. Take the "Certificate and License Management Module" as an example: the system enforces full-lifecycle closed-loop control over all safety-related qualifications. The "Occupational Health Management Module" dynamically monitors personnel transfers across hazardous posts, and automatically triggers system restrictions to prohibit individuals with occupational contraindications from entering contraindicated operational positions. By linking safety management nodes through automated systems and digitized workflows, the Company forms a robust closed-loop management mechanism and enforces all-employee safety performance appraisals and oversight.

Occupational Safety and Health Committees

In fiscal year 2025, the Safety Committees across the Company's various campuses comprised a total of 316 members, among whom 249 were employee representatives, accounting for 78.80% of the total roster. The Safety Committee serves as a pivotal platform for consolidating safety consensus and driving all-employee participation, with senior executives from all business units personally attending. The meeting agendas span the advocacy of safety regulations, review of EHS incidents, and the cross-sharing of management insights, aimed at optimizing EHS management mechanisms and accelerating collaborative enhancement across all campuses. The committee's constituent units cover production manufacturing divisions as well as all relevant functional departments. Employees consult and participate via factory EHS representatives or designated safety officers, while contractors participate through the Company's responsible management leads, who transmit committee mandates and feed back on-site safety requirements.

The Safety Committee convenes on a monthly basis to deliberate on key agendas, including: safety standard formulation, hazard audit and analysis, safety initiative advancement, promotion of new regulations and technical standards, emergency drill performance, safety cultural campaigns, continuous improvement safety proposals, review of work injury/accident case studies, contractor safety management, and the solid execution of new-hire training.

Beyond the corporate-level Safety Committee, to enforce localized autonomous management, each individual factory area convenes a factory safety meeting at least once a month - chaired by the Factory Director or an authorized proxy - to conduct root-cause hazard analysis and disseminate critical safety updates.

Occupational Safety Risk Assessment

◆ Four-Step Occupational Safety Risk Assessment Lifecycle

Prior to undertaking any new business ventures, EHS professional teams conduct proactive hazard identification and analysis, utilizing qualitative or quantitative evaluation methodologies to complete a comprehensive risk assessment. For new operations that satisfy corporate risk-tolerance thresholds, matched rules, standard operating procedures, and emergency response plans are systematically drafted. During the planning and architectural design phase of new facilities, EHS teams intervene ahead of schedule to execute architectural fire safety design reviews, contractor management plans, inspections of high-risk

equipment/zones, protective equipment assessments, emergency gear data sourcing, and personnel recruitment and training strategies. Construction projects strictly execute the "Three Simultaneities" (Three Co-existences) Principle - mandating that safety facilities and occupational disease protective facilities must be designed, constructed, and put into operational production and use simultaneously with the main project body. Furthermore, during the feasibility study stage, independent third-party institutions are commissioned to perform pre-assessments for both general safety and occupational disease hazards.

To effectively prevent occupational hazards, the Company has institutionalized a safety evaluation framework, regularly retaining qualified independent third-party agencies to conduct risk identification across our workplaces. We pinpoint risk spots based on operational flows and implement hierarchical risk control, continuously refining risk mitigation measures. Internally, a comprehensive risk identification process is launched at least once a year. For unacceptable risks, engineering controls are prioritized to eliminate or mitigate risks, minimizing the occurrence of occupational injuries. The Company has also established safety evaluation protocols for equipment procurement; new machinery and equipment undergo rigorous safety assessments and verification before procurement, during installation, and prior to official commissioning, neutralizing or lowering equipment-associated safety risks at the source.

For irregular or unscheduled high-risk operations, the undertaking unit must submit a formal permit-to-work application prior to operation. EHS personnel will verify the compliance of the workplace environment and protective measures on-site; work may only commence upon formal approval. Throughout the operational process, full-time supervision or periodic patrol inspections are enforced according to the assigned risk control tier. Employees reserve the right to report any plant structures, production lines, or equipment that fail to meet safety production mandates or present critical hazards to their supervisors. In the event of an emergency that gravely threatens personal safety, employees have the explicit right to cease operations and immediately report the situation to senior management for urgent disposition.

Safety Hazard Audits and Remediation

To promptly detect and efficiently mitigate safety hazards, the Company continuously enhances its inspection methodologies, driving a strategic paradigm shift from supervisory oversight to autonomous self-management. Our comprehensive audit scope covers critical areas - including fire lanes and emergency exits, non-compliant operations, equipment safety guarding, electrical facilities, working environments, occupational hygiene, the proper use of Personal Protective Equipment (PPE), fire-fighting infrastructure, employee safety training, and construction safety - while managing all identified deficiencies through a rigorous tiered framework where simple hazards are remediated immediately on-site, phase-by-phase risks are corrected within specified timeframes, and high-difficulty or high-impact hazards are met with the legal suspension of production to enforce mandatory rectification.

To reinforce fire safety management, the Company has established a centralized EHS Control Center. This center is responsible for the centralized monitoring, disposition, and notification of abnormal information across all industrial campuses, achieving optimal resource integration and rapid emergency response under a strict 24/7 dual-person shift system.

Furthermore, Micro Fire Stations have been established across all campuses, fully equipped with professional apparatus such as fire-fighting gear, detection instruments, emergency response facilities, fire suits, chemical protective suits, emergency carts, and Self-Contained Breathing Apparatus (SCBA). Concurrently, the Company has formulated a comprehensive fire emergency response plan with clearly defined evacuation routes. The production floors are strategically provisioned with specialized emergency rescue equipment, including eyewash stations, emergency medical kits, Diphoterine (a specialized chemical rinsing solution), and Automated External Defibrillators (AEDs). We regularly conduct hands-on training sessions on emergency facility operation, AED utilization, and Cardiopulmonary Resuscitation (CPR) to elevate employees' capabilities for self-rescue and mutual aid.

Strengthening Hazard Identification and Safety Awareness

Prevention

Organize cross-departmental joint audits to identify potential hazards and risks from multi-dimensional perspectives. The audit results are reported directly to the Safety Committee to drive continuous optimization of our inspection protocols.

Remediation

Formulate specialized inspection initiatives targeting past EHS incidents, propelling comprehensive cross-campus screenings to strictly eliminate the recurrence of similar incidents.

Continuity

Leverage diversified training and communication channels to persistently reinforce safety awareness and occupational health cognition among all employees.

◆ Occupational Health Training Case Studies

▲ Inviting hospital physicians to conduct specialized occupational health training for employees

▲ Distributing illustrated occupational disease prevention booklets to the workforce

Occupational Safety Incident Management

The Company has instituted the Operational Specifications for EHS Incident Management, explicitly defining the protocols for incident notification, emergency disposition, and investigation procedures. This guarantees that relevant units can respond rapidly and report promptly in accordance with the Emergency Incident Notification Flowchart upon the occurrence of any incident. Following an incident, the responsible unit must conduct a rigorous root-cause review, formulate short-term and long-term corrective actions based on tiered categories, and execute horizontal deployment across all industrial campuses to prevent similar incidents from recurring.

Incident Classification and Tiered Reporting Framework

Near-Miss Incidents

On-site personnel must immediately report to the floor supervisor. The floor supervisor then notifies the EHS Control Center and the Section Chief of the respective unit, followed by step-by-step escalation to the direct executive. The EHS Control Center dispatches EHS personnel for on-site verification and formally notifies the Section Chief of the EHS Department.

Minor and General Accidents

Building upon the Near-Miss notification chain, the reporting scope escalates to include the Director of the EHS Department.

General Fires/Explosions, Severe, and Major Accidents

Building upon the previous escalation chains, notifications are immediately forwarded to the Campus Administrative Executive, the Business Division Executive, and the Chairman of the Board.

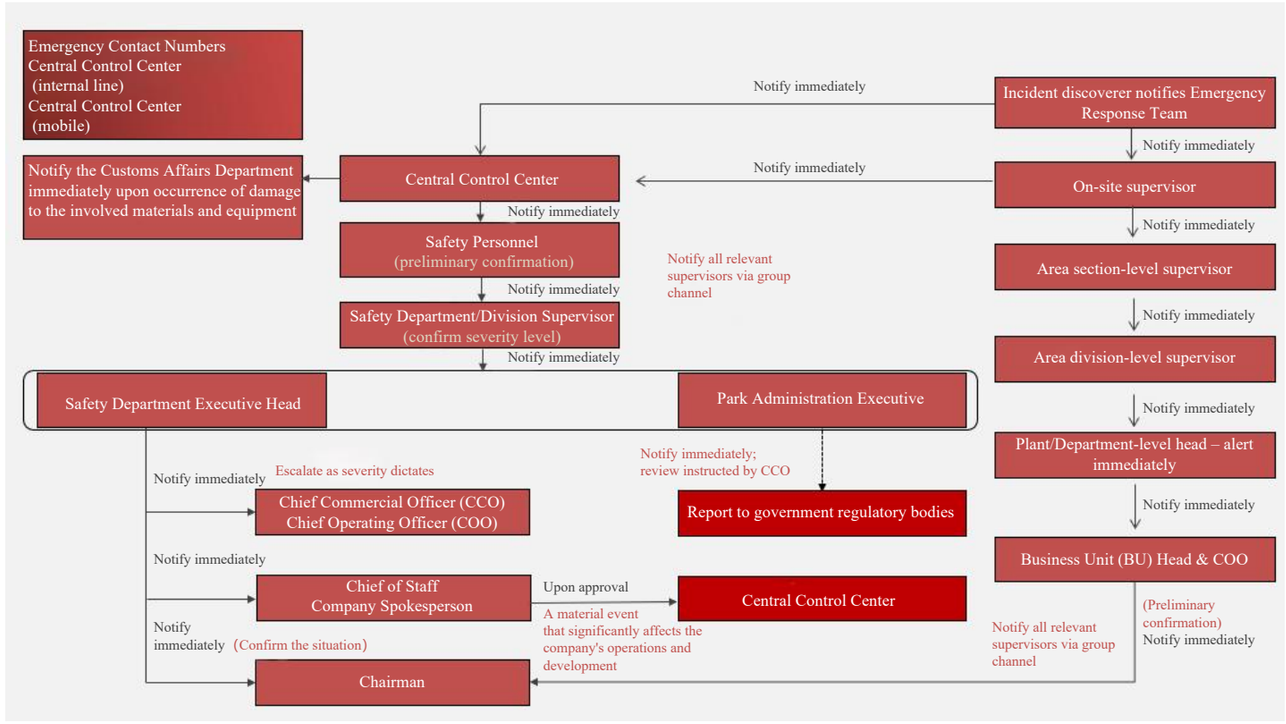
Incident Investigation and Disposition Lifecycle

The Company implements full-lifecycle, closed-loop management for all occupational safety incidents. Upon the occurrence of an EHS incident, the affected unit must immediately report to the EHS Control Center via telephone, verbal communication, or email. Designated EHS personnel are responsible for official logging and filing. The filed record must explicitly note the reporter's department, name, and contact details to serve as the benchmark for subsequent investigation and clarification, while tiered notifications are launched based on the preliminary incident classification.To foster a proactive safety culture, the Company grants awards and commendations to meritorious individuals who actively discover, effectively mitigate, or truthfully report safety hazards. Concurrently, the Company strictly protects the confidentiality of whistleblower information, ensuring that no reporter suffers any form of retaliation or disciplinary action for making a legitimate, good-faith safety report.

