

# 2024

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT



**汇中仪表股份有限公司**  
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Gratitude Responsibility Persistence Learning

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# Explanatory Notes on ESG Report

## The ESG report and its scope

The environmental, social and governance (ESG) report is the first of its kind ever issued openly with an aim to make known to the public, the ideas and progress in making the related work as well as the results achieved by Huizhong and its subsidiary companies in an all-round and transparent manner, and to take vigorous actions to respond to the appeals and needs of the interested parties. It is a report with an extensive coverage of the key works made by Huizhong in ESG sphere during its business operations, which includes but is not limited to such aspects as environmental protection, social responsibility, solicitude for employees, measurement of supply chain, cooperate management structure and transparency.

Unless otherwise stated, the scope of coverage of the report is in consistence with the annual report as Huizhong.

## Period of Limitation

The time limit extends from January 1 to December 31, 2024. In order to make the report more comparable and forward looking, some contents go beyond the said scope of the report.

## Compilation Basis

The report is prepared by reference to the Sustainable Development Report-the No.17 Self-regulatory and Supervisor Guidelines for listed Companies of Shenzhen Stock Exchange, Compilation of Sustainable Development Report-NO.3 Self-regulatory and Supervisor Guidelines for listed Companies on the Growth Enterprise Market (GEM) of the Shenzhen Stock Exchange, the Standard on Sustainable Development formulated by the Global Sustainable Development Standard Committee (2021 edition commonly known as the GRI standard) and the key points stresses by both authoritative domestic and overseas ESG work rating organs.

## Data Source and Quality Assurance

All the data in the report come from the official financial statements of related credible and credit figures. In case of any discrepancy between the data and those given in the annual report, the latter figures are taken as the criteria. Unless otherwise specified, the financial figures in the report are all in terms of Chinese Currency.

## Note on Appellation

For better representation and facilitating reading, Huizhong Instrumentation Co., Ltd. and its affiliated companies mentioned in the report are abbreviated to Huizhong Limited, or Huizhong or the company or simply "we". Unless otherwise specified, the terminologies used in the report have the same meaning as those used in the annual financial statement made in 2024.

## Access to the ESG Report

Online reading or downloading at the website (<https://www.huizhong.co/home>)

**If you have any feedback or comments, please contact us.**

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# Leadership speech



2024 is the year marking the 30th anniversary of the founding of Huizhong Instrumentation Co. Ltd., and is also the 20th anniversary of the formal introduction of the environmental, social and corporate governance—a conviction officially initiated by the United Nations Global Compact UNGG. Over the past several decades, ESG has become gradually an important force for guiding sustainable industrial transition and pushing up sustainable global development. Meanwhile, Huizhong has also been making unremitting effort to commit itself to performing the corporate responsibility and mission by focusing on the development of ultrasonic flow measurement technology for boosting the worldwide water saving and energy conservation undertakings.

Huizhong has always deemed gratitude, responsibility, persistence and learning as the core values, and striving for the development of highly efficient, intelligent and low-carbon, water-saving and energy conservation systems together with partners through R&D of ultrasonic flow measurement technologies, stepping up intelligent manufacture capability, and innovation of business modes. With the trust and support of different partners, our products have been sold altogether to 40-odd countries and regions.

**In 2024, significant contributions were made by our company to advancing the global water saving and energy conservation operations to be made in a more intelligent mode of the times.**

Huizhong is incessantly strengthening its core competitive force, with innovation as the soul. By the end of 2024, the company had won 137 effective patents. Among them, 12 are innovation patents, 81 are certificates of utility model patents and 44 external appearance design patents, which greatly improves the core technology of our products and substantiates the systems of intelligent property rights, making it possible for the company to stand at the forefront among its counterparts in terms of manufacture capability.

At the same time, the company is actively building smart water and smart heating ecosystem chains to pioneer new directions in water supply and heating services. By vigorously implementing AI deployment strategies and promoting industrial digital-intelligent capability upgrades, the company - driven by multiple factors including "energy conservation & consumption reduction", dual-carbon goals, and digital-intelligent transformation is accelerating its role as both a participant and catalyst in the AI big-model-driven technological revolution for smart water and heating systems.

**In 2024, continued efforts were directed toward the development of ultrasonic flow measurement technologies for continuously injecting new dynamic energy for the company's high-quality development in all aspects.**

2024 was a critical years for Huizhong to lay up technologies and improve the functions of the products. Through a new round of regeneration of ultrasonic flow measurement technologies, the ultrasonic water meter, heat meter and flowmeter have now seen a significant improvement in stability, accuracy, communication compatibility and digital and intelligent levels.

Moreover, vigorous were made with the stress centered on optimization of the layout of industrial chain for expanding the scope of application of our ultrasonic flow measurement technologies. At the moment, the R&D of ultrasonic gas sensors for domestic gas stoves is in effective process. The development and testing of the flowmeter for use on the pipe delivering different kinds of oils has been successfully completed. The business for export of the technologies for domestic applications has also made a significant breakthrough. Such being the case, the rapid rise of the penetration rate of ultrasonic flow measurement technology can therefore be anticipated. As the key component, piezoelectric ceramic chip can now be produced independently in a sets-sufficient manner, a powerful industrial chain has basically taken shape.

**In 2024, we conscientiously performed corporate responsibilities and commitments on the basis of the achievements made in sustainable development overtime past three decades.**

Huizhong is well aware that sustainable development is the cornerstone for the smooth and healthy growth of enterprise. Through building of internal systems, improvement of sharing of information and transparency, the legal rights of all the shareholders have been fully ensured. Under the leadership of the board of directors, and through strict abidance by the leading group of the relevant laws, rules and regulations, all the policies and measures have been effectively put into practice, and a fair, just and open business environment has been formed, allowing the investors to have confidence in our financial statements, the partners to have strong sense of safety and the general public gain a better understanding of the achievements obtained through our efforts.

With respect to social responsibilities, we always place a high value on keeping close ties with communities. On the other hand, we have fostered a transparent and corporate culture to give the employees a stronger sense of belonging and their increased participation in social activities. On the other hand, we actively plunge into public welfare activities with the "Huixingfu" welfare platform as a medium to provide assistance to villagers and disadvantaged groups, so as the do our bit in promotion of social fairness and justice. The building of a multi-element professional platform is likewise highly valued with an aim to ensure each employee can bring his or her professional potential into full play and realize self-value.

In the course of pursuing sustainable development, we will operate as usual with technical innovation and sustainable development as our core business conviction and continue to make innovations in technology, green manufacture, and AI-empowered business made, so as to make contribution to realization of sustainable development and create a better future by joining hands with our partners.



# Company Profile

## Brief Introduction

Initially established in 1994, Huizhong Instrumentation Co., Ltd. has been dedicated to the development of ultrasonic flow measurement technology over the past 30-odd years. It is the earliest producer of ultrasonic flowmeters and heat meters and the first user of smart water and heat supply software among its counterparts.

As domestically the first listed company on the growth enterprise market (GEM) in the sphere of ultrasonic flow measurement, a designated specialized, refined, differential and innovative medium-sized "Little Giant" enterprise (SRDI), and a state-level green manufacturer, Huizhong owns the independent intellectual property rights and 100-plus patents for all the company's products, and all manufacturing links starting from product-end down to R&D and integration of systems. Huizhong has participated in the formulation of a series of regulations and standards including *The Ultrasonic Flowmeter for Water Supply and Drainage Services* (a meter working on the propagation velocity principle), *The Heatmeter, Regulations on Calibrations of Ultrasonic Flowmeter*, 13 national standards and 4 industrial standards. In 2008, Huizhong was invited to undertake the study of flow transducer and system for use in process control—a 863 program assigned for study by the Ministry of Industry and Information Technology (MIIT) (The program has been successful tackled and accepted). In 2022, Huizhong was granted the domestic, authentication, certificate of CNAS, and was the first to apply 5G-IoT in all aspects, opening a new era of IoT-based ultrasonic flow measurement. In 2002, Huizhong passed the CMMI5-class authentication, demonstrating that the company's software R&D capability has reached the international level.

Huizhong sticks to the strategy of realizing independent innovation in business. Thanks to the strong technological R&D and intelligent manufacturing capabilities, three series products, i.e. ultrasonic flowmeter, heatmeter and water meter together with the solution schemes for their use in different scenarios are available. When used in water supply, heat supply and water conservancy sectors or for metering at the water source, pipe network, and station, or multiple households, the meters can adapt to a pipe size ranging from DN15 to DN15000 and are highly compatible to diverse communication modes like NB-IoT, LoRa and Cat.1.

Because of the superior quality products and first-rate service, some high-value customized products of Huizhong brand have gained access to overseas market. During the period as defined in the ESG report, Huizhong confirmed for the first time an order over 100 million yuan from a developed country. This not only demonstrates the overseas market expansion capability, but also leads to the further rise of Huizhong company's worldwide notability and credibility. In recent years, apart from the operations of the primary business, Huizhong has directed more effort toward expanding the scope of application of ultrasonic water flow measurement technology and commercialization and transfer of research-derived achievements, in a bid to spur the healthy growth of this industrial sector by acting in its capacity as a leader. Furthermore, Huizhong takes active part in state sponsored research programs and domestication of the related key elements. Huizhong's ability to independently develop high-performance ultrasonic products plus its positive contributions towards realizing domestication of such products signifies that the company's ultrasonic technology is up to the advanced international level.

## Corporate Culture

### ● Core Values

Gratitude

Foundation of one's personality

Responsibility

One's duty

Persistence

Foundation of success

Learning

Spring of Knowledge

### ● Mission

**Lead our counterparts in the same industrial sector to make technological innovation and push up the development of worldwide water saving and energy conservation undertaking.**

Huizhong is dedicated to R&D of ultrasonic flow measurement technology, and persistently drives, for making breakthrough in core ultrasonic technology with the spirit of hard struggle and rigorous scientific approach rather than merely modeling, imitation or being a follower. Huizhong will incessantly strengthen its leading capacity with the innovative genre fused in blood, and make endeavor to promote the development of intelligent water saving and energy conservation undertaking.

### ● Vision

**Build an internationally leading brand for our ultrasonic technology. Provide our customers first-rate products and service.**

Provision of first-rate products and service to our customers is our radical business conviction, we'll keep on improvement of manufacture level by sticking to the innovation-driven development strategy. We will strive for the dissemination of our ultrasonic flow measurement technology across the world by acting as the role of a pioneer, so as to assist our customers to improve energy management through our high-efficiency, green and rapid management and control platform, and provide all connected and safe and controllable managerial and control solutions for a smart city.

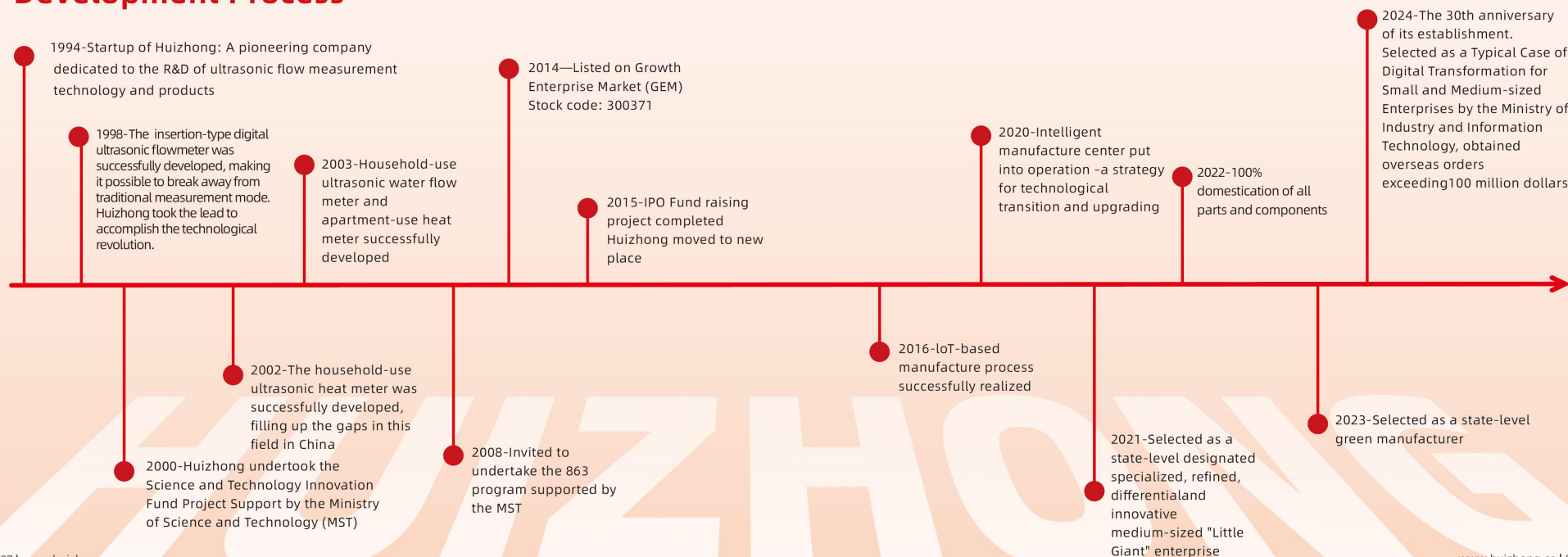


## Ultrasonic flowmeters for use in water supply sector

During the period noted in the report, no significant change of technical pattern has been observed in the use and distribution of flowmeters. What are used are dominantly mechanical and smart meters with a relatively low penetration rate of ultrasonic version. However, from a long-term point of view, with the pilot implementation of the state policy of tiered water pricing (subject to dynamic adjustment), and the increasing need for the use of AI-based intelligent water supply system and the requirement for pipe network management and for prevention and reduction of water loss due to leakage, the penetration rate of ultrasonic flowmeters will noticeably increase. Viewed from the perspective of market competition, Huizhong, as a first-tier ultrasonic flowmeter meter producer, can surely have a dominate market share.