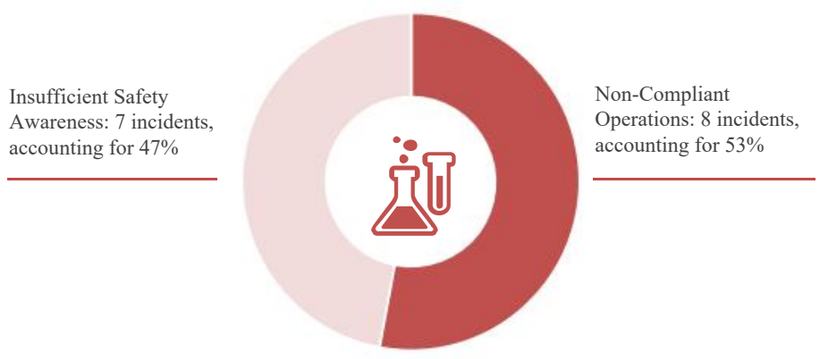
◆ **Incident Investigation and Disposition Lifecycle**

Incident Notification	Investigation & Disposition	Education & Training
• Notify Campus EHS • Activate Emergency Response Plan	• Responsible unit convenes an incident review conference • Simultaneous screening and remediation executed across all factories	• Safety Committee advocacy and dissemination • Standardized education and training deployment

Emergency Notification Procedure for Workplace Safety Incidents

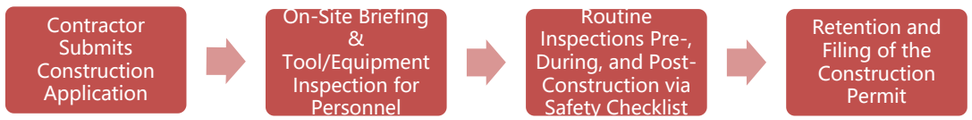


Analysis of Work-Related Injury Incidents



Contractor On-Site Construction Workflow

The Company has formulated the Contractor Safety Management Operational Measures, which comprehensively standardize the safety management mandates and protective measures for contractors across three distinct phases: pre-construction, during construction, and post-construction.



Prior to the commencement of construction, contractors must sign the Safety and Sanitation Commitment Letter to guarantee that all operational activities conform to occupational health and safety standards. They must also complete internal employee safety training, and special equipment operators must possess valid professional qualification certificates to work. The Company uniformly deploys safety training and examinations for contractors' safety officers, construction workers, and the heads and service staff of resident vendor partners. Upon passing the examination, a Safety Training Certificate with a 1-year validity period is issued, and retraining as well as re-assessment are strictly required upon expiration.

In 2025, the Company recorded 13,859 person-times of contractor personnel successfully passing safety training to obtain certification, and 2,756 person-times of safety officers obtaining certificates. 100% of contractor personnel entering the Company's industrial campuses for construction operations successfully obtained Safety Training Certificates.

Workplace Health and Safety Promotion

Chemical Management and Occupational Health Services

To safeguard employee health, the Company prioritizes the substitution of highly toxic and extremely hazardous chemicals with non-toxic or low-toxicity alternatives. In scenarios where no viable substitution exists, a rigorous risk level assessment must be executed prior to the introduction and use of the chemical. Operators handling hazardous chemicals must strictly abide by safety operating procedures, skillfully master emergency response and self-rescue/mutual-aid methodologies, properly select, wear, and maintain Personal Protective Equipment (PPE), and cooperate in implementing engineering controls. For foreign/expatriate employees, the Company translates chemical hazard information into their respective native languages to ensure that they fully comprehend operational risks.

The Company has engineered an end-to-end lifecycle control mechanism spanning chemical loading/unloading, receiving/dispatching, storage, usage, and disposal. Based on the distinct categories and properties of hazardous chemicals, matched safety infrastructure - including ventilation, sun-shielding, temperature regulation, fireproofing, fire extinguishing, explosion-proofing, moisture-proofing, lightning protection, anti-static, anti-seepage, and protective containment dikes - is configured across storage facilities and operational workplaces. For on-site usage, minor chemical quantities are handled via small-bottle dispensing operations, whereas large-scale chemicals are automatically dosed through the chemical delivery system. Chemical chemical waste liquids and empty drums are reclaimed and disposed of in full compliance by specialized, licensed external agencies.

To guard against abrupt safety accidents, the Company has formulated the *Operational Measures for Chemical Accident Emergency Response* and the *Emergency Incident Notification Flowchart*. The EHS department enforces full-process supervision and management across hazardous chemical warehousing, usage, and waste collection. This spans the safe storage of hazardous chemicals and waste, safety training and qualification licensing for operators, emergency response for major chemical incidents, and comprehensive safety evaluations. Integrating actual production conditions, each industrial campus regularly conducts emergency drills for scenarios such as chemical leaks. The EHS division designs specialized emergency response training blueprints to fully elevate emergency response and mitigation capabilities.

Regarding hazardous chemical workstations, the Company publicly discloses the relevant Safety Data Sheets (SDS) to employees, guiding them to recognize safety labels, comprehend technical instructions, and master the physical characteristics, health hazards, and reactivity of the chemicals they handle. Annually, the Company organizes a targeted "Hazardous Chemical Operator Qualification" training program for personnel working with hazardous chemicals to ensure strict certified-to-work compliance.

In terms of upstream chemical containment, the Company implements a strict hierarchical risk management framework focused on source control - enforcing rigorous full-lifecycle monitoring and complete traceability for high-risk chemicals, standardizing storage and usage alongside regular testing for medium-risk chemicals, and rigidly executing withdrawal registration logs and routine patrol inspections for low-risk chemicals - thereby explicitly defining concrete requirements across all operational phases to omnidirectionally safeguard our workforce; moreover, in strict accordance with occupational health regulations, the Company

commissioned qualified independent third-party institutions in 2025 to conduct its annual testing on workplaces containing occupational hazards, mapping both physical and chemical factors to precisely grasp risk magnitudes and systematically deploy targeted measures.

The EHS department of each campus files the annual environmental hazard factors testing results with the competent regulatory authorities for the record. Concurrently, these results are publicized on the Occupational Health Notice Boards to protect employees' right to environmental information disclosure.

Category	Specific Hazardous Factors	Applicable Workstations/Posts
Physical Factors	Noise, High Temperature, X-Ray, etc.	Cutting Rooms, Lamination Presses, etc.
Chemical Substances	Acid Mist, Ammonia Water, Methanol, Nitrogen Oxides, Dust, etc.	Etching Lines, Electroplating Lines, Cutting Rooms, Dust Collection Plant Rooms, etc.

The Company retains medical institutions with valid occupational health qualifications to conduct comprehensive pre-employment, on-the-job, and post-employment (termination) occupational health examinations for all workers assigned to hazardous posts, customizing the clinical check-up items based on the specific hazard factors of each role. For any abnormalities surfaced in the medical results, the Company continuously tracks improvement and implements protective measures - such as job role adjustments - as circumstances dictate.

Employee Education and Training

Building upon statutory safety training curriculums, the Company has engineered a multi-channel, continuous, and matrixed safety communication ecosystem. This includes introducing a dedicated EHS column in our internal publication The Dingsheng Times; looping safety education videos across campus televisions and digital advertising displays; broadcasting safety insights via campus radio networks; and pushing real-time safety briefs through our WeChat Mini-Program "Ding Ding Da Ming" and the Dingsheng e-Academy mobile application, omnidirectionally augmenting employee safety awareness. Concurrently, employees who demonstrate outstanding performance in fire safety, safety cultural campaigns, and fire drills are officially commended and rewarded.

The Company implements the "Golden Seed" Program for Tier-A Personnel, wherein outstanding employees recommended by their respective departments undergo professional training curated by factory EHS teams. This empowers them with robust environmental risk identification, fire-fighting equipment operation, and emergency rescue and disposition capabilities, transforming them into foundational on-site safety leaders.Concurrently, each industrial campus deploys targeted training covering emergency response, fire-fighting drills, safety scaling for newly introduced equipment, and regulatory professional certification training (such as certified electricians and pressure vessel operation licenses). Hands-on practical training is meticulously conducted for emergency apparatus - including fire extinguishers, fire hydrants, and emergency response carts - to sharpen employees' tactical operational readiness. The Company has formulated stringent emergency rescue blueprints for fire scenarios, evacuation procedures, and confined space operations, initiating regular drills to reinforce mutual aid and self-rescue competencies.

All training programs are strictly scheduled within standard working hours, with post-training follow-up evaluations deployed to guarantee that training efficacy is solidly institutionalized.

To comprehensively elevate employee safety literacy and emergency disposition execution, the Company conducts quarterly "Essential Safety Knowledge and Skills Competency Assessments," utilizing a comprehensive examination matrix that spans a Generalist Category covering fire, electrical, hazardous chemical, traffic, seasonal specialized, and workshop-level safety; a Manufacturing Category focused on production and manufacturing safety standards; and an Equipment/Electromechanical Category dedicated to mechanical and electrical equipment safety protocols.

Annually, the Company hosts themed cultural campaigns during "Safety Month" in June and "Fire Safety Month" in November. Through diversified and engaging formats - such as safety knowledge quizzes with prizes, competitive trivia contests, hands-on emergency gear trials, and safety-themed comic/poster competitions - we reinforce employees' safety cognitive recognition in a vivid and interactive manner.

Government Recognitions and Honors Received by Campuses in Occupational Safety

Campus	Awards, Recognitions, and Institutional Honors
Qinhuangdao Campus	1st Place Overall (Team): 2025 Fire-fighting Masters PK Tournament & Micro Fire Station Skills Competition
	1st Place (Individual Sprint - Fire Hose Deployment): 2025 Fire-fighting Masters PK Tournament, Qinhuangdao Economic and Technological Development Zone
	1st Place (Individual Sprint - Fire Turnout Gear Donning): 2025 Fire-fighting Masters PK Tournament, Qinhuangdao Economic and Technological Development Zone
	Advanced Unit for Remote Fire Monitoring Operations (2025): Awarded to Hongqisheng
Shenzhen Industrial Park	Guangdong Provincial Work Safety Standardization Level-2 Certification: Awarded to Avary Second Campus
	National Healthy Enterprise Status
	Second Prize: Bao'an District Knowledge Competition on the Law on the Prevention and Control of Occupational Diseases
Huai'an Industrial Park	Technical and Theoretical Guidance Consultant for Fire Rescue in Modern Electroplating Industrial Plants: The Maritime Brigade of the Huai'an Fire and Rescue Detachment officially appointed the Director of the Huai'an EHS Department to this consultative role
	External Part-Time Mentor for Specialized Operational and Theoretical Research Taskforce: The Huai'an Fire and Rescue Detachment officially appointed the Director of the Huai'an EHS Department to this research group.

EHS Management Initiatives and Achievements

Summary of EHS Initiatives in 2025	Key Operational Activities	Key Achievements
Fire Drills & Emergency Response	Conduct campus-wide fire and emergency evacuation drills on a semi-annual basis.	Successfully executed 98 factory-level fire evacuation drills throughout the year, robustly enhancing employees' emergency readiness and crisis disposition capabilities.
Workplace Environment Monitoring	Commission qualified third-party professional institutions to conduct annual testing for occupational hazards (once a year).	Testing benchmarks identified physical hazard factors primarily as: noise, high temperature, and X-rays; chemical hazard factors primarily as: acid mist, ammonia water, methanol, nitrogen oxides, and dust.
	Execute internal noise testing on a quarterly basis.	For any localized metrics falling short of statutory codes, stringent engineering and administrative controls are deployed to protect worker safety.
Employee Health Examinations	Deploy comprehensive pre-employment, on-the-job, and post-employment (termination) occupational health check-ups.	Completed a total of 21,052 person-times of medical examinations throughout the year.
Grievance Mechanisms	Employees who encounter unfair treatment in the workplace can feed back opinions through formal corporate channels.	EHS Control Center
		Grievance Line "Ding Ding Da Ming" WeChat Mini-Program Grievance Module
		Employee Feedback & Suggestion Window
		Chairman / Labor Union / Party Committee Mailboxes
Infectious Disease Prevention	Refine and optimize management workflows and contingency protocols for infectious disease control.	Engineered an institutional emergency framework for infectious diseases, actively disseminated health knowledge, and established robust safety inventory reserves for protective materials.
Employee Safety Training & Awareness Promotion	Host mandatory quarterly "Essential Safety Knowledge and Skills Competency Assessments."	Total employee participation reached 181,916 person-times for the year, with both the participation rate and passing rate reaching 100%.
	Host themed cultural campaigns during "Safety Month" (June) and "Fire Safety Month" (November).	Successfully rolled out 22 specialized safety campaigns across global industrial campuses.
Contractor Safety Training	Mandate that all contractor personnel must obtain a valid Safety Training Certificate annually.	Completed safety onboarding and qualification certification for 13,859 person-times of construction workers and 2,756 person-times of safety officers upon plant entry.

Management Principles and Performance Evaluation Benchmarks

Occupational Health & Safety Material Issues	Target	2025 Actual Performance	2025 Target Achieved (Yes or No)	2026 Target
EHS Incident Prevention	Number of Fire Incidents: 0	0	Yes	0
Occupational Health Management	Number of Occupational Disease Cases: 0	0	Yes	0

Note: The statistic for "Number of Fire Incidents" strictly refers to fire emergencies that required the intervention of external emergency forces (i.e., local fire brigades).

2025 Work-Related Injury and Illness Performance Metrics

Key Performance Indicators (KPIs)	Internal Employees	All Non-Employee Workers Whose Work and/or Workplace is Controlled by the Organization (Contractors)
Number of fatalities as a result of work-related injury	1	0
Rate of fatalities as a result of work-related injury	0.0082	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0
Number of recordable work-related injuries	15	0
Rate of recordable work-related injuries (LTIFR)	0.12	0
Total hours worked	122,673,211	13,940,696
Primary types of work-related injury	Mechanical Injuries, Chemical Burns	Mechanical Injuries
Number of casualties caused by fire incidents	0	0
Ratio of casualties to total employee headcount	0.02‰	0
Number of fatalities as a result of work-related ill health	0	0
Rate of fatalities as a result of work-related ill health	0	0
Number of recordable cases of work-related ill health	0	0
Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 hours worked	54.31	0
Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours worked	10.86	0

Historical Lost Time Injury Rates

Key Performance Indicators (KPIs)	2022	2023	2024	2025
Employees: Historical Lost Work Day Rate per 200,000 Hours Worked	2.16	2.7	2.6	10.86
Employees: Historical Disabling Injury Severity Rate per 1,000,000 Hours Worked	10.81	13.52	13.02	54.31
All Non-Employee Workers Whose Work and/or Workplace is Controlled by the Organization (Contractors): Historical Lost Work Day Rate per 200,000 Hours Worked	0	0	0	0
All Non-Employee Workers Whose Work and/or Workplace is Controlled by the Organization (Contractors): Historical Disabling Injury Severity Rate per 1,000,000 Hours Worked	0	0	0	0
Employees: Lost Time Injury Frequency Rate (LTIFR)	0.29	0.23	0.26	0.12
All Non-Employee Workers Whose Work and/or Workplace is Controlled by the Organization (Contractors): Lost Time Injury Frequency Rate (LTIFR)	0	0	0	0

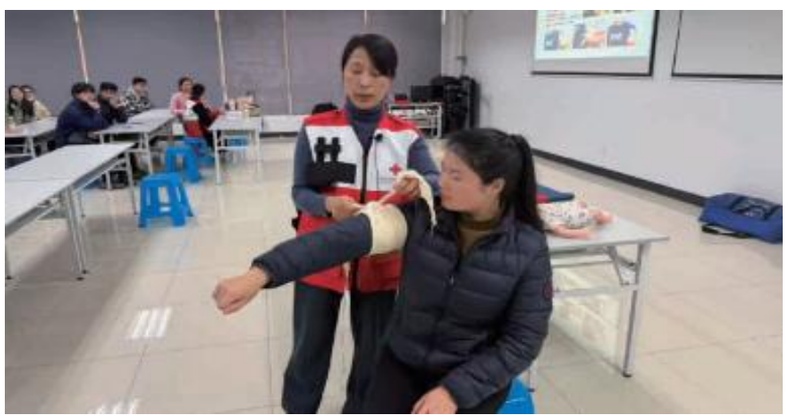
Note: The formulas and definitions of the relevant indicators are as follows

- *Lost Work Day Rate (LWD) per 200,000 Hours Worked = Total lost work days due to occupational injury divided by total hours worked multiplied by 200,000*
- *Disabling Injury Severity Rate (SR) per 1,000,000 Hours Worked = Total lost work days due to occupational injury divided by total hours worked multiplied by 1,000,000*
- *Rate of Fatalities as a Result of Work-Related Injury = Number of fatalities due to occupational injury divided by total hours worked multiplied by 1,000,000*
- *Rate of Recordable Work-Related Injuries (Lost Time Injury Frequency Rate, LTIFR) = Number of recordable work-related injuries (lost time injuries) divided by total hours worked (total working hours within the accounting period) multiplied by 1,000,000*
- *Rate of Fatalities as a Result of Work-Related Ill Health = Number of fatalities due to occupational diseases divided by total hours worked multiplied by 1,000,000*

◆ EHS Activities and Case Studies

▲ On-site View of EHS and Fire Evacuation Drills

▲ Fire Safety Knowledge Advocacy and Dissemination



▲ Red Cross Certified First Responder Training

Giving Back to Society, Staying True to Our Founding Mission

The Company consistently believes that beyond value creation, the existence of an enterprise carries a much more profound purpose. While pursuing profitable growth and organizational expansion during its development, an enterprise must fully fulfill its social responsibilities. The Company is deeply cognizant of the critical importance of co-existence and mutual prosperity among the enterprise, individuals, the environment, and society. We firmly hold that our core value of altruism serves as the foundational cornerstone for the sustainable operations of our enterprise.

Care and Assistance

The Company closely aligns its operations with the United Nations Sustainable Development Goals (SDGs). Upholding our core value of "Co-existence with the Earth," we consistently drive social innovation and take concrete actions to co-build a sustainable home. To achieve social common good, the Company amplifies its positive impact to drive the remediation of social issues while elevating employees' sustainability awareness.The Company has established an ESG Development Committee to universally formulate and execute policies and standards related to social engagement. This ensures that all subsidiaries across the Group maintain an aligned direction and clear principles regarding external public affairs and policy engagement, while collaboratively supporting social organizations with shared philosophies.Under the Committee, a dedicated team of ESG Domain Experts is tasked with landing social engagement policies and standards across various operational sites, assessing risks and opportunities within public affairs, and planning as well as driving annual action plans. Each industrial campus has established a corresponding internal execution organization with clearly defined structures and responsibilities to implement targets and execution tasks in accordance with Group policies.

Supporting Cultural Development

In 2025, the Company invested a total of RMB 1,676,775 to support three key initiatives: digital transformation, environmental protection advocacy, and health culture. Each industrial campus focused on local cultural development, externally sponsoring regional basketball tournaments and environmental advocacy campaigns hosted by China Environment News. Internally, campuses published The Dingsheng Times newspaper to deploy corporate culture communications, health culture promotion, and academic education advancement initiatives.During the Reporting Period, the Company cumulatively invested RMB 1,236,751 in these internal initiatives. The Company places key emphasis on promoting health and environmental protection cultures while concurrently hosting athletic tournaments to enrich cultural connotations and elevate comprehensive employee participation, leveraging corporate power to drive the development of the cultural sector and fulfill corporate social responsibility.

Talent Grants and Educational Nurturing

The Company leverages a dual-track model combining charitable educational grants with industry-academia collaboration to advance educational equity and nurture young talents. Through sponsorship support and industry-academia partnerships, we provide students with premium learning resources and practical opportunities, narrowing the gap in educational resources, enhancing youth professional competence and comprehensive literacy, and grooming talent reserves for the sustainable development of both the enterprise and society to construct a mutually beneficial and win-win talent nurturing ecosystem.

Charitable Educational Grants

The Company has for many years sustained targeted assistance for primary schools in impoverished mountainous regions by upgrading educational facilities, hosting back-to-school symposia, distributing back-to-school gift packs and New Year consolation materials, donating desks, chairs, books, and winter-warming supplies, and establishing "Love Book Corners." Concurrently, we roll out interactive activities such as traffic safety courses and "Green Campus Tours" to broaden students' horizons through edutainment. Volunteers regularly visit the homes of underprivileged students to monitor their growth environments and inspire them to pursue education. As of 2025, the Company has cumulatively aided 36 primary schools, benefiting approximately 28,000 primary school students.

Furthermore, the Company provides long-term financial assistance to underprivileged college students with excellent academic and moral standing, helping them complete their four-year university education. We regularly conduct caring interactions to track their academic progress and personal growth. From 2019 to 2025, this initiative cumulatively covered 14 universities and 2 key target regions (Ziyang County in Shaanxi Province and the Liangshan Greater Mountain Region in Sichuan Province), sponsoring 585 underprivileged students. In 2025, 186 newly sponsored students were added, safeguarding the dreams of youth through continuous investment.

◆ **Historical Statistics of College Students Sponsored by the Company (Unit: Persons)**

Sponsored Institutions	2022	2023	2024	2025
Shenzhen University	19	36	18	-
Guangdong University of Technology	15	28	14	-
Dongguan University of Technology	12	20	10	-
Yanshan University	18	35	18	-
Hebei University of Technology	15	30	15	-
Hebei Normal University of Science & Technology	14	27	14	-
Huaiyin Institute of Technology	17	41	25	-
Huaiyin Normal University	15	24	9	-
Nanjing Institute of Technology	13	23	10	-
Relevant Institutions in Ziyang County, Shaanxi Province	138	153	151	128
Liangshan Mountain Region, Sichuan Province	10	39	49	58
Total	286	456	333	186

Community Philanthropy Activities

Environmental Protection & Energy Saving Month Campaign

The Company has hosted the Environmental Protection & Energy Saving Month campaign for 18 consecutive yearssince 2007. Annually, during the period from April 22 (World Earth Day) to June 5 (World Environment Day), the Company collaborates with local government units, primary and secondary schools, and environmental organizations across various campuses. Together, we synchronously host over 209 edutainment-based green promotion activities. Participants include Company employees, the general public, government entities, school organizations, and environmental groups. In 2025, the total participation in the Company's Environmental Protection & Energy Saving Month campaign reached 290,000 person-times.

◆ Photo Highlights of the Environmental Protection & Energy Saving Month

▲ Shenzhen Campus: Collaborated with the Yanluo Environmental Protection Station to launch the Exhibition Hall Visit Initiative.

▲ Qinhuangdao Campus: School-Enterprise Joint Initiative – Environmental Protection Oath.

▲ Huai'an Campus: "Beautiful China Tour" Joint Government-Enterprise Initiative.

▲ Shenzhen Campus: "Green Campus Tour" Initiative.