Huizhong adapts the strategy of providing custom-made products for overseas market-a business mode quite different with our overseas competitors, which results in the rapid rise of value of Huizhong brand on the markets in developed countries and regions. In 2024, the increasing rise of the scale in application of Huizhong's products, indicates that the company's technology and performance of products are highly acclaimed, on overseas markets-a fact much conducive to Huizhong for fostering a good reputation on overseas market and opening up more marketing channels.

## Development Process





## Main Honorary Titles Awarded

Title	Issuing Organ	Level
State-level SRDI Little Giant (Specialized refined, differential, innovative small and medium-sized enterprise)	Office of Ministry of Industry and Information (MII)	State level
State-level green factory	Office of Ministry of Industry and Information (MII)	State level
National intellectual property right advantageous enterprise	China National Intellectual Property Right Administration	State level
National product and service quality trustworthy brand	China Quality Testing Bureau	State level
Hebei leading science & technology enterprise	Hebei Science & Technology Bureau (HSTB)	Provincial-level
Hebei new and hi-tech enterprise	Hebei Science & Technology Bureau, (HSTB) Hebei Province Finance Bureau State Taxation Administration Tangshan Branch	Provincial-level
Hebei manufacture sector's single item champion enterprise	Office of Ministry of Industry and Information (MII)	Provincial-level
Hebei outstanding private enterprise	Hebei Province People's Government Hebei Industry & Information Bureau (HIIIB)	Provincial-level
Hebei technology and innovation context for ultrasonic testing and metering instruments	Hebei Science & Technology Bureau (HSTB)	Provincial-level
Hebei industrial design center	Office of Ministry of Industry and Information (MII)	Provincial-level
Quality award bestowed by Tangshan Municipal People's Government	Tangshan Municipality People's Government	Municipal-level

## Awards & Certificates Granted in 2024

Huizhong was highly commended by governmental, industrial and social organs in 2024 for its strength in the R&D of technology, green production, software application, information-based operation, and design of products.



# ESG

Huizhong sticks to the principle of leading the domestic counterparts to make technological innovation, so as to fulfill its mission of promoting the global water and energy saving undertaking. The achievements obtained in this respect in 2024 were as follows:

## ESG Highlights of achievements

### ● Business performance

During the reported period, Huizhong scooped a business revenue of RMB 385,724,324. 81 yuan. Because of the increase of revenue, a rational profit-sharing plan was worked out, and it was intended to offer each stockholder an cash bonus of 0.9 yuan (including tax) per ten stocks, which accounted to a total figure of 17,841,432.33 yuan.

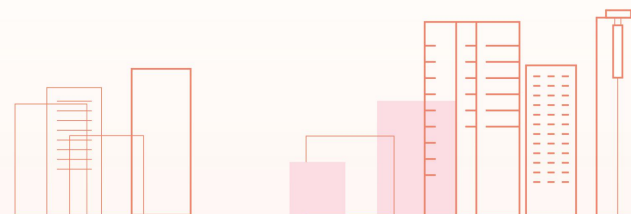
In 2024, the number of stocks repurchased through the special securities account and centralized price bidding amounted to 1,214,520. The repurchase costs was 9,270,337 yuan (commission and transfer expenses not included).

In summary, the annual amount for distribution of cash dividends and repurchased stocks totaled 27,111,769.33 yuan, accounting for 46.97% of the net profit due to shareholders of the listed company.

### ● In environmental protection aspect

Huizhong has taken measures to actively respond to the call of the state to develop a green factory. During the reporting period, the photovoltaic power regeneration station set up by Huizhong reached a capacity of 1.60 million KWh, which accounted for 34% of the power consumption a year. Through adoption of the approach of generating power for own use for saving coal and carbon reduction, the company makes great contribution to realizing carbon neutrality, and fulfill it social responsibility.

Meanwhile, in order to better implement the green manufacturing strategy initiated by the state, and bring into full play of the smart park's monitoring, management and optimization functions, the use of power and water and room temperature of the company can be monitored and put under visual management. By using this method, the annual consumption of the company in 2024 was reduced to 20, 021 tons, which is 33.34% less than the figure in 2023.



### ● In social welfare respect

Huizhong actively performs its social responsibilities. During the reported period, Huizhong made a tax contribution reaching 61.44 million yuan and offered 495 jobs.

Huizhong also attaches great importance, such activities as rural revitalization and assistance for disadvantaged group. In 2024, Huizhong successfully executed the paired assistance programs through the the company's Huixingfu welfare platform in Ningxia Hui Autonomous Region, and Jiangxi and Jilin provinces, bringing about remarkable economic and social benefits. The party members of the party branch went down to the grass-roots level to inquire with concern about the well-being 43 households, making a great contribution to social development.

### ● In Internal management respect

In 2024, the internal management level was further improved by strictly a bidding by the rules and regulations. To effectively guard against any risks, precautionary and interim and post feedback systems were practiced whenever an event occurred. This laid a solid foundation for the orderly and sustainable growth of the company. At the same time, measures were taken to constantly optimize the internal control and management systems, and improve relevant rules and regulations. Moreover, a new system was added and an existing regulation was revised and renamed: the former is the Huizhong Company's Public Sentiment Management System, the latter is Detailed Rules for the Implementation & the Strategy of the Board Directors and ESG Committee of Huizhong Instrumentation Co., Ltd. Implementation of the improved rules and regulations makes it possible for the different divisions of the company to each attend to its own duties and cooperate and support each other!

During reported period, different times of meetings were held once for shareholders, 5 times for board of directors and 5 times for board of supervisors. The information disclosure system was strictly implemented. During the reported period, information disclosure was made 84 times without bringing any penalties—an achievement which is up to the highest grade A as rated by Shenzhen Stock Exchange through appraisal.

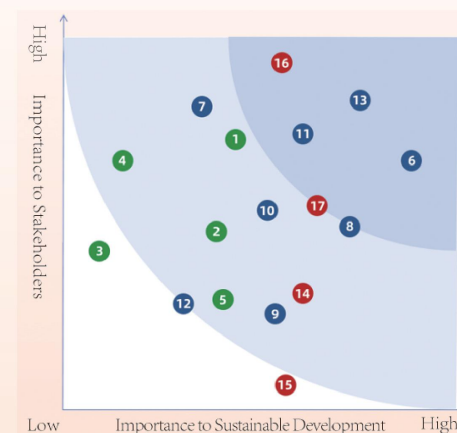
## Communication And Exchange With Relevant Parties Interested

Huizhong attaches great importance to the comments and concerns of interested parties and resolutely upholds the principle of keeping trustworthy and just in doing business, so as to establish long-term, mutual trust, steady and harmonious ties with different parties by listening to the comments and expectations through the regular communication system, and going on targeted exchange of specific issues.

Interested Party	Communication Mode	Substantial Issues or Topics
Government and supervision Authorities	<ul style="list-style-type: none"> <li>Inspection tour</li> <li>Exchange of documents</li> <li>Implementation of policies</li> <li>Information disclosure</li> <li>Websites, social medium</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to laws &amp; regulations</li> <li>Anti-corruption and business morality</li> <li>Environmental management system</li> <li>Measures for coping with climate change</li> <li>Green product</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>General meeting of Board of directors</li> <li>Information disclosure</li> <li>Official website of Huizhong</li> <li>Hotline and E-mail</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to laws &amp; regulations</li> <li>Rate of return on investment</li> <li>Protection of rights &amp; interest of investors</li> <li>Technical innovation</li> </ul>
Customer	<ul style="list-style-type: none"> <li>After sales service</li> <li>CRM-service management system</li> <li>Calling back</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Protection customer's rights and interest</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Activity</li> <li>Training</li> <li>Reading of New Huizhong Magazine</li> </ul>	<ul style="list-style-type: none"> <li>Occupational health &amp; safety</li> <li>Protection customer's rights and interest</li> <li>Cultivation &amp; development</li> </ul>
Staff member	<ul style="list-style-type: none"> <li>Purchasing affair</li> <li>Training of supplier</li> <li>Routine communication</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable supply chain</li> </ul>
Supplier & Partner	<ul style="list-style-type: none"> <li>Welfare activity</li> <li>Rural revitalization</li> <li>Interview Solicitude</li> </ul>	<ul style="list-style-type: none"> <li>Social welfare</li> <li>Management of water resource</li> <li>Energy utilization &amp; management</li> </ul>

## Analysis Of Substantial Issues

Determination of substantial issues is an important leverage point for Huizhong to seek sustainable growth. Through identification analysis and optimization of the actual conditions in the drive for sustainable growth of the company, 17 substantive points that call for special attention are finally identified based on results obtained through performing social responsibilities, analysis of Huizhong company's specific conditions, developing trend of the ultrasonic industry, concern of interested parties, and by reference to the GRI standard.



### Environment (E)

- 1.Green product
- 2.Environmental management system
- 3.Response to climate change
- 4.Water resource management
- 5.Energy utilization management

### Society (S)

- 6.Product and service quality
- 7.Protection of customer's Rights and interest
- 8.Occupational health and safety
- 9.Training and development
- 10.Protection of rights and interests of employees
- 11.Sustainable supply chain
- 12.Social welfare
- 13.Technical innovation

### Governance (G)

- 14.Abandance by law and compliance with regulations
- 15.Anti-corruption and business morality
- 16.Rate of return on investment and long-term development
- 17.Protection of rights and interests of investors





# **Aiming for Development with Sustainable supply chain normalized Governance**

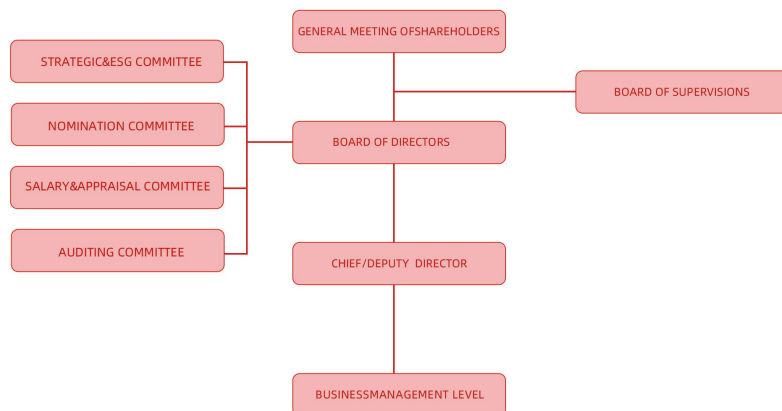
## **Serving as Foundation**

- Normalization of operations of board of directions, administrative council and board of supervisors
- Information disclosure and protection of beneficial interests of investors
- Education and protection of Investors
- Strict observation of business morality
- Observation of laws and regulations and risk management
- Closely follow the guidance of the Party Committee



## Normalization of Operations of Board of supervisions and the General Meeting of shareholders

Huizhong has formed a governance framework composed of the operating personnel of improved a series of governance systems, such as the Articles of Association, Rules of procedure of General Meeting of Shareholders, Rules of procedure of Board of Directors, and Rules of procedure of Board of supervisors, in strict accordance with the requirements of relevant laws and rules, such as Company Law of the People's Republic of China, Securities law of the People's Republic of China and the Listing Rules for stocks on the ChiNext Board of the Shenzhen Stock Exchange, thanks to the availability of the above mentioned sound and perfect systems, each level has a clear-cut gab responsibility, the scientific, out-round and effective governance systems have effectively promoted the company's sustainable growth.



### General Meeting of shareholders

The general meeting of shareholders is called and convened each time in strict accordance with the relevant laws and rules including the Companies laws of the People's Republic of China, Articles of Association, Rules of Procedure of General Meeting of Shareholders, so as to make sure that all the shareholders, especially the medium and small shareholder enjoy the right to equality and fair treatment and the voting power. During the reported period, the general meeting shareholders were called and convened by the board of directors, and lawyers were recruited to witness on site the legality and normalization of the meeting, making it impossible for any major decisions to be made without going through examination at the meeting. No such cases have so far been reported.

#### Key Performance

Number of the resolutions made at the general meeting of shareholders: 1

Number of resolution made:9

## The Board of Directors

The Board of Directors is the main body for the business decision-making of the enterprise, effectively exerting its governance functions. During the reporting period, the company has continuously strengthened the construction of the Board of Directors, implemented the authority of the Board of Directors, and contributed to the long-term development of the company.