Environmental Advocacy and Education Campaigns

Campaign Matrix		Environmental Protection & Energy Saving Month	Campaign Period	Annually from April 22 (World Earth Day) to June 5 (World Environment Day)		
Campaign Framework	On-Site (Internal) Initiatives	Environmental Video Screenings	Environmental Photography Competition	Interactive Green Mini-Games	Waste Classification Skills Challenge	Jiangsu Carbon Inclusion (Carbon Reduction Check-In)
		Leveraging concrete narrative formats to rapidly break through cognitive barriers, allowing employees to intuitively understand the direct correlation between environmental protection and their personal lives.	Capturing and uncovering environmental value within daily scenarios via the camera lens, successfully transforming the "passive reception of green knowledge"into the "active execution of environmental actions".	Utilizing interactive games - such as pollution source ring-toss and waste classification challenges - to engage employees and broaden their environmental knowledge.	Hosting a themed competition titled "Waste is Simply a Resource in the Wrong Place" to identify and reclaim resources such as paper, metal, and plastics, cultivating an organizational mindset that views waste as an "asset" rather than a "burden."	Popularizing the vital importance of low-carbon living and carbon footprint reduction, mobilizing Avary personnel to participate, and elevating collective consciousness to co-create a green home and build a sustainable planetary ecosystem.
	Off-Site (External) Initiatives	School-Enterprise Initiatives		"Beautiful China Tour" Joint Government-Enterprise Initiatives	ETDZ Government-Enterprise Collaborative Experience Sharing	World Environment Day Advocacy Exhibition
		• Shenzhen Campus: Partnered with the Yanluo Environmental Protection Station to conduct a guided tour of the Maozhou River Exhibition Hall. • Shenzhen Campus: Synchronously rolled out the "Green Campus Tour" initiative in partnership with Shenzhen Bao'an Huayu Chinese-English Primary School. • Huai'an Campus: Collaborated with Shanyanghu Primary School to host a themed essay competition titled "Cherish the Earth: Harmonious Co-existence Between Humans and Nature. • Qinhuangdao Campus: Jointly deployed the "Green Commotion on Campus" campaign alongside the Economic and Technological Development Zone Branch of the Ecology and Environment Bureau and the Third Primary School of the Development Zone.		Huai'an Campus: Partnered with the Huai'an Ecology and Environment Bureau to orchestrate the World Environment Day "Public View on Environmental Protection" initiative, the "Six Shared Journeys" themed campaign, and an environmental photography contest. Concurrently, the campus collaborated with the Economic and Technological Development Zone Ecology and Environment Bureau and 34 regional enterprises to deploy green advocacy campaigns, strongly promoting the Company's environmental philosophies, actively mobilizing enterprises, third-party technical service agencies, residents, and students, and vastly expanding our green circle of influence.	Qinhuangdao Campus: Co-hosted a government-enterprise collaborative experience-sharing symposium with the Qinhuangdao Solid Waste Management Center and the Economic and Technological Development Zone (ETDZ) Branch of the Ecology and Environment Bureau, inviting over 20 regional enterprises to our facilities for benchmarking and study tours. Specialists from the Municipal Solid Waste Center delivered a seminar on standardized hazardous waste management, followed by a tour of our W02 hazardous waste warehouse. This exchange established a benign mutual-assistance mechanism to accelerate green corporate development.	To effectively raise residents' ecological and environmental consciousness, the Qinhuangdao Campus co-hosted the "World Environment Day Advocacy Exhibition" with the Qinhuangdao Ecology and Environment Bureau. High-level dignitaries - including the Deputy Director-General of the Provincial Department of Ecology and Environment, the Deputy Director of the Municipal People's Congress, the Vice Mayor, the Vice Chairman of the Municipal CPPCC, and the Director-General of the Municipal Ecology and Environment Bureau - attended the event and highly commended the Company's environmental governance. The Company was officially honored with the title of "Representative Guardian of the Port City."

Employee Health Initiatives

Centering its focus on the physical and mental well-being of its workforce, the Company has rolled out a diversified spectrum of activities and seminars - including singing bowl healing sessions, badminton tournaments, mental empowerment workshops, and heartwarming DIY sessions. These initiatives aim to elevate employees' mindfulness, catalyze team communication, and foster an organizational sense of belonging and happiness. In 2025, cumulative participation in external fitness services and physical, mental, and spiritual wellness courses exceeded 95,000 person-times.

Volunteer Services

The Company's volunteer initiatives are strategically deployed around a "Six-Assistance" framework, which encapsulates: assistance for the elderly ("Zhu Lao"), assistance for the vulnerable ("Zhu Ruo"), assistance for the disabled ("Zhu Can"), assistance for education ("Zhu Xue"), assistance for civilized transit (Zhu Xing"), and assistance for environmental cleanliness ("Zhu Jie"). By extending deep care to solitary elderly individuals, persons with disabilities, and marginalized groups, while concurrently pioneering civic action and ecological protection, the Company effectively amplifies public service efficacy and exemplifies robust corporate citizenship. In 2025, the Company recorded 1,305 person-times of volunteer participation, contributing a cumulative total of 4,388 service hours.

"My One-Acre Paddy Field" Eco-Conservation Program

Steadfast in its commitment to environmental conservation and sustainable operational philosophies, the Company takes concrete actions to protect ecosystems and establish a benchmark for green enterprises. The Company's Rice Adoption Program has entered its 9th consecutive year, cumulatively supporting an eco-friendly paddy acreage of over 12 hectares and collaborating with local farmers to harvest approximately 29,000 kilograms of natural unhulled rice.The adopted fields exclusively implement non-toxic, natural farming methodologies to safeguard soil and water resources while preserving ecological health. In 2025, the project sustained its deep collaboration with local rice farmers in Daxi and successfully expanded into the Baihe region of Tainan, entering into strict contract farming ("Qi Zuo") relationships with smallholders in southern regions to integrate north-south resources in support of localized eco-friendly cultivation.Through the "My One-Acre Paddy Field" Volunteer Day activities, the Company invites employees and their families to experience farming firsthand, delivering on our promise of localized agricultural support and social common good. Concurrently, a portion of the rice harvest is systematically donated to underprivileged organizations, delivering tangible philanthropic warmth to society.

Interactive "Walk & Tree-Planting" Mechanism

To foster a healthy workplace and execute environmental stewardship, the Company pioneered an innovative mechanism that translates walking steps into tree-planting credits. Employees can adopt and sponsor trees by accumulating wellness credits, with the Love Tree Association of Kaohsiung, Taiwan taking charge of subsequent professional planting and nurturing operations. In 2025, a total of 479 employees enthusiastically participated in the initiative, registering a staggering cumulative total of 300,161,436 steps, achieving a carbon reduction of 42,622.9 kilograms, and successfully planting 27 trees - realizing a dual-win paradigm for employee fitness and ecological restoration.

Community Communication and Integration

The Company leverages structured, two-way communication channels to enhance mutual understanding, elevate residents' sense of well-being, and boost the development quality of local neighborhoods, directly echoing UN SDG 12 (Responsible Consumption and Production). While aggressively championing sustainable production and consumption, the Company proactively listens to community aspirations and deploys precision philanthropy to unlock a win-win co-creation matrix for both the enterprise and local communities.

The Company has engineered a dual-layered, multi-dimensional community environmental and care ecosystem. The First Layer is led by the Environmental Protection & Energy Saving Department. Utilizing the flagship "Environmental Protection & Energy Saving Month" as a primary carrier, this layer penetrates deep into surrounding communities and schools to conduct green advocacy seminars, interactive trivia contests, and immersive experiential activities. This ensures that green philosophies are rooted early in children's hearts and organically relayed back to families to elevate broader community environmental consciousness.

The Second Layer is executed by the Corporate Culture Department of the Human Resources Division. This layer effectively operationalizes environmental philosophies into daily community practices. Focusing heavily on high-concern community issues such as traffic, environment, health, and quality of life, and seamlessly fusing them with the Company's signature "Seven-Green Culture" (Green Innovation, Green Procurement, Green Production, Green Logistics, Green Service, Green Regeneration, and Green Life), it designates the period from April 22 (World Earth Day) to June 5 (World Environment Day) as the annual Environmental Protection & Energy Saving Month to continuously roll out green advocacy and localized practical campaigns.

In 2025, the Company's community engagement initiatives achieved 100% comprehensive coverage across all global operations, including the Shenzhen Campus, Huai'an Campus, Qinhuangdao Campus, Kaohsiung Campus (Taiwan), Thailand Campus, and India Campus.

◆ Summary of "Ding Yi" Community Philanthropy and Engagement Activities

Category	Addressing Community Grievances		Empowering Residents as Key Actors	Institutionalizing Healthy Living		Elevating Quality of Life	
	Philanthropic & Caring Campaigns	Localized Environmental Clean-Ups	Community Square Dance Events	Digital Health Live-Streaming Courses	Wellness & Sports Activities	"Six-Assistance" Philanthropy	Volunteer Community Labor
Person-Times & Sessions	Deployed visitation and consolation initiatives for elderly residents extending care and material warmth to over 590 senior citizens.	The Huai'an, Shenzhen and Qinhuangdao Campuses respectively collaborated with local primary schools to launch themed campaigns including "Cherish the Earth: Harmonious Co-existence Between Humans and Nature," "Green Campus Tour," and "Green Commotion on Campus."	A cumulative total of 3 specialized sessions were executed, engaging over 490 person-times of participants	Retained professional lecturers to deploy targeted women's health and knowledge seminars, synchronously broadcasted online via the official WeChat account platform, attracting a total of 1,241 person-times of engagement	• Organized an organizational rope-skipping competition, engaging over 460 employees. • Orchestrated a fun sports gala, drawing 36 competitive teams and over 520 person-times of enthusiastic participation.	Anchoring social philanthropy on our core "Six-Assistance" framework, thematic social welfare activities were rolled out month by month.Successfully executed 98 specialized sessions throughout the year, with 19,317 person-times of active participation.	Total internal volunteer mobilization reached 1,305 person-times during the year contributing a cumulative 4,388 hoursof public service.

Community Engagement and Participation

Since its inception, the Company has steadfastly adhered to its core operating principles of "Integrity, Responsibility, Innovation, Excellence, and Altruism." We expand our boundaries of corporate responsibility utilizing a concentric circle model - progressing from a foundation of robust relationships with our employees and customers, and gradually extending outward to encompass the stewardship of society and the environment. The Company firmly believes that sustainable corporate operation must never come at the expense of any stakeholder, society, or the environment; only through holistic societal prosperity can an enterprise unlock long-term, resilient growth.

In 2025, the Company conducted a structured social engagement materiality assessment spanning multiple dimensions, including community interaction, vulnerable group care, infrastructure support, and indirect economic impacts. Moving forward, we strategically focused our resources on the fields of civilized transit ("Zhu Xing"), environmental cleanliness ("Zhu Jie"), and educational support ("Zhu Xue"), while concurrently maintaining robust assistance for the elderly, the vulnerable, and the disabled to co-build a harmonious and symbiotic neighborhood partnership ecosystem.

Since 2016, the Company has systematically advanced its ESG practices on a comprehensive scale, popularizing the philosophy of sustainable operation by implementing internal initiatives - such as used-battery recycling, Environmental Protection & Energy Saving Month, plastic-reduction and low-carbon campaigns, and water-conservation education - while concurrently engaging external stakeholders through green, low-carbon lifestyle advocacy, including distributing reusable eco-shopping bags, delivering specialized marine conservation curriculums across school campuses, and seamlessly integrating fitness walks and marathons with charitable giving, desertification control philanthropy, and the donation of running shoes and umbrellas, thereby successfully mobilizing broader societal attention toward carbon reduction and sustainable development.

◆ Community Engagement Case Studies

▲ Qinhuangdao Campus: Co-hosted a regional basketball league with the local government, featuring dedicated on-site ESG propaganda and exhibition panels.

▲ Huai'an Campus: Collaborated with the local government to jointly host the Huai'an Economic and Technological Development Zone (ETDZ) Employee Badminton Tournament.

To deepen a dynamic, two-way interaction with communities surrounding our industrial campuses, the Company not only independently hosts community care initiatives but also proactively participates in sports tournaments organized by local labor unions. These include the "Union Cup" Basketball Tournament in the Yanluo Subdistrict of Shenzhen, the Huai'an ETDZ General Labor Union Basketball Tournament, and the "Avary Cup" Youth BA Basketball League co-hosted by the Qinhuangdao Campus, the Communist Youth League Municipal Committee, and the Municipal General Labor Union. Concurrently, the Company takes the initiative to participate in themed campaigns for World Earth Day and World Environment Day hosted by various development zones and ecology and environment authorities, joining hands to execute environmental stewardship.

Anchored by formal community impact assessments and localized requirements, the Company coordinates the deployment of community development projects across all industrial campuses. Driven by our corporate mission - "Develop technology to benefit mankind; refine environmental protection to make the Earth a better place" - we build spontaneous, interactive, and mutually beneficial partnerships with stakeholders to collaboratively advance sustainable development.

The "Avary Six Loves" Cultural Framework

The Company anchors its year-round employee care initiatives on the overarching theme of the "Six Loves" - namely, "Love Yourself, Love Your Family, Love Your Colleagues, Love the Company, Love Life, and Love the Earth" - guiding employees to radiate goodwill from the inside out and practice social responsibility. Leveraging communication channels such as The Dingsheng Times monthly publication and the Voice of Ding Yue campus radio network, the Company continuously reinforces cultural dissemination and emotional cohesion, elevating employees' sense of belonging and organizational identity.

In 2025, the Company successfully rolled out a cumulative total of 4,827 sessions of "Six Loves" activities, drawing 869,993 person-times of participation. This represents a substantial year-over-year increase of 320,473 person-times, with the growth primarily concentrated across employee benefits and wellness care projects.

The Company strategically coordinates its internal "Six Loves" and external "Six Achievements/Assistance" frameworks through designated "Theme Months." This approach successfully solidifies internal corporate cohesion while attracting like-minded stakeholders to co-participate in public welfare, continuously sculpting a responsible corporate image. By ensuring that philanthropy is internalized in the mind and externalized in action, the Company continues to foster an organizational culture directed toward goodness and love.

◆ Highlights of the "Six Loves" Campaigns

Love Yourself

Encouraging employees to cherish themselves and focus on personal well-being. In 2025, the Company hosted 19 sessions of specialized health and wellness lectures for female employees, the "Avary Cup" Tug-of-War Competition, and fitness walking initiatives, drawing 5,061 person-times of active participation.

Love Your Family

Fostering a heartwarming and harmonious "Avary Family" atmosphere to elevate employees' happiness index and organizational belonging. In 2025, the Company hosted 10 sessions of emergency rescue knowledge classrooms and family open days, engaging 805 person-times of participants.

Love Your Colleagues

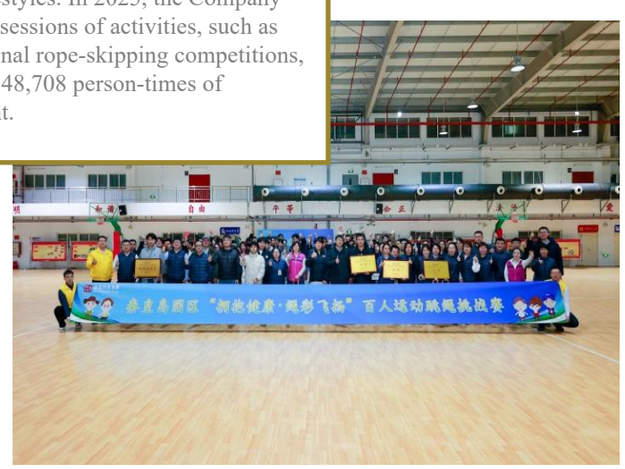
Deepening professional camaraderie, recognizing employee contributions, and catalyzing inter-departmental communication. In 2025, the Company organized 2,360 sessions of activities - including the Honor of Kings E-Sports Tournament - drawing a massive 497,598 person-times of engagement.

Love the Company

Constructing a professional stage for employees to realize their self-worth. In 2025, the Company rolled out 292 sessions of campaigns, including corporate fun sports galas and corporate culture knowledge competitions, pulling in 212,448 person-times of participation.

Love Life

Meeting the multi-dimensional needs of employees and steering them toward healthy lifestyles. In 2025, the Company held 2,118 sessions of activities, such as organizational rope-skipping competitions, attracting 148,708 person-times of engagement.



Love the Earth

Taking concrete actions to promote a green corporate culture and fulfill our ecological preservation mission. In 2025, the Company hosted 28 sessions of green campaigns - including online trivia quizzes on the "Seven-Green Culture" and environmental study tours - engaging 5,373 person-times of participants.

The "Avary Six Assistance" Philanthropic Framework

As inspired by the lyrics of the corporate anthem Let the World See: "We strive for perfection and peak glory, to let the world see; people-centricity comes first, integrity is paramount, chasing excellence, and leading the way all the journey." Guided by this corporate spirit of people-centricity, integrity, and excellence, the Company strategically zeroes in on six major philanthropic pillars: assistance for the elderly ("Zhu Lao"), assistance for the vulnerable ("Zhu Ruo"), assistance for the disabled ("Zhu Can"), assistance for education ("Zhu Xue"), assistance for civilized transit ("Zhu Xing"), and assistance for environmental cleanliness ("Zhu Jie"). The Company systematically mobilizes volunteer teams to practice public welfare and materialize our core mission of "benefiting mankind." In 2025, the "Six Assistance" framework recorded 98 cumulative sessions, mobilizing 19,317 participants and 1,305 unique volunteers to contribute 4,388 hours of public service. Through these steadfast actions, the Company safeguards the environment, empowers society, and co-creates a beautiful future.

◆ Highlights of the "Six Assistance" Campaigns

Assistance for the Elderly

Extending deep care to solitary elderly individuals and delivering heartfelt volunteer services to senior homes. In 2025, the Company hosted 7 sessions of elder-care initiatives - including nursing home consolation visits and community square dance tournaments - engaging 1,780 person-times of participants.

Assistance for the Vulnerable

Providing financial aid to orphanages and extending solidary care to municipal sanitation workers. In 2025, the Company successfully deployed 7 sessions of vulnerable-group care initiatives - including condolence visits to disabled children's rehabilitation centers and sanitation worker appreciation drives - engaging 1,049 person-times of participants.

Assistance for the Disabled

Proactively providing employment opportunities for persons with physical or mental challenges. In 2025, the Company rolled out 6 sessions of specialized support initiatives - including role-model experience-sharing symposia, targeted material donations to comprehensive service centers for persons with disabilities, and home visits to families of disabled children - engaging 248 person-times of participants.

Assistance for Education

Upgrading local teaching environments and sponsoring underprivileged university students. In 2025, the Company orchestrated 7 sessions of educational support initiatives - including bringing Intangible Cultural Heritage (ICH) curriculums to schools, home visitations to underprivileged families, and specialized ICH calligraphy study tours - benefiting 243 individuals.

Assistance for Civilized Transit

Disseminating traffic safety insights and guiding the public to rigidly abide by transportation codes. In 2025, the Company hosted 4 sessions of transit-assistance campaigns, including the flagship "10,000 Steps Covenant" charity walk, engaging 6,008 person-times of participants.

Assistance for Environmental Cleanliness

Demonstrating and advocating for the rigorous maintenance of environmental sanitation surrounding our industrial campuses. In 2025, the Company executed 67 sessions of environmental cleanliness and integrity-advocacy initiatives, including specialized clean-governance education courses and integrity knowledge quizzes, drawing 9,989 person-times of active participation.

Public Welfare Activities and Donations

The Company actively supports vulnerable groups within communities, aiming to improve public well-being and help optimize the business environment. Concurrently, these initiatives enhance employees' sense of belonging, pride, and loyalty, while providing them with a platform for personal growth and development. The Company implements diverse forms of community support and care. Key initiatives include providing cash and material donations, and conducting comfort and assistance activities for the elderly, underprivileged, and disabled to improve community life. Furthermore, the Company organizes employee volunteer services to offer daily care, hardship relief, and educational support to senior citizens, underprivileged families, and schools. We also host public campaigns on environmental protection, traffic safety, and health literacy to raise awareness among residents.

The Company continuously invests funds, materials, equipment, and technical management experience to promote community co-construction, co-governance, and shared benefits. Through concrete actions, the Company fulfills its social responsibilities, enhances its brand image, and drives long-term stable corporate development.

Public Welfare Activities and Funding by the Company and Avary Charity Foundation in 2025

Category	Public Welfare Project	Content	Amount (RMB)
Rural Vitalization	"Zhen Hui Nong" Project	Purchased over 210,000 bottles of Ziyang selenium-rich water, 17,600 boxes of Meizhou pomelos, and 33,700 boxes of Qinglong apples.	2,500,000
	Poverty Alleviation Donation to Yong'an Town, Du'an County, Guangxi	Donated poverty alleviation funds to Yong'an Town, Du'an County, Guangxi, to improve local road infrastructure, benefiting an estimated 114 households (621 people).	100,000
Educational Philanthropy	"Deep Concerns for Mountainous Areas • Giving Books to Support Education" Charity Donation to Rural Schools in Meizhou	Donated books to three schools - Songkou Town Central Primary School, Songnan Central Primary School, and Songnan Middle School in Meizhou City - to improve library facilities, benefiting over 2,000 teachers and students.	105,000
	"Navigating Youth • Creating the Future" Taiwan University Student Talent Exchange Program	Actively built a communication bridge for youth from both sides of the Taiwan Strait to promote exchange and integration; a total of 17 Taiwanese university students participated.	246,553
	"Lighting up Starlight • Building Dreams for the Future" Huai'an Educational Philanthropy Project	Facilitated exchanges between PCB industry experts and talents from both sides of the Taiwan Strait to jointly promote development.	55,615
	""Lighting up Starlight • Building Dreams for the Future" Huai'an Educational Philanthropy Project	Funded the Huai'an Economic and Technological Development Zone to improve local basic educational infrastructure (Continuous project for 5 years, 2024–2028).	200,000
	Annual Educational Philanthropy for Underprivileged University Students	Conducted continuous home visits and provided educational financial aid to underprivileged students in Ziyang, Shaanxi, and Daliang Mountain, Sichuan.	838,741
	Home Visits for Underprivileged University Students	Presented corporate culture souvenirs (drawstring backpacks, 3-fold umbrellas, and notebook/pen gift sets) to underprivileged students during home visits to showcase corporate culture.	10,800
Community Philanthropy	"Six Assistances" Initiative	Conducted "Six Assistances" charitable activities across society.	223,474
Total		4,280,184	

Rural Vitalization

Under the guidance of the national strategy to comprehensively promote rural vitalization and accelerate the modernization of agriculture and rural areas, the Company, in conjunction with the Avary Charity Foundation, actively responded to the national call to support rural vitalization with practical actions.