#### Key Performance

Number of the meeting and resolutions made at board of directors(BD): 5

Number of resolution made:26

### Structure of board of directors

#### Key Performance

Number of directors:8

Number of independent directors:3

Accounting for 37.50% of the total

Number of female directors:3

Accounting for 37.50% of the total

For enabling the board of directors to make more rational and scientific decisions, the board features a diversified structure with full consideration of the director's sex, age, educational background, professional experience, etc, so as to allow the board to have the chance to heed to more professional views and rich experience.

Huizhong company's 5th Board of directors									
Position	Name	Sex	Age	Present State	Independent of		Professional Competence		
					Company Management	Other Interests	Experience	Law/Finance	R&D capacity
Chairman	Zhang Lixin	M	69	on post	No	No	✓		✓
Vice Chairman	Dong Jianguo	M	62	leave post	No	No	✓		
Director General manager	Dong Jianguo	M	45	leave post	No	No	✓	✓	
Director	Chen Hui	F	41	on post	No	No	✓		✓
Director	Guo Lizhi	M	43	on post	No	No	✓		
Director	Zhang Jichuan	M	48	on post	No	No	✓		✓
Independent Director	Wang Ying	F	69	on post	Yes	Yes	✓		
Independent Director	Wu Fan	F	53	on post	Yes	Yes		✓	
Independent Director	Wang Fuqiang	M	59	on post	Yes	Yes		✓	

Specialized Committee of the board

Directly under the board are three specialized committees: Auditing Committee (AC), Salary and Examination Committee (SEC), Strategy and ESG Committee (S&ESG) and Nomination Committee (NC). During the reported period, the board of directors has conscientiously, earnestly and diligently exercised all the entrusted rights together with the four committee, so as to ensure that the board can work with a high efficiency and make scientific decision.

	Specialized Committee	Personal Assigned	Number of meeting held	Resolutions made and passed	Attendance Rate
Specialized Committee	AC	Wang Fuqiang/ Wu Fan /Wang Ying	5	8	100%
	NC	Wang Fuqiang/ Wang Ying /Chen Hui	0	0	100%
	SE	Wang Fuqiang/ Wang Ying /Chen Hui	2	3	100%
	S&ESG	Zhang Lixin/Dong Jiangguo/ Feng dapeng	2	1	100%

Board of supervisions

The board performs its duties in strict accordance with the Companies Law of the People's Republic of China and Articles of Association, and by following the board's rules of procedure. It attends the meeting of the board of directors and the shareholders as a nonvoting observer and actively participates in discussion about important decision-making affairs. It functions to safeguard the legal rights and interests of Huizhong and its shareholders by exercising overall supervision of the procedure matters of the above mentioned meetings, the resolutions voted and adopted thereof, the situation in implementation by the board of directors of the resolutions passed at the meeting of shareholders, the performance of board directors and high-ranking managerial personnel in execution of their duties, and operating and financial conditions.

Key Performance	
Number of meetings of board of supervisions held:	15
Number of resolutions passed:	16
Attendance rate of supervisions:	100%

Supervision assigned

Key Performance	
Total number of supervisions	3
Number of personnel from staff members:	2 ( accounting for 66.66% of the total)
Number of female supervisions:	2 ( accounting for 66.66% of the total)

Information Disclosure and Protection of Rights and Interests of Investors

The Articles of Association, Investors Relation Management System and the Information Disclosure Management system have been formulated in strict accordance with laws of the People’s Republic of China on companies and securities for disclosure of important information do the listed company to enable Huizhong’s shareholders especially the medium and small ones to gain a better understanding of the operating trend of the company. The information disclosure is made in a diverse made to effectively protect the rights and interests of all of the shareholders.

Information Disclosure

The disclosures of information especially the sensitive information on stock prices and other important matters is made in an accurate, complete, timely, just and fair manner in strict accordance with the relevant rules and regulations. It is intended to transmit effective information to the market from the perspective of investors to allow the latter to gain a better and timely understanding of the company’s current operating situation. The efforts and the positive effect obtained in this respect by Huizhong have met with the acclaim of supervisory bodies and capital market. The information disclosure work of Huizhong was rated as a A-grade by Shenzhen Stock Exchange in 2023.

	Number of regular report	Number of interim notices/ documents	Number of public notices on investor relation activities	Number of reports on information disclosed on a voluntary basis
information disclosure	4	80	6	2

Multi-channel mechanism for communication with investors

In order to keep close ties with investors and timely deal with customers’ consultation, complaints and suggestions and report such information to the board directors on a regular basis, Huizhong has set up a Multi-channel mechanism for communication with investors, via reverse roadshow, interactive easy platform, phone call, E-mail and official self-media like Douyin and Wechat channel.

	Times of meetings held on explanatory declaration of business performance:	Number of reports on comments from institutional investors:	Feedbacks from interactive easy platform:	Feedback rate
Investor communication	4	5	125	100%

Case

In April 2024, Huizhong organized for the first time the "Open Day for Investors". At the meeting, the general manager Mr. Feng Dapeng and the board secretary Li Junjie introduced the current business performance and future development of Huizhong to 10-plus investors including the security researchers and institutional and individual investors.



Secured distribution of cash bonus

For allowing the investors to share the business revenues, Huizhong instantly distributes the return on investment to all shareholders. Since the company was listed in 2014, the cash bonus has been distributed per year for eleven times, totaling all amounting reaching 271 million yuan.

Key Performance

Cash Bonuses Distributes in Past Three Years			
Item	2022	2023	2024
Distribution plan	1 yuan per 10 shares (Incl. tax) For undistributed profits: 2 bonus shares per 10 shares (Incl. tax)	1.6 yuan per 10 shares (Incl. tax)	Proposed plan: 0.9 yuan per 10 shares
Net profits imputed to shareholders of a listed company (unit: 10,000 yuan)	10, 851. 83	10, 429. 59	5, 772.47
Total amount of cash bonus distributed(unit: 10,000 yuan)	1, 676. 81	3, 187. 43	1, 784.14(plan)
Dividend pay-out ratio	15. 45%	30. 56%	30.91%(plan)

Education and Protection of Investors

"Investor Protection Day" and "Propaganda Month". The publicity is made timely via the company's WeChat and official network for the investors to acquire increased knowledge about the way in dealing with the investor relation work. In 2024 launched two times of propaganda campaigns and produced 2 electronic publicity products for protection of investors



Preservation of Business Ethics

In doing business Huizhong strictly abides by relevant law and regulations including the Anti Unfair Competition Law of the People's Republic of China and operates by following the principles of voluntary participation, equality, fairness and good faith. For enabling the staff members to keep a good business behavior and maintaining a just competition order, a honest and clean business morality has been persistently upheld. Besides, a credit system for management of communication and contacts with customers, suppliers and social organs has been formulated for doing honest and clean business operations

In addition to the guidance and education work in this respect, the moral behaviors of the company and its staff members are under supervision for maintaining a good business morality.

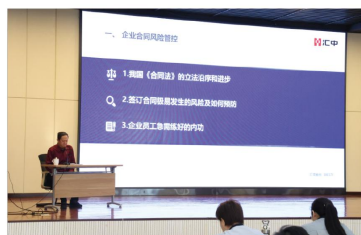
Subject under supervision	Item Supervised	Supervision Measure	Supervisory Organization	Basis for Judging Supervision Results
Routine Business Activity	Procurement management	Internal auditing/Complaint/Accusation/Checking with supplier	Secretary office of board of directors	Times of acts in violation of laws and disciplines
	Marketing management	Internal auditing/Complaint/Accusation/Checking with customer and market investigation	Ditto	Ditto
	Tax liability	Extend auditing/Taxation inspection	Tax administration	Tax evasion
	Financial activity	Internal and external auditing/Inspection	Public accounting firm	Audit result
High-ranking Personnel	Company governance	Inspection/External audit	Board of directors; Board of supervisors	Rate of return on investment
	Post-related act	Democratic appraisal/Complaint/Accusation	Employees	Ability, moral integrity, competence honesty, incorruptibility
Middle-level managerial personnel	Post-related act	Democratic supervision/Internal audit/complaint/Accusation	High-ranking Personnel	Times of acts in violation of laws and disciplines
	Managerial act	Democratic supervision	High-ranking personnel/staff members	Performance evaluation
Ordinary Employee	Routine act	Labor contract/Accusation/Complaint/Supervision by high-level personnel/examination	Competent authority	Times of act in violation of disciplines



Huizhong carries out training of staff members for raising their sense of business served protection consciousness, and for both upstream and downstream industrial chains, confidentiality agreement is timely signed is necessary for ensuring safety of cooperation. Huizhong was has obtained two certificates from Hebei Market Supervision Bureau honoring Huizhong as an enterprise acting in good faith and honoring contract, and a Hebei Credit Rating Association.



## Case



## Compliance and Risk Management

Huizhong operates with ideological innovation, technical innovation and management innovation as its conviction in doing business, and innovation has fused into each process link. Through incessant improvement of the company's various management systems, everyone can work by following the set standards and standardized process flow sheet enhancing, therefore, the company's overall management level. Up to now, Huizhong has introduced eleven management systems.

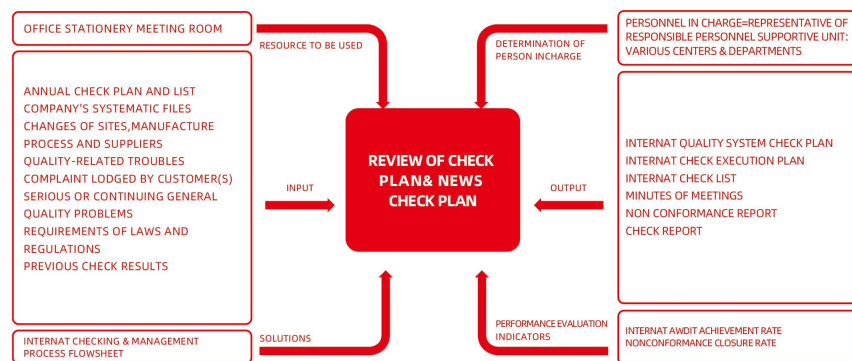


Huizhong adopts the policy of realization high-efficiency operation with results obtained through practice of existing management systems as guidance. In accordance with relevant laws and regulations, the basic risk management flow sheet is applied in both management process and link for foster a good risk management culture and set up an all-round internal risk management system, including the risk management strategy, risk control measures, function system, and internal control system, so as to provide a guarantee for realization of the overall risk management objective.

## Risk Management Measures

Huizhong has set up a coordinated risk management system for multiple developments, and according to the requirement as specified in the Opportunities and Risks Management Program. The general consciousness of risk has been raised for promote the sustained operation of the company by adopting the following measures: definition of risk management departments and their duties; normalization of risk identification, evaluation, control and information communication links; implementation of risk management in each business activity and in strategic, financial, marketing law, safety and quality-related aspects. Right now, all-round risk management has become an important part of our business operation. With practice of such risk management systems, any risks in research and development, manufacturing, routine operation and marketing activities have been strictly controlled, greatly beneficial to our company in the drive for sustainable development.

## Strengthening of Internat Control



According to the requirements and standards set forth in Articles of Association, Internal Control & management system and internal audit Management system, Huizhong has set up the company's risk management systems based on five major principles-integrity, materiality, checks and balances, and cost-effectiveness to normalize the internal control work. The audit department of the company is called to take charge of the risk management work, organize and instruct relevant functional department and affiliated companies to make self-evaluations of their internal control work.

During the reported period, work was made on strengthening of the focal check modules and on continuous improvement of external auditing, internal control and self-evaluations work. Huizhong also conducts special quarterly audit of a specific model for further enhancement of the company's internal control effectiveness and operation management level.

In 2024, no gross or major internal control defects were found in financial and non-financial reports.

	Times of auditing made	Number of modules audited	Number of items optimized
Internal Auditing work made	4	4	3

## Strengthening of the Building and Guiding Role of the Communist Party of China(CPC)

While seeking development of Huizhong ,more stress has been laid on the building of the party. With the help and instruction of the party working Committee of the Tangshan NEW and Hi-tech development Zone, Huizhong company's party branch was established in January 2005 with board chairman Zhang Lixin as secretary. Over the past two decades, the Branch committee of the company has done a lot of work on strengthening of the building of the party organization and its leading role,with the party as the banner and the company as the root. The party branch is commended by Tangshan Municipal Organization. In order to realize high-quality development of the company under the leadership of the party ,the high-quality party building work was smoothly completed in 2024,providing a strong guarantee for the company. In 2024, five people joined the party. Right now, there are altogether 49 party members working in the company.



In order to celebrate the 103th anniversary of the founding of the CPC, rigorously study and implement the spirit of the 20th national congress, and strengthen the building and leading role of the party,the party branch together with the Trade Union Led 20 more staff members to actively participate in the voluntary blood donation activity to promote the spirit of dedication and spread the love of the world through practical action.



On the occasion when the commemoration day of the founding of the CPC was drawing near in 2024, as a way of celebration, the party branch launched. Hand-in-hand activities to convey solicitude to the disadvantaged groups different walks of life. Some party members were sent to Shawuzhuang, Zhoufengzhuang and Dangjiazhuang villages of Caozhuangzi Town to deliver comfort and blessings to 43 households with articles for daily use on behalf of the party branch.



An aerial photograph of a two-lane asphalt road winding through a dense, lush green forest. The road has white dashed lane markings and a solid white edge line. A small blue car is visible on the road, moving away from the viewer. The forest is composed of many tall, leafy trees, creating a textured green canopy. The overall scene is bright and vibrant, with a strong green color palette.