During the reporting period, the Company officially signed a Meizhou pomelo procurement agreement with Songkou Town, Meizhou City - the targeted assistance region of the Shenzhen Taiwan Affairs Office. A total of 17,600 boxes of Meizhou Songkou pomelos (amounting to over 70,000 pieces) were purchased. The Qinhuangdao Campus collaborated with the Qinhuangdao Municipal Committee of the Communist Youth League to purchase 33,700 boxes of Qinglong apples, precisely helping local fruit farmers achieve stable income growth and further stimulating the intrinsic development drive of the rural area. In addition, the Company cooperated with the Ankang Federation of Returned Overseas Chinese and local water plants to purchase over 210,000 bottles of Ziyang selenium-rich water, bolstering the local economy. In the future, the Company and the Avary Charity Foundation will continue to empower rural vitalization through industrial support, infrastructure improvement, and various other dimensions.

◆ Case Studies of Rural Vitalization Activities

▲ "Zhen Hui Nong" Project: Procurement of Qinglong apples

▲ Coordinated by the Labor Union, apples were delivered to Company employees

▲"Zhen Hui Nong" Project: Procurement of Meizhou pomelos

▲ Coordinated by the Labor Union, pomelos were delivered to Company employees

Participation in Organizations / Associations

The Company actively implements energy conservation and emission reduction actions, strictly aligning with the Paris Agreement targets to limit global warming to 1.5°C and achieve net-zero emissions by 2050. To drive low-carbon operations throughout all processes, we foster a top-down climate governance and energy-saving ecosystem internally by encouraging full employee participation in carbon reduction efforts. Externally, we actively engage with climate-related industry organizations, deepen industry exchanges, and closely track global trends and best practices in net-zero emissions to advance our sustainable development goals.

Meanwhile, through international and local industry associations, non-profit organizations, and other diverse platforms, the Company continues to deepen its practices and advocacy in fields such as sustainable development, technological innovation, environmental protection, human rights protection, and responsible supply chains, driving collective progress across the industry. In 2025, the Company's external investment in relevant organizations and associations totaled approximately RMB 600,000.

Company Participation in Major Organizations and Associations

Name of Association / Non-Profit Organization	Position Held	2025 Total Investment (Unit: RMB)
China Printed Circuit Association (CPCA)	Member	
Guangdong Printed Circuit Association (GPCA)	Standing Director	
Shenzhen Printed Circuit Association (SPCA)	Standing Director	
China Association for Public Companies	Director	
Shenzhen Association for Public Companies	Vice Chairman of the Board of Supervisors	
Shenzhen Corporate Governance Research Association	Member	
Responsible Business Alliance (RBA)	Member	
Association Connecting Electronics Industries (IPC)	Member	600,000
Shenzhen Bao'an Environmental Protection Industry Association	Director	
Guangdong Enterprise Federation	Member	
Task Force on Climate-Related Financial Disclosures (TCFD)	Supporter	
Institute of Public & Environmental Affairs (IPE)	Supporter	
China Environment News	Supporter	
Alliance for Water Stewardship (AWS)	Supporter	
CDP (formerly Carbon Disclosure Project)	Member	

Appendix

Boundary of Sustainable Information Collection

Sustainability-related information disclosed in this report covers Avary Holding and all its subsidiaries, with all indicators calculated within a scope accounting for 99.88% of consolidated revenue.

●Fully Disclosed ◐Partially Disclosed --Not Disclosed

Chapter	Corresponding Topic	Shenzhen Industrial Park	Huai'an Industrial Park	Qinhuangdao Industrial Park	Taiwan Industrial Park	India Industrial Park	Thailand Industrial Park
Sustainability Management	Sustainability Impact Assessment	●	●	●	●	●	●
Integrity Management for Long-term Steady Growth	Information and Communication Security	●	●	●	●	●	●
	Operational Risk Management	●	●	●	●	●	●
	Compliance Management	●	●	●	●	●	●
	Integrity Operation	●	●	●	●	●	●
Innovation Empowers, Quality Assures	Green Product and Innovation Management	●	●	●	●	●	●
	Sustainable Supply Chain Management	●	●	●	●	●	●
	Product Quality	●	●	●	●	●	●
	Customer Privacy and Relationship Management	●	●	●	●	●	●
	Chemical Safety Management	●	●	●	●	●	●
Environmental Stewardship & Green Production	Climate and Energy	●	●	●	●	●	●
	Water Resource Management	●	●	●	●	●	●
	Air Pollution Management	●	●	●	●	●	●
	Resource & Circularity	●	●	●	●	●	●
	Biodiversity	●	●	●	●	●	●
Empowering Employees & Nurturing a Happy Workplace	Occupational Health & Safety (OHS)	●	●	●	●	●	●
	Talent Development	●	●	●	●	●	●
	Employee Salary and Benefits	●	●	●	●	●	●
	Talent Attraction and Retention	●	●	●	●	●	●
	Diversity, Equity and Inclusion (DEI)	●	●	●	●	●	●
	Human Rights Protection	●	●	●	●	●	●
Giving Back to Society, Staying True to Our Founding Mission	Social Engagement	●	●	●	●	●	●

Note: All indicators in this report cover entities accounting for 99.88% of consolidated revenue. The figure does not reach 100% because Huayang Technology, an acquired subsidiary, was consolidated into financial statements in December 2025. Its sustainability data and information will be incorporated into the 2026 Sustainability Report.

Key Performance Indicators – Environment

1. Annual Environmental Investment & Operating Expenses (Unit: RMB 100 million)

Item	Unit	2021	2022	2023	2024	2025
Environmental Investment	RMB 100 million	1.24	0.79	4.58	0.85	2.57
Environmental Operating Expenses	RMB 100 million	2.75	2.74	2.03	2.59	3.14

2. Energy Consumption in the Past Five Years

Category	Energy	Unit	2021	2022	2023	2024	2025
Non-renewable Energy	Purchased Electricity	MWh	1,233,729	1,043,374	402,115	372,172	290,059
	Gasoline	L	100,538	101,498	116,482	157,493	144,885
	Diesel Oil	L	114,463	69,242	53,940	366,815	417,539
	Natural Gas	m^3	12,480,525	10,531,453	13,305,970	9,912,053	10,476,844
	Purchased Steam	Metric Ton	141,398	152,052	186,706	189,224	203,123
	Purchased Heat	GJ	164,851	422,703	116,599	123,627	134,424
Renewable Energy	Solar Power Generation	MWh	2,370	3,952	4,076	5,903	6,237
	Purchased Renewable Electricity	MWh	/	163,419	759,963	978,437	1,282,269
Total	-	GJ	5,499,539	5,618,438	5,357,151	5,925,884	6,797,263

3. Energy Intensity over the Past Five Years

Category	Energy	Unit	2021	2022	2023	2024	2025
Electricity	Purchased Electricity	Gigajoules (GJ) per RMB Million	133.30	103.70	45.00	38.13	26.67
	Solar-generated Electricity		0.30	0.40	0.50	0.61	0.57
	Purchased Renewable Electricity		/	16	85	100	117.92
Subtotal Electricity Intensity			133.6	120.1	130.5	138.98	145.16
Non-electric Energy	Gasoline		0.10	0.10	0.1	0.14	0.12
	Diesel Oil		0.12	0.08	0.09	0.37	0.38
	Natural Gas		15	11	16	11	10
	Purchased Steam		12	12	16	15	14
	Purchased Heat		5.00	12.00	4.00	3.50	3.43
Subtotal Non-electric Energy IntensitySubtotal Non-electric Energy Intensity			32.20	35.20	36.20	29.66	27.93
Total Energy Intensity			166	155	167	168.64	174

4. Greenhouse Gas Emissions

Indicator	Unit	2021	2022	2023	2024	2025
Scope 1	tCO_2e	34,553	65,921	61,387	80,551	80,556
Scope 2	tCO_2e	914,040	871,354	326,614	254,367	211,143
Scope 3	tCO_2e	21,441	24,057	19,863	19,919	30,816
Total Scope 1 & 2 Emissions	tCO_2e	948,593	937,275	388,001	334,918	291,699
Total Greenhouse Gas Emissions	tCO_2e	970,034	961,332	407,864	354,837	322,515
Scope 1 & 2 Emission Intensity	tCO_2e per RMB 10,000	0.28	0.26	0.12	0.10	0.07
Target Percentage Reduction of Scope 1 & 2 Carbon Intensity (Base Year: 2013)	%	30	30	33	40	40
Actual Percentage Reduction of Scope 1 & 2 Carbon Intensity (Base Year: 2013)	%	40	45	74	80	84

5. Water Resource Consumption Status

Indicator	Unit	2021	2022	2023	2024	2025
Municipal Water Supply	Thousand Metric	7,980	7,110	5,530	8,105	10,172
Surface Water	Thousand Metric	4,360	4,510	3,680	4,265	4,531
Total Water Intake	Thousand Metric	12,340	11,620	9,210	12,370	14,704
Wastewater Discharge Volume	Thousand Metric	8,690	8,550	6,760	8,854	10,611
Water Consumption*	Thousand Metric	3,650	3,070	2,450	3,516	4,093
Water Intensity	Tons per RMB 10,000 Revenue	3.70	3.20	2.90	3.50	3.76

Note:

1. *Greenhouse gas (GHG) verification adopts the operational control approach. GHG verification certificates of all legal entities are available on the corporate website under the path: Sustainability - Eco-friendly Environment - Energy Conservation & Carbon Reduction via link: https://www.avaryholding.com/development.aspx?type=40&tag=3.*
2. *The 2025 GHG inventory boundary expands to include additional legal entities / sites: India and Kaohsiung.*
3. *Emission factors are calculated in accordance with the latest standards issued by local governments. Grid emission factors: South China 0.404 kg CO_2/kWh, North China 0.636 kg CO_2/kWh, East China 0.550 kg CO_2/kWh, Taiwan 0.474 kg CO_2/kWh, India 0.727 kg CO_2/kWh.*
4. *Seven types of greenhouse gases are covered in calculation: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride. Global Warming Potential (GWP) values are sourced from the IPCC Sixth Assessment Report.*
5. *2013 is selected as the base year for environmental data comparison due to relatively complete infrastructure construction. 2013 base year data: Scope 1 emissions 35,282 tCO_2e; Scope 2 emissions 593,025 tCO_2e; Scope 3 emissions 4,486 tCO_2e; Scope 1 & 2 emission intensity 0.47 tCO_2e per RMB 10,000 revenue.*
6. *Emission Intensity = Total Scope 1 & 2 GHG Emissions ÷ Consolidated Revenue of the Company.*
7. *The 2025 carbon intensity reduction target is set at 40%, benchmarked against the 2013 carbon intensity of 0.47 tCO_2e per RMB 10,000 revenue.*

6. Corporate Water Reuse Performance in the Past Five Years

Indicator	Unit	2021	2022	2023	2024	2025
Recycled & Reused Water Volume	10,000 Metric Tons	1,001	960	805	966	1,077
Wastewater Reuse Rate	%	50.50	50.50	54.40	52.20	50.40
Plant-wide Water Reuse Rate	%	42.20	41.60	46.60	43.90	42.30

7. Emissions of Major Air Pollutants

Indicator	Unit	2021	2022	2023	2024	2025
Nitrogen Oxides (NOx)	Ton	17	8.15	10.4	13.43	17.39
Sulfur Dioxide (SO2)	Ton	0.16	0.12	0.06	0.33	0.13
Volatile Organic Compounds (VOCs)	Ton	5.73	9.08	37.24	15.99	29.12
Suspended Particulate Matter (SPM)	Ton	12.80	13.58	16.48	16.95	14.38