# Green Action

A drive for a low carbon future

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- Environmental Compliance Management
- Addressing Climate Change
- Optimizing Utilization of resources
- Pollutants and Waste Treatment



## Environmental Compliance Management Environmental Management System

In response to the call of the state for sustainable development, Huizhong attaches great importance to environmental protection and a management policy for saving energy, reducing carbon emission's and developing a green environment has been practiced. In 2010, the company's environmental management system passed the GB/T24001-2016/ISO14001:2015 authentication. For alleviating the effect of production process on environment to a maximum extent, the various environmental indicators are kept constantly under monitoring.

The environmental management system of the company is set up in strict accordance with the Environmental Protection Law of the People's Republic of China, Law of the people's republic of China on the Prevention and control of Solid Waste Pollution, Regulations on the Prevention and control of Air Pollution in Hebei Province, and other relevant rules and regulations, and also by reference to the ISO14001 standard and in consideration of the management work. Huizhong has formulated and worked out a series of systems, such as the Environmental Occupational Health and Safety Management Manual, Environmental factor Identification and Evaluation Management Procedure, Environmental Operation Control Program, Used Batteries Management System, and Solid Waste Management System.

No Accountable general or more serious sudden environmental accidents that incurred any punishment by governmental organs happened through out the year 2024.

### Key Performance

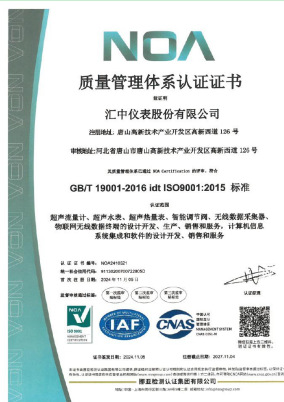
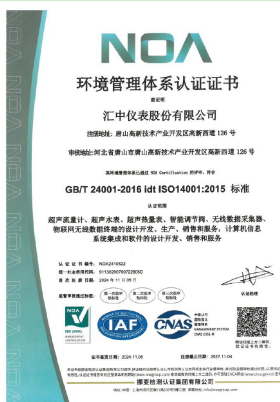
#### Goals achieved in environmental protection in 2024

E1: Solid waste classification and collection rate=100%

E2: Hazardous waste classification and collection rate:100%

E3: Oil fume purification & discharge:100%

Certificates in compliance with environmental and quality management systems granted to Huizhong.



## Environmental Risk Management

Huizhong attaches great importance to environmental risk management, and such a move is implemented in full lifecycle of the company's business operation, manufacturing process and service activities. Apart from environmental factor identification, grading, and control work, Huizhong also lays stress on assessment of environmental impact on construction projects, and the system of requiring the design, installation and commissioning of environment protection facilities to be carried out simultaneously with the construction of a project is adopted, so as to ensure that the environmental protection requirements in different stages of the project construction starting from planning to completion can be met.

According to the specific conditions of the company in 2024, Huizhong has worked out the list of environmental factors, list of control measures, and the list of environmental protection-related laws, rules and regulations, as well as the compliance evaluation record and environmental protection indicators management scheme. In addition, the environmental emergency response plan (EERP) is kept dynamically updated, and every year drills are conducted. In order to effectively implement the national emission reduction policy, the exhaust gas, waste water, noise produced from manufacturing process, and oil fume and smoke in dining hall are under monitoring, and hazardous solid waste is carried away regularly in a safe manner.

### Key Performance

#### Environmental protection improvement approaches:

1. The shot blasting room and wire cutting in the machining process have been eliminated.
2. Green and environmentally friendly cleaning agents have been adopted to replace dichloromethane.
3. An exhaust gas treatment system has been installed. The exhaust gas is collected through pipelines and then purified by the treatment facilities on the roof, and finally discharged in an organized manner.

Some workshops are designed with skylights for natural lighting ventilation and heat and sound insulation



The product equipment and operation space all designed according to man-machine ergonomic principle



Design, installation and commissioning of environmental protection facilities are required to be carried out simultaneously with the construction of a new or reconstruction of an expansion project in every stage.



## Green culture and environmental protection training

Huizhong regularly conducts environmental protection training, such as organizing diverse and engaging eco-awareness campaigns around key environmental occasions like "World Environment Day." Meanwhile, Huizhong actively promotes the concept of green office practices, strictly manages energy consumption in the workplace, and fosters a strong green culture. Employees are encouraged to integrate sustainable living into their daily routines, taking concrete actions to support the national low-carbon development strategy and collectively contribute to sustainable development.

During the reported period, offline training activities were conducted eleven times with a total time duration of 8 hours and 226 participants.



## Carbon Management

Vigorous measures are adopted by Huizhong to improve its carbon management in an effort to enhance the green attribute of its products. In order to attain the carbon footprint authentication certificate for the products, extensive work is made on improvement of carbon management on the basis of two certification report already available-Greenhouse gas assessment report and the carbon footprint report, in a bid to contribute Huizhong's efforts to achieve carbon neutrality in China as soon as possible.

### Key Performance

Average carbon emissions in production and shipment of each ultrasonic meter (ultrasonic water meter, heat meter and flow meters):0.004 t code.

### 降本增效

节约用水 那些你能做的小事!

Cost Reduction and Efficiency Improvement

办公室

无摘要

### 降本增效 节约办公

节约用电 那些你能做的小事

Saving office supplies

办公室

无摘要

### The small matters that you can do to save water with minor effort

proposals 1:  
Raise water saving awareness and sense, set a good example with own conduct to gave every drop of water

proposals 2:  
Cultivate Voluntary the water saving habit.Use water in a panned way and use more recycled water.Cut water use time as short as possible.Turn off water tap immediately after the use of water

proposals 3:  
Whenever pipe leakage occurs,timely repair the faulty pipe.Close timely the faucet.Combat waste and encourage economy.

proposals4:  
Control amount of water used for washing equipment

proposals5:  
Use the water left in cups overnight to water flowers for saving freshwater

### The small matters that you can do to save electricity with minor effort.The electricity can be saved by 7%with the decrease of every 1 degree

proposals 1:  
Set the room temperature preferably at around 26 C

proposals 2:  
Use as much as possible natural sunlight for illumination

proposals 3:  
When not used ,the computer,display device should be set at automatic cut off or sleep mode

proposals4:  
Cut off the power of computer ,display device ,printer and other electric devices when you leave the office

proposals5:  
Use only the necessary projector and computer in the meeting room timely cut off the power of them after meeting



## Enviromental Emergency Response Plan(EERP)

The EERP is kept dynamically updated and drills are conducted every year for improving emergency response capability to make sure that quick response can be made to reduce the peril to a minimum in the event of contingency.

## Addressing Climate Change Green production

Huizhong is committed to promotion of global water saving and energy conservation undertaking by leading its counterparts in innovation of ultrasonic flow measurement technology. While driving for the development of the smart production capability, environment protection conviction in full life cycle of production process is pursued by strictly abiding by relevant laws, rules and regulations to make sure that each progress link is up to the standard in environmental protection. During the reported period ,the work on stepping up of clean production and energy saving and reduction of emission is persistently made. and full consideration is given to environmental factors in product design, procurement of raw materials, production and production and processing processes, transportation and disposal of scraps, for promoting sustainable development in environmental protection.

Huizhong strives for the building of a green factory to help achieve the carbon peaking and neutrality goals at an early date. In 2004, the 1st-phase photovoltaic power generating system was set up on the roofs of the buildings in the industrial park to supply the power for own use in part of its production process the new power apply mode makes it possible for the company to curtail power cost and do its part in realization of carbon neutrality.

### ● Green Factory -photovoltaic power generating system

In recent years, Huizhong has made continued investment on the building of a green factory for effectively reducing consumption of resource in production and environmental impact. For realizing sustainable development and clean production, Huizhong is making unswerving effort, so as to do its part in realization of carbon neutrality.



#### Funds investment

Construction of the 1st-phase photovoltaic power generating system has been completed with a capital input of 4.50 million yuan.

#### Project site

The system is installed on the roofs of the buildings in the industrial park.

#### Installation Area

The system consisting of 560 WP monocrystalline photovoltaic panels, covers a total area of 14605 square meters.

#### Installed Capacity

The system has an installed capacity of 1.24 megawatts, with an average annual power consumption of the company :through making full use of the new energy system to supply power to the company, Huizhong well performs its social responsibility in the drive for carbon reduction and less use of coal.

### Green Office

The environmental protection awareness of all staff members has been continuously enhanced through adoption of the 6 S management system and publicity activity .Now the concept of the environmental protection and conservation has been integrated into the ideological consciousness of all employees ,effectively putting into practice the concept of conservation of every kilowatt-hour of electricity, every piece of paper and every drop of water.

### Key Performance

- 1.The enterprise proprietary Wechat cloud form is used for application for and use of office supplies
- 2.An area for storing office supplies for common use is set aside for avoiding waste of resource
- 3.It is urged to do paperless office work make black-and-white and double-sided printing ,and try to where possible to reuse paper.
- 4.Reduce as much as possible the time duration and frequency of the use of computers, projectors and printers and their standby time. Try not to let them stay in standby mode overnight.

### Intelligent Online Monitoring and control system

The oil fume and smoke in the dining hall is online monitored while the consumption of electricity in a building is measured with separate kilowatt-hour-meters for optimizing management of resource and pollutants, and ensuring the green production process is under dynamic management and can be controlled in a real-time manner .

### Optimization of Utilization of Resource

A technology-based resources management system is applied by Huizhong by strictly observing the Circular Economy Promotion Law of the People's Republic of China and by practicing the circular economy concept, for ensuring the steadiness and rationality of supply of resources. The utilization rate of resources like water and electricity are seen to be greatly enhanced thanks to use of various methods, which is conducive to sustainable development of the company.

### Smart Industrial Park and It's management

The phased construction work of the smart industrial park was completed in the reported period. The consumptions of water and electricity and the photovoltaic power generation system can all be brought under visualized management.



Proper Use of water resource

As an enterprise standing at the forefront in ultrasonic flow measurement technology among it’s counterparts, Huizhong leads the others by example in making contribution to worldwide water saving and energy conservation undertaking. In the reported period, a normalized water management mode has been applied in strict accordance with the relevant laws and regulations like the Water law of the people’s republic of China and the principle of using the water with less consumption and a high efficient, and trying water reuse wherever possible. Through publicity for spontaneous water conservation and practice of active management in the industrial park, as well as comprehensive analysis of water consumption data and the case of abnormal use of water , the efficiency and extent of conservation in use of water have been consistently improved.

Key performance

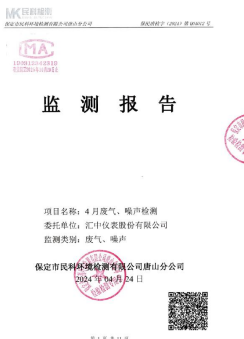
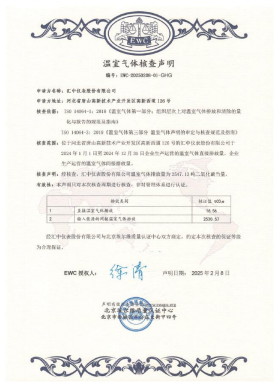
In the reported period , the amount of water consumed by Huizhong totaled 20,021tons,33% less than 2023.

Disposal of pollutants and Waste

By following the relevant laws, rules and regulations, such as the Air pollution Prevention and Control Law of the People’s republic of China, and the Solid Waste Pollution Prevention and Control Law of the People’s Republic of China, Huizhong has formulated a series of systems for management of disposal of pollutants and waste materials. These include, among others, the Accountability System for Prevention and Control of Hazardous waste materials, Management System for used Batteries, and Exhaust Gas Management System.

Environmental Testing

In 2024, in addition to the environmental testing work made by Huizhong by following the relevant national standards,annual testing was also conducted by the third party.to make sure that emissions discharged by pollutant are in conformity with specified standards.



Item	Full-process Management method	Verification
Exhaust gas system	Replace activated carbon clean electrostatic absorbing unit	Test report
Mobile smok & dust purifier	Replace filter cotton every month	Ditto
Formaldehyde	Replace filter element every six months	Ditto
Smoke & dust purifying machine	Clean absorbing unit every quarter	Ditto
Dining hall oil fume & smoke purifier	Clean exhaust gas duct every two months	Ditto

Exhaust Gas Treatment

The exhaust gas contains chiefly particulate matters produced in welding process, a few of volatile organic compounds (VOC) emitted from seating gel and oil fume and smoke discharged from dining hall.

In 2024, Huizhong started to use the following targeted measures:

- 1.Use a collection arm provided at each work place to collect the exhaust gas. Divert the gas collected from each work place from branch pipes into the main pipe for unified purification by the purifier in the main pipe.Finally, discharge the purified gas in an organized manner.
- 2.Use extractors to except the oil fume and smoke into the pipe in which a purifier is fitted. Discharge the exhaust gas collected in an organized manner.

Every year a third party is entrusted by Huizhong to conduct on-site testing.The testing results show that discharge of exhaust gas conforms to the specified standards in all aspects

Key performance

Item	Efficiency
Facilities for treating exhaust gas produced from production building	95%
Facilities for treatement of smoke and dust produced from mechanical processing process	95%





## ● Measure for Control of Generation of Water Gas

### For control of gas from workshops

1. Use lead-free welding wire
2. Improve skill of welding personnel. Use the electric soldering iron correctly and clean it at regular intervals for reducing generation of smoke.
3. Maintain gas purifier regularly and let the supplier to replace the activated carbon to sure the proper in dining hall.



### For control of smoke produced in dining hall

1. Ask a third party to clean the smoke exhaust duct.
2. Use the natural gas in a rational manner to ensure its full combustion for less generation of waste gas.
3. Make real-time measurement of the emission using online monitoring device.



## Wastewater Treatment

The wastewater discharged mainly from production process as well as the sewage from dining hall and toilets are directly discharged into municipal pipe network. As evidenced by testing made by a third party, the discharged water is up to the relevant standard in concentration.

### Domestic sewage treatment measure:

1. Clean the oil separator at regular intervals.
2. Store waste oil and hazardous chemicals in special containers and store them in the depot for treatment by a third party having required.
3. Urge the staff members to have the water conservation idea. Try to use water-saving faucets and toilets.

## Noise Control

The noise is chiefly produced by operation of production equipment. For noise abatement, Huizhong prioritizes the procurement of low-noise, energy-saving and environmentally-friendly equipment. In order to further reduce the noise, the following measures are adopted: working out a reasonable work plan, reducing the operator's working time in high-noise environment, shutting down the equipment in nonproduction period, carry out proper maintenance of equipment at regular intervals to reduce their failure rate and reduce the abnormal noise.

In the reported period, the noise testing results proved to be up to standard.

## Management of Waste Materials

Huizhong attaches great importance to management of waste materials. For facilitating effective control and management the waste materials all go through classification. At the moment, the waste materials produced in Huizhong include mainly the tin slags, ordinary waste like used batteries, packaging materials waste oil and hazardous waste cleaning agent.

### Treatment of Ordinary solid waste

The tin slags and used batteries are temporally stored in a special area where a guard is posted to prevent anyone from taking them away. The storage area and the containers used are under careful management according to the company's relevant regulations. The solid wastes of production lines are stored in bins for disposal at regular intervals. All the solid wastes are first put on record and then transferred to a special collection station for treatment according to the agreement reached between Huizhong and the collection station.

### Treatment of Hazardous waste

All the information concerning the sources, storage and transfer of the hazardous waste are meticulously recorded according to the requirements of the competent authority. The waste daily produced are temporarily stored at a special area, which are transferred to the hazardous waste storage depot at regular intervals. The transfer process is recorded and transmitted to the network platform of the local environmental bureau.

The depot is constructed according to relevant laws and regulations. It is provided internally with diversion channels and cofferdam. Outside the depot, both notice board regarding the systems and warning sign are posted.

The hazardous waste are transferred to a third party with professional qualification for treatment according to the agreement, and the transfer process is put on record according to the relevant laws and regulations.

# Excellent Quality

A Mirror of Innovative Huizhong

- Innovation—driven development
- Striving for distinguished quality of products
- Acceleration of digital of intelligent transition
- Management of relationship with customers
- Sustainable supply chain

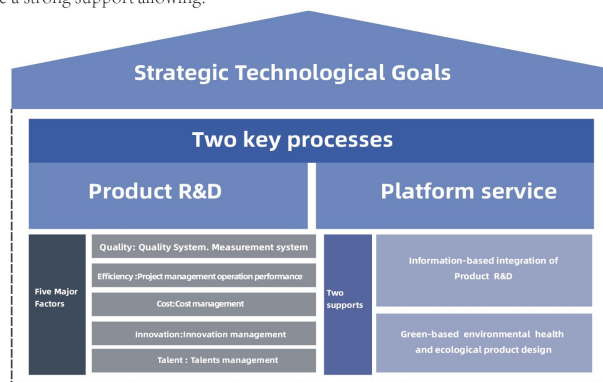




## Innovation-driven Development

### Research and Development Innovation System

Innovation is the sole of Huizhong. As domestically the earliest enterprise in research and development (R&D) of ultrasonic flow meters, Huizhong with a deep dedication to this field has formulated a series of mature and high-efficiency R&D management systems. Through the application of the IPD integrated product development and management model, by following the "two platforms and three generations" technological strategy, and through effective integration of five key factors-quality, efficiency, cost, innovation and talents, the high-quality products developed through rapid commercialization of research-derived achievements can be readily delivered to customers. As the CMMI management model, a tool for quickly enlighten one's mind, is used in development of the service management platform, a tailored service can be rendered to customers with a greatly shortened time period and significantly improved quality. The capability and maturity in application of software are up to the CMMI 5 level, indicating that Huizhong can now operate in line with international norms and maintain an advanced international level in software organization technology and R&D capacity, and the capacities in project management and provision of solutions to customer's projects. The capabilities as mentioned above provide a strong support allowing.

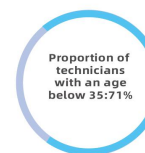
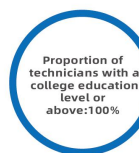


Huizhong attaches great importance to rise of new quality productive forces and always regards talents as the primary productive force. Through optimization of the structure of the technical department, tiered reserve of scientific research talents and independent cultivations and introduction of talents, a contingent of technical personnel with rich professional experience and strong innovation capacity and capable of realizing quick commercialization of research-derived achievements is now available, Huizhong is honored by the state as a SRDI little Giant enterprise (specialized, refined, differential, innovative small and medium-sized enterprise) and a state level green factory. Directly under Huizhong are the provincial-level innovation center, industrial design center, enterprise technology center and the testing and calibration laboratory accredited by China National Accreditation Service (CNAS) for conformity assessment. The organizations and the competent technical personnel provide a strong guarantee for promoting the company's technical advancement and development of new products.

#### Key Performance

As of the end of 2024, the number technical personnel accounted for 27.07 percent of the company's total workforce.

The technical personnel all have a high-level education with 100 percent having an education above college level and rich professional knowledge. The core members of the technical contingent have intermediate to high professional titles and have obtained certain achievements in the professional field. It is a cross-functional and multidisciplinary contingent capable of engaging in hardware and software design, testing and calibration work, and is also a dynamic and creative technical force as the young technicians share a proportion.



- Technicians with a college education level or above
- Technicians with intermediate or senior professional titles
- Technicians with an age below 35

## Innovation-driven technological development

With a rich technological reserves and accumulation over the three decades, Huizhong stands at the forefront among its counterparts and leads the direction of development of ultrasonic flow measurement technology. Huizhong participated in the formulation of a number of national and industrial standards, and has set up a complete technological innovation organizing system using the TRIZ innovation method and intellectual property right management system. As the innovative activities are enabled to be unfolded in a more scientific and effective manner, Huizhong has achieved fruitful results.

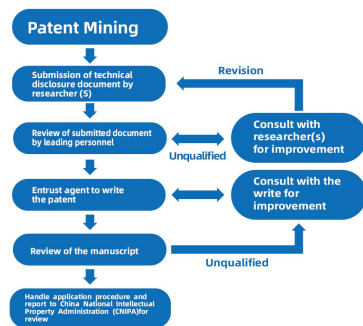
#### Key Performance

	Innovation Patent	Utility Model Patent	External Design Patent	Software Copy Right
Newly Added in 2024	0	12	5	32
Cumulative Figure	12	81	44	262



## Intellectual Property Rights Management and Protection

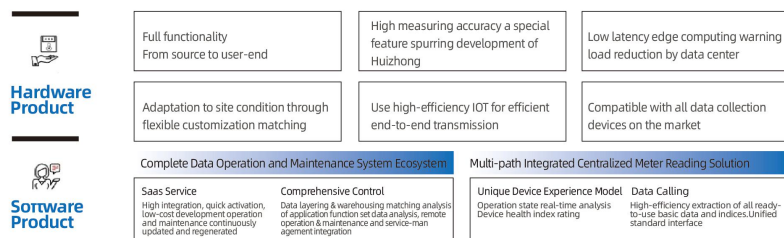
Huizhong attaches importance to intellectual property rights management and protection work. For facilitating this work, the processes for governing technological innovation and patents have been designed, and the intellectual property confidentiality system is in practice.



## R&D and Innovation Achievement

A technological innovation organizational system is set up on the basis of the intellectual property right management system and with the use of the TRIZ innovation method in order to carry out scientific innovation work, obtain more intellectual property rights and speed up commercialization of popularity of innovation achievement.

Huizhong can now produce both hardware and software of three major series ultrasonic water meters, heat meters and flow meters and can provide customer-oriented viable service solutions. When used in water supply, heat supply, industrial, hydraulic engineering and hydropower sectors, the meters can adapt to different pipe sizes, service scenarios, and communication modes. Meanwhile development of the meters with a larger measurement range. Lower power consumption, higher intelligent level and lower maintenance cost, as well as the thoughtful flexible customization service pattern are keeping under way.



### Key Indicators

#### Case Technical Superiority of the Ultrasonic Water Meter

##### 1. High Performance

High temporal resolution computing capacity  
High-accuracy measurement once per second  
Battery life > 10 years

##### 2. Low Initial Flow rate

Wide measuring range (up to 1000:1)  
Low initial flow rate (Even a drop of water)

##### 3. Anti-freezing Design

High working stability even at a temperature of -25℃

##### 4. IP68 Waterproof Design

Water-resistant capacity of whole meter and components: up to IP68 standard. Capable of working in damp or submerged environment

##### 5. High-density Data Collection

Capable of making high-density data collection (Once every 30 seconds) for wireless transmission through data compression.



##### 6. Intelligent AI Analysis Model

Intelligent analysis of following abnormalities with multiple built-in analysis models: self turning, low temperature warning, reverse flow of hot water, meter installed upside down or removed, leaking or running water.

##### 7. Intelligent Sensors and Transducers

An intelligent terminal formed up through integration of temperature, pressure and vibration sensors.  
A real smart water meter capable of providing multi-dimensional data.

##### 8. Remote Operation & Maintenance

Remote commands supported.  
Data reporting rate: > 99%  
Data accuracy: 100%

##### 9. Reliable Multimode Wireless Transmission

NB-IoT, LoRa, Cat.1.

#### Case Leading Ecological Products

Huizhong leverages its technological leadership to lend the development of its peers, and even supplies sensors, modules, transducers, calibration device, and comprehensive solutions for overall industrial chains of intelligent production lines for non-ultrasonic measuring meter manufacturers in the same industry.

This move has solidified the company's core competitiveness and also brought new profit growth points.

#### Output of Ultrasonic Flow Measurement Technology, Building the Ultrasonic Industry Ecosystem





# Unparalleled Excellent Manufacturing Quality

## Building of Intelligent Manufacturing

As a worldwide sizable company engaging in R&D and manufacture of ultrasonic flow measurement products and associated systems, Huizhong adheres to the business philosophy of sustainable development, and takes improvement of manufacturing quality, efficiency and capacity, reduction of inventories and cost, ensuring safety and shortening of delivery period as its objectives in business operation. The increasing rise of manufacturing level and efficiency has led to more satisfaction of customers, improvement of product quality and reduction of management and production costs, enabling Huizhong to operate with a customer-centered intelligent manufacturing system featuring Huizhong characteristics and three distinguished advantages. With the practice of the system, quality products can be timely delivered to customers.

With the use of the research-manufacture-supply-marketing-service integrated intelligent platform, the marketing, R&D and production data are coordinated, making it possible to shorten the delivery time of orders and decrease information transmission issues during the order flow process caused by human factors. This provides a foundation for Huizhong to become a benchmark intelligent manufacturer in the future and enhance its intelligent competition level.

### Case

#### Continued optimization of independently Developed Technologies

Implementation of coordinated intelligent systems for improvement of manufacturing quality and reduction of labor costs, remarkable effects have been achieved. Through analysis of product structure, design and use of optimized manufacturing process, use of robots for loading/unloading and automatic locking of materials, and application of such technologies as visual recognition, automated welding, automated pouring of gel, automatic testing, intelligent screening, adaptive identification printing, adaptive model transfer, wireless infrared data transmission and coordinated practice of systems, a self-developed new intelligent production line for producing semi-finished sensors, assembling preliminary finished and finished meters, and packing of finished products is now available. With the use of production execution system and the robotic and automatic actuating units to carry out data collection, monitoring and control of operating states and product quality, data analysis and flexible customized production, in combination with other system modules, it is possible for the production lines to share the data information and hence operate in a coordinated and highly efficient manner. Such being the case, the yearly output of various kinds of ultrasonic meters has seen a noticeable rise from previously 10000 to now 1 million units. It saves over 4.2 million yuan in labor costs annually.