8. Annual Statistics of Collected & Disposed Waste

Indicator	Unit	2021	2022	2023	2024	2025
Total Waste Disposal Volume	Ton	81,791	73,843	59,656	81,622	93,283
Classified by Waste Type						
General Waste	Ton	29,214	28,778	22,381	35,907	39,559
Hazardous Waste	Ton	52,577	45,065	37,275	45,715	53,724
Classified by Recycling Attribute						
Resource Recovery Rate	%	92.00	93.00	95.00	92.70	94.00
Hazardous Waste Intensity						
Hazardous Waste Intensity	kg per RMB 10,000 Revenue	15.80	12.40	11.6	13.00	13.70

Note:
1. *All waste is collected and disposed of by qualified licensed waste treatment contractors.*
2. *Hazardous Waste Intensity = Total Hazardous Waste Volume ÷ Consolidated Revenue of the Company.*
3. *Resource Recovery Rate = Total Collected Recyclable Waste ÷ Total Waste Disposal Volume. The rate is equivalent to waste recycling rate and excludes waste incinerated for energy recovery.*
4. *The Qinhuangdao, Huai'an and Shenzhen sites reuse various liquid waste on-site for waste reduction and resource recovery to cut the generation of acidic waste liquid. In line with UL2799 standards, the 2024 resource recovery rate incorporates 57,457 metric tons of on-site reused and reduced liquid waste from the three sites to fully reflect internal waste management performance. 2024 Resource Recovery Rate = (Total On-site Recycled Waste + Total Collected Recyclable Waste) ÷ (Total On-site Recycled Waste + Total Waste Disposal Volume).*

Key Performance Indicators – Social

1. Social Welfare & Philanthropy

Item	Unit	2021	2022	2023	2024	2025
Investment in Rural Revitalization	RMB	-	-	100,000	900,000	2,600,000
Number of Public Welfare Activities (Six Assistance)	Event	94	227	90	68	98
Participants in Public Welfare Activities (Six Assistance)	Person-time	27,583	142,409	14,007	18,935	19,317
Corporate Volunteer Hours	Hour	1,903	2,410	1,028	1,264	4,388
Public Welfare Donations (Cash & In-kind)	RMB	3,148,262	5,237,458	3,393,692	4,912,237	4,280,184

Notes: The amount of public welfare activities and donations includes investments in rural revitalization and donations from Avary Public Welfare Foundation.

2. R&D and Patents

Indicator	Unit	2021	2022	2023	2024	2025
R&D Expenditure	RMB 100 Million	15.72	16.72	19.57	23.24	24.59
R&D Expense Ratio to Revenue	%	4.72	4.62	6.1	6.61	6.28
R&D Personnel	Person	5,170	5,414	6,022	7,035	7,881
Share of R&D Personnel in Total Employees	%	13.13	15.32	14.41	16.31	16.57
Cumulative Patent Applications	Item	1,726	2,032	2,361	2,642	2,801
Cumulative Granted Patents	Item	896	1,099	1,266	1,453	1,647

3. Data Security and Customer Privacy Protection

Indicator	Unit	2021	2022	2023	2024	2025
Total Cybersecurity Incidents	Case	0	0	0	0	0
Incidents Involving Customer Personal Data Breach	Case	0	0	0	0	0
Total Affected Customers	-	0	0	0	0	0
Total Fines Related to Cybersecurity Violations	RMB 10,000	0	0	0	0	0
Data Security Incidents	Case	0	0	0	0	0
Financial Losses from Data Security Incidents	RMB 10,000	0	0	0	0	0
Financial Losses from Customer Privacy Breaches	RMB 10,000	0	0	0	0	0

4. Equal Treatment to Small and Medium-sized Enterprises

Indicator	Unit	2021	2022	2023	2024	2025
Balance of Accounts Payable (Including Notes Payable) at End of Reporting Period	RMB 10,000	468,597.52	398,388.38	484,831.11	507,944.85	566,160.23
Proportion of Accounts Payable (Including Notes Payable) to Total Assets at End of Reporting Period	%	13.18	10.27	11.47	11.40	11.61
Amount of Overdue Payments at End of Reporting Period	RMB 10,000	0	0	0	0	0
Amount of Overdue Payments Owed to Small and Medium-sized Enterprises (SMEs) at End of Reporting Period	RMB 10,000	0	0	0	0	0

Note: The Company had no overdue payments during the reporting period.

5. Workplace

Item	Unit	2021	2022	2023	2024	2025
Percentage of Female Junior Supervisors	%	13.50	13.10	13.40	15.30	15.50
Percentage of Female Mid & Junior Supervisors	%	16.60	13.60	13.90	15.50	17.80
Percentage of Female Senior Management	%	22.20	22.20	27.30	23.10	23.10
Percentage of Female Supervisors in Production & Revenue-related Departments (Note)	%	13.20	12.60	12.90	13.80	14.20
Female Percentage of IT Staff	%	23.00	24.60	22.20	19.40	17.50
Female Percentage of STEM-related Departments	%	33.10	35.40	33.00	33.70	33.60
Total Number of Employees	Person	39,387	35,344	41,786	43,130	47,573
Number of Female Supervisors	Person	566	472	485	662	715
Number of Male Supervisors	Person	3,365	2,997	2,992	3,595	3,760
Percentage of Female Supervisors	%	14.00	13.60	13.90	15.60	16.00
Percentage of Male Supervisors	%	86.00	86.40	86.10	84.40	84.00
Number of Female Employees	Person	13,318	12,555	13,443	14,095	16,186
Number of Male Employees	Person	26,069	22,789	24,866	25,314	31,387
Percentage of Female Employees	%	34.00	36.00	35.00	36.00	34.00
Percentage of Male Employees	%	66.00	64.00	65.00	64.00	66.00
Expense on Employees' Occupational Injury Insurance	RMB 10,000	1,047.43	1,528.06	1,460.79	1,807.05	2,031.24
Expense on Workplace Safety Liability Insurance for Employees	RMB 10,000	7.48	6.79	6.26	5.53	7.42
Coverage Rate of Occupational Injury Insurance	%	100	100	100	100	100
Coverage Rate of Workplace Safety Liability Insurance	%	100	100	100	100	100
Total Employee Training Person-times	Person-time	-	-	4,301,943	7,852,249	9,106,073
Total Expense on Employee Training	RMB 10,000	-	-	176.68	645.99	344.73
Employee Training Coverage Rate	%	-	-	100	100	100

Note:
1. *1.Junior supervisors refer to section and group-level supervisors; senior management denotes division-level supervisors and above.*
2. *2.Production and revenue-related departments exclude Human Resources, General Business Office, Headquarters, Information Technology, Intelligent Manufacturing, Legal Affairs, Supply Chain, Finance and other departments.*
3. *3.STEM-related departments refer to units relevant to science, technology, engineering and mathematics disciplines.*

Key Performance Indicators – Governance

1. Operating Performance

Item	Unit	2021	2022	2023	2024	2025
Total Operating Revenue	RMB Million	33,171.50	36,040.18	31,828.08	34,865.85	39,147.01
Operating Costs	RMB Million	26,523.36	27,521.27	25,223.94	27,843.63	30,730.41
Operating Profit	RMB Million	3,648.09	4,918.61	3,041.43	3,120.50	4,292.77
Total Profit	RMB Million	3,816.89	5,619.66	3,571.31	4,044.46	4,283.77
Net Profit	RMB Million	3,316.01	5,011.54	3,286.79	3,619.05	3,713.30
Basic Earnings Per Share	RMB per share	1.43	2.16	1.42	1.56	1.61
Total Cash Dividends	RMB Million	1,160.58	1,624.31	1,154.55	2,318.05	(Note)
Dividend Payout Ratio	%	35.00	32.00	35.00	64.00	(Note)

Note: Details of dividends for 2025 are available in the Shareholders' Rights Protection section.

2. Anti-commercial Bribery and Anti-corruption

Indicator	Unit	2021	2022	2023	2024	2025
Total number of directors covered by anti-commercial bribery and anti-corruption training	Person	-	-	4	4	4
Percentage of directors covered by anti-commercial bribery and anti-corruption training	%	-	-	57	57	57
Total number of management personnel covered by anti-commercial bribery and anti-corruption training	Person	-	-	13	13	13
Percentage of management personnel covered by anti-commercial bribery and anti-corruption training	%	-	-	100	100	100
Total number of employees covered by anti-commercial bribery and anti-corruption training	Person	39,387	35,344	41,786	43,130	47,573
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	100	100	100	100	100
Amount involved in lawsuits or major administrative penalties arising from the Company's unfair competition acts during the reporting period	RMB Million	0	0	0	0	0

3. Supplier Management and Product Quality Improvement

Indicator	Unit	2021	2022	2023	2024	2025
Annual Supplier Audit Completion Rate	%	100	100	100	100	100
Supplier Performance Review Completion Rate	%	100	100	100	100	100
Green Supply Chain Program Rollout Rate(Note)	%	100	100	100	100	100
Engineering Innovation & Improvement Projects	Item	16,072	73,082	57,478	146,470	156,767
Average Customer Satisfaction Score	Point	87.36	93.18	93.01	92.3	93.4

Note: The 100% completion rate for the Green Supply Chain Program applies to manufacturers located in Mainland China.

List of Management System Certification Verification

Certification & Verification by Plant (Region / Legal Entity)	Kaohsiung	Shenzhen	Huai'an		Qinhuangdao	Prachinburi	Prachinburi
	Avary Holding	Avary Holding	Hong Heng Sheng	Qing Ding	Hong Qi Sheng	Avary Holding	Peng Sheng
Quality Management System (ISO 9001:2015)	√	√	√	√	√	√	√
Environmental Management System (ISO 14001:2015)	√	√	√	√	√	√	√
Greenhouse Gas Inventory (ISO 14064-1:2018)	√	√	√	√	√	√	-
Energy Management System (ISO 50001:2018)	-	√	√	√	√	-	-
Hazardous Substance Process Management System (IECQ QC 080000:2017)	√	√	√	√	√	-	√
Automotive Quality Management System （IATF 16949:2016)	-	√	√	√	√	-	-
Telecommunications Quality Management System (TL 9000-H R6.3 / R5.7)	-	-	-	-	√	-	-
Information Security Management System (ISO / IEC 27001:2022)	√	√	√	√	√	-	-
Occupational Health and Safety Management System (ISO 45001:2018)	√	√	√	√	√	√	√
Business Continuity Management System (ISO 22301:2019)	-	√	√	√	√	-	-
Product Carbon Footprint Inventory (ISO 14067:2018)	-	√	√	√	√	-	-
RBA Validated Audit Process (VAP)	-	√	√	√	√	-	-
Alliance for Water Stewardship (AWS) Standard	-	Platinum Certification	Platinum Certification	Platinum Certification	Platinum Certification	-	-
UL 2799 Zero Waste to Landfill	-	Platinum Certification	Platinum Certification	Platinum Certification	Platinum Certification	-	-
Risk Management System (ISO 31000:2018)	√	√	√	√	√	√	√
Compliance Management System (ISO 37301:2021)	-	√	-	-	-	-	-
Medical Devices Quality Management System (ISO 13485:2016)	√	-	-	-	-	-	-

Note：1.The Company's Kaohsiung industry part launched trial production in the second half of 2024 and has obtained certifications including Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Greenhouse Gas Inventory (ISO 14064-1:2018), and Occupational Health and Safety Management System (ISO 45001:2018). It plans to continue advancing other certification and verification activities in the next three years.
2.The Thailand site plans to carry out verification and certification work for Automotive Quality Management System (IATF 16949:2016), Telecommunications Quality Management System (TL 9000-H R6.3 / R5.7), Business Continuity Management System (ISO 22301:2019), etc., during 2026–2027.