## Building of Quality Control System

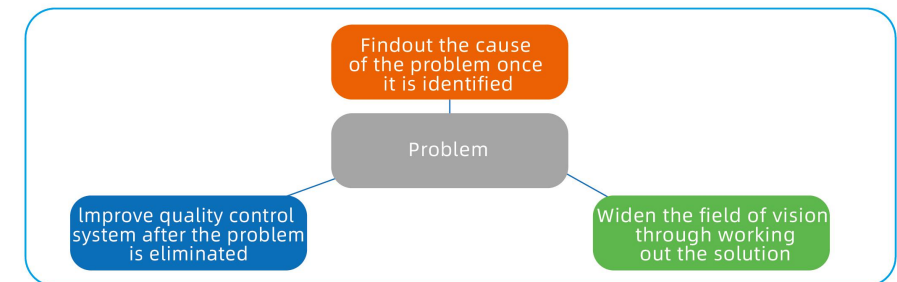
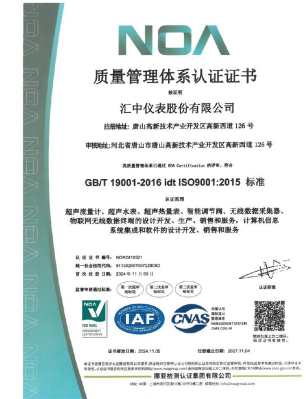
A systematic thinking -based quality control policy with the customer as the focal point of concern is adopted by Huizhong. The essence of the policy is to identify the cause of the problems and solve them if anything goes wrong, broaden horizons in the way to eliminate problems and improve the existing quality control system with the results obtained in practice of such systems as a guide. In order to strictly implement the concept of no compromise with quality and that even a minor quality issue needs to be seriously dealt with, a review of quality issues is made every week.

The staff members are organized to study the Product Quality Laws of the People's Republic of China, Metrology Law of the People's Republic of China and Quality Development Outline, and the ISO 9001 quality management system and the ISO 10012 measurement management system are in practice. It is clearly defined that the leadership is the first person in charge of the product are service quality-related matters. For better quality control, the Quality assessment Management Procedure is formulated. As the product and service quality is constantly improved through internal and external examination, quality control work assessment, and testing made by a third party, a whole process quality monitoring and control system is now available.

With an aim to have a clear understanding of customer's explicit and latent demands, and review the contract quotation, terms and agreements for ensuring the market access quality, a pre-sales review group consisting marketing, technical, sales and legal personnel is formed up.

Huizhong stands at the forefront among its counterparts in terms of product quality, and has awarded a number of honorary titles, such as Stable and Qualified Products for National Inspection, National product Quality Integrity Brand, Superior Quality Brand in China's Water Supply Sector and Top-quality Brand in China's Heat Supply Sector.

By operating with the prime target of producing "Zero-defect" products, through implementation of the quality control system and strategy as described above, and by reference to the successful quality improvement methods introduced in Ford Motor Company 8d Report and Motorola 6 sigma, an effective quality improvement model with unique Huizhong characteristics is now available.



In order to enhance the technical level in making testing, inspection and calibration work, a laboratory management system is implemented for enabling the lab to carry out standardized testing and calibration work. In October, 2019, Huizhong obtained the official laboratory accreditation certification from China National Accreditation Service for Conformity Assessment (CNAS).

Huizhong now has the technical capabilities to engage in the testing and calibration service work in its lab according to the accredited criteria and use the accreditation signs within the accredited scope and the international mutual recognition mark. The test report and calibration certificate issued by the lab have authoritativeness. The lab can also carry out special assessment work under authorization with the certificate issued by Hebei Provincial Market Supervision Bureau.



## Digital and Intelligent Transformation Accelerated Digital Empowerment

In order to advance the digital transformation and upgrading strategy, strengthen data governance capability and explore the value of data, Huizhong adopts the "one subject, two objectives, three principles and four approaches" (For details, refer to the following table) method to realize digital transformation. This enables Huizhong to better adapt to the development trend in the digital era and the change of market demand, and raise the ability to make sustainable growth and innovation.

One Subject	Two Objectives	Three Principles	Four Approaches
Digital transformation and upgrading	Reduction of cost and improvement of efficiency	Continuous improvement of product through independent R&D	Open up information island through overall planning of digital ecosystems and platforms
	Scientific decision-making	Conduct R&D work contemplatively for a large scenario and immediately for a small scenario	Develop standard process and methods for data governance to provide instruction and basis
		Act conscientiously by following the idea of data-driven creation of values	Develop MES system for control of production process
			Set up big data-based visualized platform to assist decision-making

Thanks to the use of digital visualized management system, Huizhong can now operate with whole-process information systems and intelligent management, manufacturing and service systems, significantly improving, as a result, the company's production capability and product quality. With the use of digital devices and sensors for automatic collection of production data, the visualized control and refined management of production process have become possible.



## Customer Relationship Management

In order to establish strategic partnerships with customers, Huizhong has formulated a host of customer relationship management standards and systems including the Customer Profile Management standard, Customer Complaint Management Standard and Customer Satisfaction Survey and Follow-up System. To meet the requirements of different types of customers, differentiation strategies are adopted. Through collection and feedback of information on meter usage status, and constant improvement and upgrading of production process, and marketing and service, Huizhong has won customer satisfaction and loyalty.

## Customer Loyalty Further Enhanced

In addition to the perfect customer relationship management systems, Huizhong has also worked out the mechanisms and procedures for conducting project cooperation or joint development by way of high-level mutual visits. The efforts made by Huizhong to constantly develop new products and incessantly improve after-sales service to cater to the specific needs of customers have gained the trust of customers. Huizhong can make timely response to customer inquiries within the time requested by the customer. The differentiated management mode has met and even exceeded customer expectations, gaining not only a higher customer satisfaction and loyalty but also a good reputation for Huizhong.





### High-level visits with domestic and foreign customers

 中国石油天然气集团公司	 BG北京	 中環實業	 中国石化集团南京化学工业有限公司	 郑州合力集团有限公司	 中国电信 CHINA TELECOM 世界 服务 中国	 中国移动 China Mobile
 天津合力集团有限公司	 清华同方	 中環-SUPACON	 TCEC 北明天时	 江大科建		 中基集团 CENEC
 紫光铂能 JIALU ENERGY	 研人时代 ZHONGYUAN TIMES	 唐人时代 ZHONGYUAN TIMES	 研人时代集团有限公司	 华能日曜电力	 SINOPEC	 中国石油
 研人时代电力公司 ZHONGYUAN TIMES POWER	 江西新永泰集团有限公司 Jiangxi Xinyongtai Group Co., Ltd.	 中環實業	 China unicom中国联通	 HUAWEI	 HBIS 河钢集团 HEBEI GROUP	 BAOWU
 百能供水	 TSSC 泰山供水集团	 中環實業	 Jian Water Group	 广州市东凌供水有限公司	 South East Water	 广州自来水

### List of key customers of Huizhong

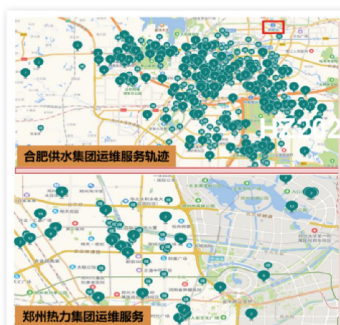
business transactions. Through the free service hotline, Huizhong can resolve customer's difficult problems as soon as possible or promptly initiate technological innovation to make the products more adaptable to potential news market for enhancing satisfaction of customers. The marketing center, business operation management center and customers service center are charged with the responsibility to transmit the information acquired from customers to the departments and personnel concerned in order to meet the needs of customers.

Contact Channel	Communication Content	Advantage	Response Mode
Net work	Huizhong's products, technology, technological process,news and activities	Rapid wide range of information	Rapid log-in information timely updated
CRM platform	Customer inquiries Business, transactions Complaint	Rapid response timely feedback	Handled by specially appointed person in a rapid manner
Hotline	Ditto	Ditto	Marketing & complaint calls rapidly answered and recorded
E-MAIL	Messages regarding demands complaints and transaction	Ditto	Contact at any time
Customer visits	Inquiry Business & transaction negotiation Complaint	Received cordially by persons specially assigned.Close attention paid by leadership	Production of customized products and planning service work through collaboration of various departments
Direct phone call	Evaluation and desire of customer negotiation and handling of business and transaction affairs	Quick response and clear answer to question with clear and accurate language expression	Direct contact with Huizhong's marketing manager or personnel or with person in charge if necessary
Visiting customer	Marketing and market information customer's requirements and expectations	Regular visiting by top-level leaders or personnel in charge. Visiting by general business personnel at any time. Implementation of customer's opinions or suggestions as soon as possible.	Tackling customer's problems timely. Feedback on implementation of customer's suggestions .Making notes on implementation results.
On-site treatment	Complaint	Technical personnel quickly sent to solve the problem satisfactorily	Technically competent personnel quickly sent over to timely solve the problem.
Follow-up visiting	Comments on Huizhong 's service of opinions and suggesting on improvement directions	Opinions and proposal highly valued and improvement timely made	Making regular evaluation by specially assigned personnel.Submission of analysis reports and rectification plan to leadership for review.Giving customer feedback on rectification result.
Product promotion and advertising	Product,technology ,manufacturing process,product quality and equipment	Rich content and wide coverage	Regularly updated for providing customers detailed information

## Assured Service System

In order to response to complaints lodged by consumers in a timely and effective manner, Huizhong has formulated a series of information collection, processing analysis, application and response systems, such as the Customer Complaint Management Procedure, Non Compliance Management Procedure, Customer's Quality-related Complaint Feedback List and Customer's Quality-related Complaints Rectification 8D Report. The Customer Service Center is responsible for collecting a customer's feedback information and reporting the information to the responsible department within two hours .The latter then forms up within one work day a correction group to verify and try out temporary corrective measures. Within 3 work days, after the root cause of quality issue is found out and confirmed, the department shall select a permanent corrective measure after its effectiveness is verified, and send a quality 8D report to the customer concerned as the effectiveness of the permanent measure and a standardized procedure, so as to establish a closed-loop customer complaint management mode.

With the use of the three major serve systems--regional service outlets, remote operation and maintenance, and all life cycle management, the pre-sales serve and post-sales service have become integrated with all the processes being traceable. Meanwhile, Huizhong has obtained the 7-Star Certificate of CTEAS After-Sales Service System Improvement Certification, and continuously enhances its service capabilities to ensure customer satisfaction.



Trajectory of Operation and maintenance service rendered by Huizhong for Hefei water supply group and Zhengzhou thermal Power Co.Ltd



Authentication Certificate granted to Huizhong for its service work.

## Sustainable Supply Chain

Based on the concept of openness, transparency, win-win and guaranteed supply, Huizhong has established harmonious, equal and win-win cooperation relationship with shareholders, customers, staff members and various parties in society, so as to maintain a long-term stable strategic relationship with all of them to achieve common development of Huizhong and the society.

With respect to the supply chain, the company upholds the idea of keeping a stable chain with the supplier for seeking common development. In order to ensure the scientificity, objectivity and impartiality in selection, evaluation and assessment of supplies, strengthen routine management and supervision of suppliers, encourage suppliers to promote quality improvement to ensure the quality of their products up to or even better than the required standards, and ensure the delivery time of their products, Huizhong has set up the Procurement Management Procedure and Procedure for management of suppliers for conducting regular evaluation and assessment of suppliers, carrying out effective communication and cooperation with them and continuously improving the guarantee capability of the supply chain.

Suppliers are classified into A ,B and C levels based on their importance .Strict evaluation is conducted on the admission of suppliers and the competition mechanism is introduced to allow suppliers, and requires with excellent potential to enter the supply system. Huizhong has established the files of suppliers, and requires that the suppliers, who have been approved to enter the supply system, have the corresponding production and certification qualifications .Huizhong implements quality management for all suppliers and imposes green and sustainable development requirement on them. For optimization of structure of the supply chain, evaluation and assessment of suppliers are made based on a multiple of factors including product quality, delivery time, service quality and cost.

### Key Performance

In the report period,the number of suppliers cooperating with Huizhong :208.  
Those newly added:9  
Those terminating cooperation with Huizhong :7

Huizhong has established a mechanism for selection of excellent suppliers.Every year,the suppliers who have the highest degree of matching with Huizhong in terms of culture and development philosophy ,and are able to maintain sustained efficient collaboration with our company and ensure product quality are chosen through appraisal,so as to push up the sustainable development of the supply chain.



# Harmonious Society Enjoy a better life

- Employee Rights and Welfare
- Employee Health and Society
- Rural Revitalization and Social Contribution

唐山银行 · 2024唐山马拉松  
Bank of Tangshan · 2024 TANGSHAN MARATHON

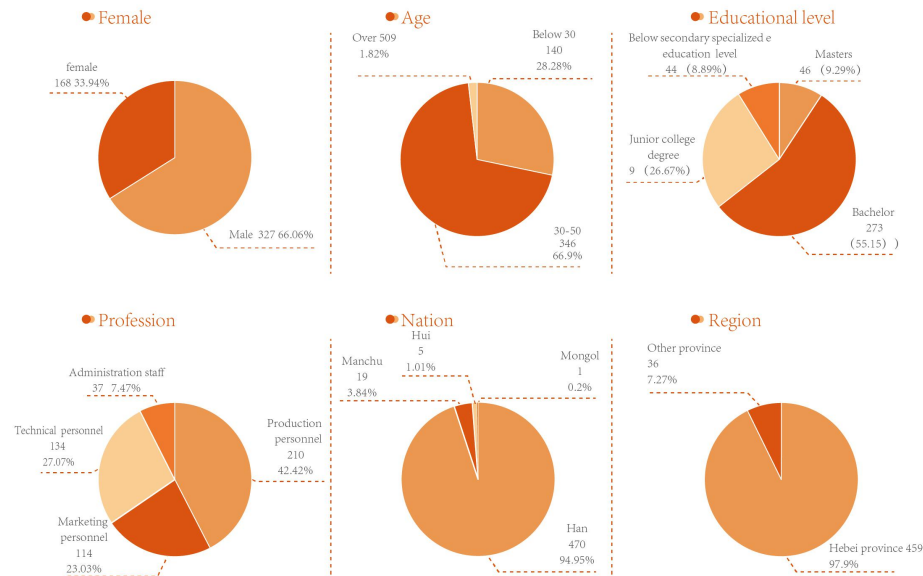
I ♥ 唐山

# Employee Rights and Welfare

Huizhong operates in strict accordance with the Labor Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Minors, and by following the "people-centered" concept. The company employs legally, and explicitly prohibits the use of child labor and forced labor. In the reported period, the company has a total of 495 employees who are all workers over the age of 18 and have legal and regulatory compliance labor relationship with Huizhong with a labor contract coverage rate of 100% without any forced labor relationship with Huizhong.

With the overall goal of the development of the human resources is centered on rise, of satisfaction and decrease of dimission rate, protection on rights and benefits of employees, advocacy of fair employment ,and building of a fair and just working environment, with personnel allocation and stimulation as core, continued rise of value creation ability as direction, all life cycle talent management as theoretical basis, incessantly improved human resource management as a guarantee and continued improvement of compensation and benefit(C&B) and the development channels opened up for employee as the foundation, practice of the inspiration mechanism has led to accelerated harmonious development of the company and its employee and a value win-win outcome.

## Staff Structure



## Labor Rights

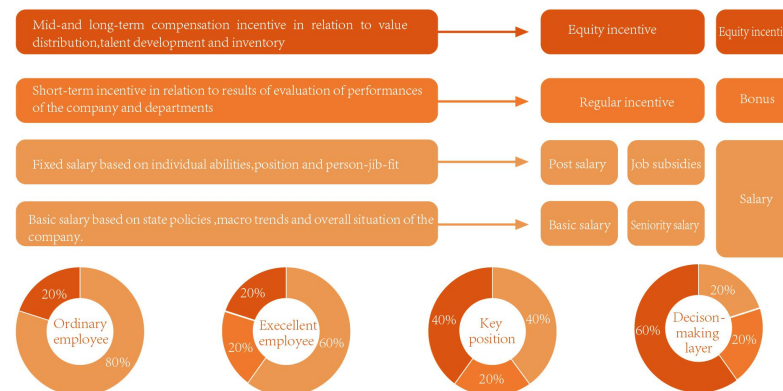
Huizhong employs employees in accordance with the law, regulates employment and upholds integrity in employment. The company lawfully enters into, modifies, extends and terminates labor contract by strictly abiding by the relevant laws and regulations, such as the Labor Law of the People's Republic of China and Law on the Protection of women's Rights and Interests. In addition to routine sick leave, personal leave and marriage leave, the company also provides special leaves for female employees, such as prenatal examination leave, maternity leave and breastfeeding leave to protect the lawful rights and interests of female employees and create a work environment that respects and supports female employees.

Huizhong has created a diverse and inclusive cultural atmosphere, and is committed to ensuring equal pay for equal work, regardless of gender and a no discriminatory human resources system. There were no violations or events of misconduct in the company in 2024.

## Salary Incentive System

Huizhong has established a performance based compensation system for all employees that is in line with the company's strategic development based on the value management model, talent development model and talent inventory model. The company adopts an open and floating salary system according to the principle of fixing salary based on grade, job, position and person-job-fit. In 2024, the classified and differentiated performance appraisal system was put into practice according to the further improved Salary Management Regulations and Performance Management Regulations. The appraisal results are directly related with salary distribution, job reassignment, training and development, and eligibility to be nominated as advanced or excellent workers. For stepping up standardization of salary distribution system, the performance assessment process has been further normalized for providing a competitive salary for each employee.

## Huizhong Company's Salary Structure Model





Huizhong attaches great importance to incentive work, and actively shares the company’s development achievements with employees. In 2018 thru 2024, the company implemented the restricted stock equity incentive plan once for board directors (independent directors not included),supervisors, senior administrative personnel and backbone personnel in key positions, and implemented four employee stock ownership plans, with accumulated involvement of 329 people.

In 2024, in implementation of the third employee stock ownership plan, the second batch was successfully unlocked, and 37 backbone personnel received the cash investment returns, with a rate of return on investment reaching approximately 45%. The fourth phase of the employee stock ownership pant was terminated prematurely due to the impact of various factors. However, Huizhong has disclosed the employee stock ownership framework plan for 2025-2034 for achieving the employee incentive objective.

Huizhong also lays stress on building of employee spiritual civilization. The employees are encouraged to learn from the advanced with role models as an example, and the excellent personnel are commended with material or nonmaterial rewards.

Person/team	Material Reward	Nonmaterial Reward
Manager	Equity incentive	Title of excellent managerial person and promotion
Technician	Project development award Engineer employment subsidy	Senior project expert Title of technically advanced worker
Sales person	Bonus	Title of sales champion and expert
Manufacturer	Technical /post allowance Process innovation award	Title of advanced and skilled operator, and "star of Huizhong"
Lecturer	Bonus and teaching subsidy	Outstanding lecturer of the year
Fresh graduate	Allocation special funds for cultivation Free accommodation .Giving assistance in applying government subsidy	Best new comer award. Brought into talent pool. Recommended to participate in government interview and recognition activities
Team	Bonus	Title of outstanding team,Arrangement of team building activity

The incentive measures have significantly increased the attractiveness of positions of our company, making it possible for talents to settle down. The initiative and creativity of the mass of business backbones have been fully mobilized, and the employees also have a greater sense of belonging. Furthermore, the interests of shareholders, the company, and the individuals in the core team are effectively combined, conducive to sustainable development of Huizhong in all aspects on a win-win basis.

Welfare Assurance

Huizhong attaches great importance to staff welfare for providing comprehensive care for employees through a well-established welfare system.

Statutory Benefits	Five insurances (endowment ,unemployment,employment injury,health care,maternity) and one fund (housing fund) for the full base of salary payment.
Holiday Benefits	Statutory holidays and paid leaves (annual,wedding,funeral,maternity,paternity and care nursing leaves)
Functional Benefits	Renting house for and conducting entrusted training of personnel dispatched to other places.
Caring Welfare	Free lunch and dinner .Special welfare activities during important festivals and holidays. Distribution of heatstroke.
Health Care	Physical check-up occupational disease examination ,commercial examination. Distribution of caring funds.

Huizhong also launches diverse caring and gathering activities to enrich the spiritual and culture life of employees,create a positive and energetic working atmosphere ,enhance their sense of belonging and happiness, and a corporate cohesion full of warmth.



## Case

In the scorching and hot summer days, the staff members still silently stick to their posts with a high-level professional spirit to make contributions to the steady development of the company. Huizhong was well aware of their hard work and difficulties in the sweltering summer days. On June 13, 2024, the company provided all of them heatstroke prevention and cooling products, including Qingdao beer, coke and Wanglaoji orangeade drinks. This is not only a recognition of and a reward for the hard work of employees but also to create a harmonious working atmosphere.



Heatstroke Prevention and Cooling Products

## Democratic Management and Communication with Employees

Huizhong takes active part in the building of the workers' congress and the labor union for ensuring a quick response can be given to opinions and suggestions of employees via a multi-dimensional communication platform. To protect the legal rights and interests of employees, their suggestions can now be collected via online and offline diverse channels. The company also regularly holds training courses and seminars for enhancing employee engagement and company cohesion and pushing up healthy development of Huizhong.

A transparent and fair employee complaint management system (ECMS) is also in practice to make sure that every employee's voice can be heard.

Huizhong strives to transmit every complaint to the managerial personnel concerned in a timely and safe manner, and find out the way to quickly and effectively settle any controversies and arguments to maintain work place fairness and justice.

A quarterly internal publication is issued with the subject centered on the core values of gratitude, responsibility, persistence and learning. Employees can express their literary talents, freely share their personal insights, and comment their life in the company.



Internal Publication

## Employee Satisfaction

In March-April every year, the company conducts a general survey of dedication and satisfaction of employees and several aspects including cultural identity, management measures, working environment. The survey results then serve as the basis for identification of potential problems. The survey information is shared by high-level officers for promoting common development of the company and employees by taking corresponding improvement measures. By making comparison with the best practices of other enterprises of the same trade and multivariate data analysis, the company can gain a better insight into the points of concern of employees, and take measures to optimize the corresponding areas for enhancing their sense of long-term participation and happiness.



For creating meticulously a good working environment and atmosphere, Huizhong sets up a wide range of functional and sports facilities, such as the nursing room, smoking room, basketball, badminton and table tennis courts, as well as a high-standard dining canteen with its cooking materials purchased from RT Mart Supermarket to cater to the differentiated demands of employees of different categories. Adoption of the personalized measure has led to increased sense of happiness of employees.





Employee Career Development and Training

Huizhong highlights employee career development and training work. The career development systems targeting on employees working on different posts as well as the Training Management System-a system with the Huizhong characteristics, have been set up according to the development demands of company. In the reported period, unremitting efforts is made to step up the building of learning-based organizations. Based on different cultivation objectives, the trainees are classified into four categories-new campus recruitment, social recruitment, current employees and reserve talents. For different groups, different cultivation programs are adopted under the instructions of excellent lectures and tutors. The training results are assessed and validated in various forms, such as written test, summary report, practical exercise, technical operation, program performance, outdoor group activities, and reading party, to make sure that the training objectives are all reached and the units at all level are paying more attention to training work.



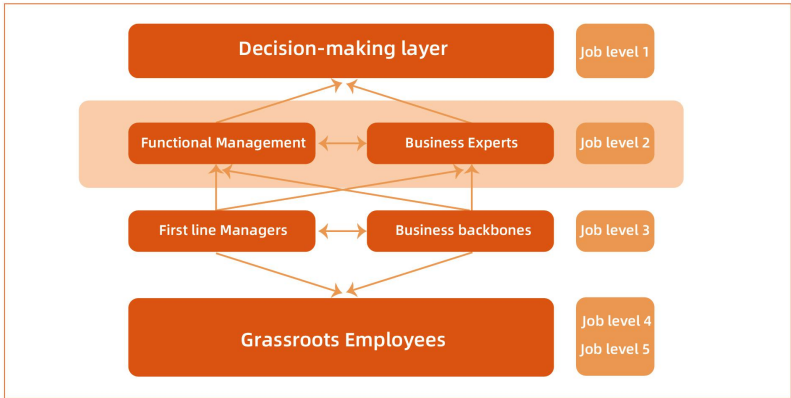
Offline training courses and outdoor follow-up activity



Reading party and knowledge contest

The organizational structure model of Huizhong consists of five job levels which are further divided into two categories: functional sequence and expert sequence for mutual development in integrated form. The job categories are further divided into four subsequences: manufacture, administration, research and development and sales and marketing (MARS model)

Career Development model (Mars model)

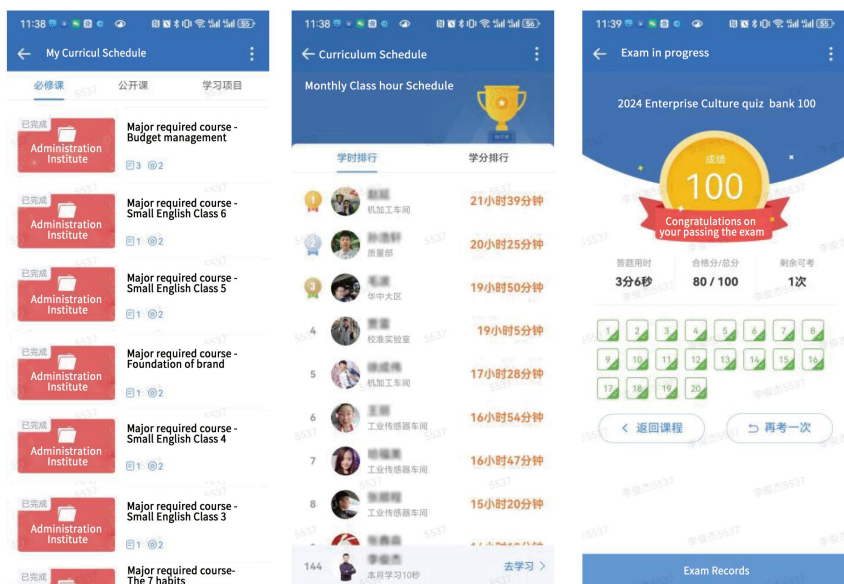


In implementation of the cultivation systems,Huizhong takes the company strategy and employee needs as the main line,enhancement and cultivation of employee quality and ability as the core,and definite purpose,practicality and values as the focal points,and acts by following the principles of combining theory with practice,company training with central training and training with examination,so as to create a learning -based enterprise in all aspects,and lay a sound foundation for enhancing internal development driving force and value creation ability.