Benchmark Index for *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*

Dimension	Topic	Corresponding Clauses	Corresponding Chapters
Environment	Climate change tackling	Article 21-28	Global Warming Mitigation
	Pollutant discharge	Article 30	Water Resource Management
	Waste disposal	Article 31	Cleaner Production
	Ecosystem and biodiversity protection	Article 32	Biodiversity Management
	Environmental compliance management	Article 33	Environmental Sustainability
	Energy usage	Article 35	Energy Management
	Usage of water resources	Article 36	Water Resource Management
	Circular economy	Article 37	Appendix (Key Performance Indicators – Environment)
Social	Rural revitalization	Article 39	Rural Revitalization
	Contributions to the society	Article 40	Public Welfare Activities and Donations
	Innovation-driven	Article 42	Innovation and R&D
	Ethics of science and technology	Article 43	Innovation and R&D
	Supply chain security	Article 45	Responsible Supply Chain
	Equal treatment to small and medium-sized enterprises	Article 46	Appendix (Key Performance Indicators – Social)
	Safety and quality of products and services	Article 47	Product Stewardship
	Data security and customer privacy protection	Article 48	Privacy & Personal Information Protection / Information & Communication Security
	Employees	Article 50	Diversity & Equality / Talent Attraction & Retention / Talent Development & Empowerment / Employee Health & Safety / Care & Assistance
Governance for Sustainable Development	Due diligence	Article 52	Integrity Operation / Operational Risk Management
	Communications with stakeholders	Article 53	Stakeholder Engagement
	Anti-commercial bribery and anti-corruption	Article 55	Integrity Operation / Operational Risk Management
	Anti- unfair competition	Article 56	Integrity Operation / Operational Risk Management

GRI Content Index

Instructions for Use	Avary Holding has reported information referenced in this GRI Content Index in accordance with the GRI Standards for the reporting period from January 1, 2025 to December 31, 2025
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No sector standards adopted

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
GRI 2: General Disclosures 2021	
2-1 Organizational details	About Avary Holding
2-2 Entities included in the organization's sustainability reporting	Boundary of Sustainable Information Collection
2-3 Reporting period, frequency and contact	About This Report
2-4 Restatements of information	ESG Key Performance Appendix: Key Performance Data
2-5 External assurance	-
2-6 Activities, value chain and other business relationships	About Avary Holding
2-7 Employees	Employee Structure Key Performance Indicators – Social
2-8 Workers who are not employees	Employee Structure
2-9 Governance structure and composition	Board Operations
2-10 Nomination and selection of the highest governance body	Board Operations
2-12 Role of the highest governance body in overseeing impact management	Board Operations
2-13 Delegation of responsibility for managing impacts	Sustainability Management Structure
2-14 Role of the highest governance body in sustainability reporting	Sustainability Management Structure
2-15 Conflicts of interest	Conflict of Interest Prevention
2-16 Communication of critical concerns	Board Operations
2-17 Collective knowledge of the highest governance body	Board Operations
2-18 Evaluation of the performance of the highest governance body	Board Operations
2-19 Remuneration policies	Remuneration
2-20 Process to determine remuneration	Remuneration
2-21 Annual total compensation ratio	Note: Restricted by confidentiality requirements
2-22 Statement on sustainable development strategy	Message from the Chairman
2-23 Policy commitments 2-24 Embedding policy commitments	Rules on Integrity Operation Information Security Policy, Organization and Objectives Conflict Minerals Management Environmental Protection Policies Climate-related Policies and Targets Diversity & Equality
2-25 Processes to remediate negative impacts	Material Topic Management Targets & Performance Stakeholder Engagement
2-26 Mechanisms for seeking advice and raising concerns	Reporting Channels, Incentive and Disciplinary Mechanisms
2-27 Compliance with laws and regulations	Compliant Operation
2-28 Membership associations	Participation in Organizations / Associations
2-29 Approach to stakeholder engagement	Stakeholder Engagement
2-30 Collective bargaining agreements	Labor Union Operation and Support
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Material Topics Analysis
3-2 List of material topics	Material Topics and Boundaries
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	ESG Key Performance
201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Mitigation & Adaptation Management
201-3 Defined benefit plan obligations and other retirement plans	Employee Remuneration and Benefits
201-4 Financial assistance received from government	Corporate Governance

GRI Content Index (Continued)

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
GRI 202: Market Presence 2016	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration
GRI 203: Indirect Economic Impacts 2016	
203-1 Infrastructure investments and services supported	Public Welfare Activities and Donations
	Rural Revitalization
203-2 Significant indirect economic impacts	Public Welfare Activities and Donations
	Rural Revitalization
GRI 205: Anti-corruption 2016	
3-3Management of material topics	Integrity Operation
	Material Topic Management Targets & Performance – Governance Dimension
205-1 Operations assessed for risks related to corruption	Integrity Operation
205-2 Communication and training about anti-corruption policies and procedures	Integrity Operation
205-3 Confirmed incidents of corruption and actions taken	Integrity Operation
GRI 206: Anti-competitive Behavior 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Governance Dimension
	Integrity Operation / Compliant Operation
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Integrity Operation / Compliant Operation
GRI 207: Tax 2019	
207-1 Approach to tax	Tax Governance
207-2 Tax governance, control and risk management	Tax Governance
207-3 Stakeholder engagement and management of tax-related concerns	Tax Governance
207-4 Country-by-country reporting	The Company complies with local requirements of each operating location and submits tax information to local tax authorities
GRI 301: Materials 2016	
3-3Management of material topics	Responsible Supply Chain
301-1 Materials used by weight or volume	Responsible Supply Chain
301-2 Recycled input materials used	Responsible Supply Chain
301-3 Reclaimed products and their packaging materials	Responsible Supply Chain

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
GRI 302: Energy 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Environment Dimension
	Global Warming Mitigation
302-1 Energy consumption within the organization	Global Warming Mitigation
302-2 Energy consumption outside of the organization	Global Warming Mitigation
302-3 Energy intensity	Global Warming Mitigation
302-4 Reduction of energy consumption	Global Warming Mitigation
302-5 Reductions in energy requirements of products and services	Global Warming Mitigation
GRI 303: Water and Effluents 2018	
3-3Management of material topics	Material Topic Management Targets & Performance – Environment Dimension
	Water Resource Management
303-1 Interactions with water as a shared resource	Water Resource Management
303-2 Management of water discharge-related impacts	Water Resource Management
303-3 Water withdrawal	Water Resource Management
303-4 Water discharge	Water Resource Management
303-5 Water consumption	Water Resource Management
GRI 305: Emissions 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Environment Dimension
	Global Warming Mitigation
	Cleaner Production
305-1 Direct (Scope 1) GHG emissions	Global Warming Mitigation
305-2 Energy indirect (Scope 2) GHG emissions	Global Warming Mitigation
305-3 Other indirect (Scope 3) GHG emissions	Global Warming Mitigation
305-4 GHG emissions intensity	Global Warming Mitigation
305-5 Reduction of GHG emissions	Global Warming Mitigation
305-6 Emissions of ozone-depleting substances (ODS)	Cleaner Production
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Cleaner Production

GRI Content Index (Continued)

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
GRI 306: Waste 2020	
3-3Management of material topics	Material Topic Management Targets & Performance – Environment Dimension
	Waste Management
	Cleaner Production
306-1 Waste generation and significant waste-related impacts	Waste Management
306-2 Management of significant waste-related impacts	Waste Management
306-3 Waste generated	Waste Management
306-4 Waste diverted from disposal	Waste Management
306-5 Waste directed to disposal	Waste Management
GRI 308: Supplier Environmental Assessment 2016	
3-3Management of material topics	Responsible Supply Chain
308-1 New suppliers that were screened using environmental criteria	Responsible Supply Chain
308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain
GRI 401: Employment 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Talent Attraction & Retention
401-1 New employee hires and employee turnover	Diversified Employee Benefits
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversified Employee Benefits
401-3 Parental leave	Diversified Employee Benefits
GRI 402: Labor/Management Relations 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Talent Attraction
GRI 403: Occupational Health and Safety 2018	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Employee Health & Safety
403-1 Occupational health and safety management system	Employee Health & Safety
403-2 Hazard identification, risk assessment, and incident investigation	Employee Health & Safety
403-3 Occupational health services	Employee Health & Safety
403-4 Worker participation, consultation and communication on occupational health and safety	Employee Health & Safety

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
403-5 Worker training on occupational health and safety	Employee Health & Safety
403-6 Promotion of worker health	Employee Health & Safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health & Safety
403-8 Workers covered by an occupational health and safety management system	Employee Health & Safety
403-9 Work-related injuries	Employee Health & Safety
403-10 Work-related ill health	Employee Health & Safety
GRI 404: Training and Education 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Talent Development & Empowerment
404-1 Average hours of training per employee per year	Talent Development & Empowerment
404-2 Programs for upgrading employee skills and transition assistance programs	Talent Development & Empowerment
404-3 Percentage of employees receiving regular performance and career development reviews	Talent Development & Empowerment
GRI 405: Diversity and Equal Opportunity 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Diversity & Equality
405-1 Diversity of governance bodies and employees	Diversity & Equality
405-2 Ratio of basic salary and remuneration of women to men	Talent Attraction & Retention
GRI 406: Non-discrimination 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Diversity & Equality
406-1 Incidents of discrimination and corrective actions taken	Diversity & Equality
GRI 407: Freedom of Association and Collective Bargaining 2016	
3-3Management of material topics	Material Topic Management Targets & Performance – Social Dimension
	Labor Union Operation and Support
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Union Operation and Support

GRI Content Index (Continued)

GRI Standard & Disclosure Item	Corresponding Chapter / Supplementary / Omission Notes
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	Diversity & Equality Responsible Supply Chain
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Diversity & Equality Responsible Supply Chain
GRI 413: Local Communities 2016	
413-1 Operations with local community engagement, impact assessments and development programs	Community Communication & Inclusion
413-2 Operations with significant actual and potential negative impacts on local communities	Community Communication & Inclusion
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	Responsible Supply Chain Management
414-2 Negative social impacts in the supply chain and actions taken	Responsible Supply Chain Management
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	Product Stewardship
GRI 417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Product Stewardship
GRI 418: Customer Privacy 2016	
3-3 Management of material topics	Material Topic Management Targets & Performance – Social Dimension Privacy & Personal Information Protection / Information & Communication Security
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy & Personal Information Protection / Information & Communication Security

Key Operating Sites

Mainland China Subsidiaries	
Kuishing Technology (Shenzhen) Co., Ltd.	Address: No.8 Avary Road, Huai'an Economic & Technological Development Zone, Huai'an City, Jiangsu Province, P.R.China Tel: (86)517-8351-6888
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Address: No.18 Tengfei Road, Economic & Technological Development Zone, Qinhuangdao City, Hebei Province, P.R.China Tel: (86)335-5308-888
Qing Ding Precision Electronics (Huai'an) Co., Ltd.	Address: No.8 Avary Road, Huai'an Economic & Technological Development Zone, Huai'an City, Jiangsu Province, P.R.China Tel: (86)517-8351-6888
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd	Address: No.18 Tengfei Road, Economic & Technological Development Zone, Qinhuangdao City, Hebei Province, P.R.China Tel: (86)335-5308-888
Taiwan Subsidiary	
Avary Technology Corporation	Address: 8F, No.8 Baoqiang Road, Xindian District, New Taipei City, Taiwan, China Tel: (886)2-2912-6999
India Subsidiary	
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