Cultivation System				
Cultivation objective	Fresh Campus Recruitment	Social Recruitment	Current Employee	Successor
Cultivation Group	Enterprise integration job competency improvement of technical capability Echelon building of talents.Cultivation of successors Enterprise sustainable development			
Training operation	Management System	Training Course Development	Mentor Management System	Evaluation
	● Training program ● Management system ● Budget system	● Design of contents ● Design of Training Mode ● Courseware Design& Making	● Selection of Mentor ● Cultivation of Mentor ● Evaluation& Incentive	● Classroom Effect ● Training Node ● Conversion of Results
Cultivation Mode				
● Cloud Academy platform ● Project practice ● Teacher' s Assistance ● External Training programs				

Framework of Huizhong Cultivation System

Huizhong further enriched its cloud academy training and learning information platform in 2024. Directly under the platform are a series of functional sequence institutes including, among others, the manufacturing institute, administration institute, marketing institute and technological research courses and open courses (optional). The training situation is calculated based on the credit system while the short-term training effect is evaluated based on assessment score and credit performance. The long-term effect is evaluated based on the phased improvement of artificial efficiency. In 2024, Huizhong launched 161 compulsory courses and 162 open courses with the accumulated number of participants and class hours reaching respectively 408 and 2896.89 hours.



# Employee Health and Safety

## Occupational Health

Huizhong attaches great importance to safety production in response to the national call for sustainable development. To ensure the safe and orderly process of production work, Huizhong has established multiple systems related to occupational health and safety management by strictly implementing the Occupational Disease Prevention and Control Law of the People's Republic of China, and by following the principle of emphasizing people-oriented health and safety production.

The company has obtained the GB/T45001-2020/ISO 45001:2018 standard certification, and will continue to build a sound management system in this respect for the company. For identified occupational hazards, in addition to adoption of safety protection measures, free physical examination of all employees and occupational disease checkup of those exposed to occupational hazards are made once a year for guarding against any health risks. In 2024, all employees underwent occupation health check up with a physical examination and health record coverage rate reaching 100%.

Besides, Huizhong maintains communication with the health department and periodically conducts occupational disease prevention publicity work in the company.



### 2024 Employee physical examination

The staff members in the general office hail the deep concern and loving care for health of employees and the upcoming physical examination.





Safety Management

To ensure safe and orderly process of production work, Huizhong puts safety first and strictly implements the Work Safety Law of the people's Republic of China. In 2024, it's occupational health safety management system passed the GB/T4S001-2020/ISO 45001:2018 authentication.

In 2024, the company continued to implement its own safety management "5831" standard, namely, "One objective, three modules, eight pillars and five foundations" (See the model as shown below). The model covers multiple aspects such as risk evaluation, training and configuration of protective facilities for ensuring effective implementation of the safety management system, and providing a safety and compliant working environment for all employees. To attain this goal, the company maintains steady capital input. In the reported period, no case of major safety accident occurred.



Capital Input\Year	2022	2023	2024
Unit :10000 Yuan	109	103	112

Through intensified education to raise safety awareness of employees,the safety management is effectively implemented.

No.	Node/Objective	Approach
1	Identification of safety risk and detection of hidden safety hazard	The various departments and workshops are requested to observe safety management system and conduct periodical checking ,identification and evaluation of hazard sources,and take control measures.The units at all levels are requested to conduct safety checking at specified intervals.Once a hidden hazard is detected the unit concerned is ordered by a notice to take targeted measures within a specified period of time.Only after the hazard proves to have been eliminated through checking ,can the order be revoked.
2	Raise safety awareness through strengthening of training work	(1) New employees must undergo the three-level safety education and training and pass the assessment before they can take up their posts .Personal doing special types of work and those working at key positions must undergo regular training and assessment. (2) Raise employees' safety awareness and ability to handle emergency situations through launching "Safety Production Month" activity and propaganda means ,such as display board signage and illustrations.
3	Standardize safety equipment and facilities according to industrial standards	(1) Strictly observe the relevant national laws,rules and regulations.Continuously improve the safety management systems,and implement safety operation responsibility layer by layer. (2)The safety equipment and facilities need to conform to industrial standards.For the equipment which is liable to cause personal injury and at dangerous place,safety protection and alarm systems must be provided.
4	Routine monitoring and control	Conduct routine inspection of operating conditions of environmental protection equipment and completeness of fire-fighting equipment .Check the distribution and wearing of labor protection equipment.Check the hazard source identification and monitoring work.
5	Standardization work	Conduct internal assessment of the implementation of environmental management system, as well as their applicability, adequacy and effectiveness, and targeted performance indicators obtained.Define the direction for making improvement based on the results of checking made above.
6	Assessment Work	Score the safety management work of each department each team and each group .The scoring results are relocated to assessment of their job performance.

A systematic production safety management mechanism is set up by the company by adhering to the total involvement principle. From senior leaders to front line employees, everyone is clear about his/her responsibility. Through regular training and practical drill to enhance employees' safety awareness and ability to handle emergency situations, each employee can now proficiently master the safety operation procedures, making it possible for all employees to jointly maintain a safe and harmonious production environment.



In 2024, the company enhanced employees' safety awareness through conducting new employee training, special and regular training sessions. A total of 39 safety training sessions were organized throughout the year, including 1 comprehensive fire safety drill, 1 BCP earthquake drill, 1 emergency drill for food poisoning and explosion in the cafeteria, 1 drill for sudden environmental incidents, and 4 emergency drills for special equipment. A total of 1,316 persons participated in these training sessions.

2024

BCP EMERGENCY MANAGEMNET  
Notice of Earthquake  
Emergency Drill

General Office of Safety Management Department

Be vigilant in piece  
Forethought prevents calamity  
In order to be able to timely and effectively  
Implement earthquake emergency management,an emergency  
drill is to be conducted on May 17.

Safety Management

Guard Against Fire  
Hazard Cherish Life

Disaster Prevention and Reduction Day  
Safety Management Dept  
Everybody is highly aware of fine hazard  
Everybody knows how to take emergency actions  
To enhance the disaster prevention and avoidance abilities of  
front line employees is a top priority.



Time (year)	Product	Amount (yuan)
2023	Tan sheep of Ningxia	135050
2024	Chinese wolf berry of Ningxia	12350
2024	Berry tea	27557. 5
2025	Rice	19720
2025	Foodstuff	35960
2025	Fruits	42100
	Total	272737. 5

Social Contribution

Huizhong Co., Ltd. is committed to giving back to society. Adhering to the concept of harmonious integration of enterprise development and social responsibility fulfillment, it takes practical actions to assist disadvantaged groups, fulfills its public welfare responsibilities, and contributes to a happy and harmonious society.

During the reporting period, the "Hand-in-Hand" visit and consolation activities initiated by the Party branch and the trade union of the company were carried out. Company representatives brought daily necessities and went to Shawu Village, Zhoufeng Village and Dangjia Village in Laozhuangzi Town to deliver consolation and blessings to 43 impoverished families. When the Tangshan Marathon kicked off with great enthusiasm in October, the company sponsored the organizing committee with 100,000 yuan, aiming to actively promote the economic development of the city, enhance the city's image and popularity, and promote the healthy cultural construction of the hometown.



Rural Revitalization & Social Contribution

Rural Revitalization

At the important moment of the 30th anniversary of the establishment of Huizhong Co.,Ltd. (1994-2024), the company, by adhering to a high sense of social responsibility, actively practicing the corporate culture of "gratitude, responsibility, persistence and learning", and closely combining the national strategy of rural revitalization, set up the "Huixingfu" Public Welfare Platform of far-reaching significance. It aims to give full play to the advantages of the company's own consumption to help agricultural development and farmers as called for by the nation, and takes industrial and precise assistance as the core starting point, so as to positively guide and promote the development of China's agricultural products in a green and healthy direction, and realize the sustainable upgrading of the agricultural industry.

As of March 2025, the "Huixingfu" platform has successfully completed pairing assistance projects in Ningxia, Jiangxi, Jilin and other places, with a cumulative amount of 270,000 yuan worth direct purchases, and has achieved significant social and economic benefits.



# AI-large-models Driven Smart Water Management Smart Heating System Scheme Innovation and Sustainable Development

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- AI Large-model Development Trend
- Deep Integration of Large-models with Industry Scenarios
- External Empowering: AI-driven Intelligence in Water & Heating Supply Industry
- Internal Services: AI-driven Enterprise Digital Transformation
- Future Planning: To Deepen AI Integration and Lead the Green Intelligent Transformation



## AI Large-model Development Trend

Global AI technology is accelerating its in-depth development. As the "infrastructure" of the new generation of AI, large models, with their strong universality, generalization capabilities and multi-modal processing capabilities, are reshaping the intelligent paths of thousands of industries. Driven by the multiple forces such as "energy conservation and consumption reduction", "dual carbon" goals, as well as digitalization and intelligent transformation, the fields of smart water management and smart heating are witnessing a technological revolution centered on AI large models.

## Deep Integration of Large-models with Industry Scenarios

HuiZhong Co., Ltd., as a solution provider in the fields of smart water and heating supply, has always regarded technological innovations its core strategic direction. It is committed to reconfiguring the intelligent upgrade of the industry through technological innovation. The company integrates DeepSeek, Alibaba Tongyi, Baidu, Wenxin and other domestic large-scale model technologies, and self-develops an intelligent agent platform. With the combination form of "large language model + industry-specific models", it deeply meets the requirements of water supply and heating scenarios, and creates a brand-new AI+smart water supply and AI+smart heating platforms, forming a full-chain functional system covering "data collection -intelligent analysis-decision support-dynamic optimization", effectively promoting the transformation of the water supply and heating industries from experience-driven to data intelligence-driven.

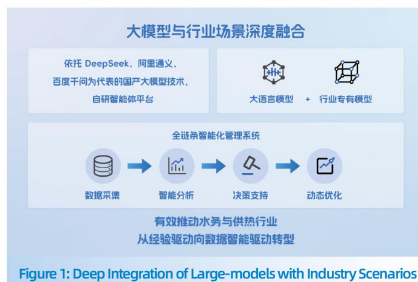


Figure 1: Deep Integration of Large-models with Industry Scenarios

## External Empowering: AI-driven Intelligence in Water & Heating Supply Industry

### ● The AI assistant enables intelligent question answering and empowers efficient operation.

Through deeply integrating technologies such as Natural Language Processing (NLP), Retrieval Augmented Generation (RAG), and Knowledge Graph by introducing multiple leading domestic large model including DeepSeek, an industry-specific AI intelligent assistant has been created to accurately analyze complex business issues and achieve instant response and precise answers with the help of advanced algorithm models.

### ● To map expert knowledge graphs and build a brain for smart water supply and smart heating services.

Based on years of experience in the water and heating supply sectors, a knowledge graph covering the entire industry chain has been mapped, encompassing multimodal data. This enables centralized and intelligent management of scattered and massive data, achieving dynamic association and reasoning of knowledge, and providing precise decision-making basis for water supply companies and heat supply enterprises.

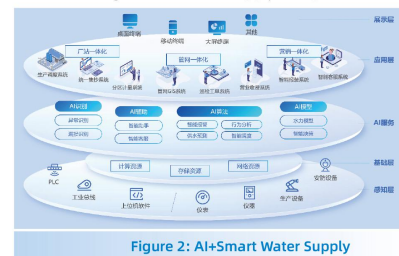


Figure 2: AI+Smart Water Supply

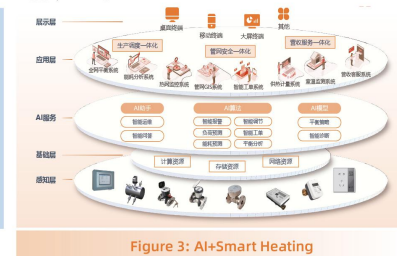


Figure 3: AI+Smart Heating

## Application in Intelligent Water Supply System

### ● Online hydraulic model that enables real-time dynamic regulation and energy conservation and consumption reduction

The self-developed hydraulic model system enables real-time simulation and optimization regulation of the water supply system. By integrating the pressure and flow data of the pipeline network, it dynamically adjusts the operation strategies to achieve precise regulation, thereby achieving the goal of energy conservation and consumption reduction.

#### 1. Leakage Warning: Intelligent identification of abnormal fluctuations to realize "data-driven, intelligent prediction"

Based on the historical data analysis capabilities driven by large-scale models, the system can accurately predict the hydraulic state of the pipeline network. Through the dynamic comparison of real-time monitoring values and model-calculated values, it can intelligently identify abnormal fluctuations. When the difference exceeds the preset threshold, the system automatically triggers the early warning mechanism, forming a "monitoring-early warning -response" closed-loop management.

#### 2. Leakage location: Precisely pinpoint of the problem area to enhance the efficiency of operation and maintenance

The system conducts real-time simulation of pressure and flow distribution in the pipeline network based on the hydraulic model, and, by integrating multi-source monitoring data from intelligent water meters, performs calculation and analysis through industry-specific models to accurately determine the location of leakage points.

#### 3. Pipeline burst analysis: Intelligent simulation and deduction to enhance emergency response capabilities

By utilizing the hydraulic model, simulations and analyses are made of the leakage, bursting and water supply interruption events of the pipeline, and based on the simulation results, the affected areas are determined and scientific and reasonable valve-shutoff strategies formulated, thereby enhancing the accident response capabilities.

#### 4. Scheduling Optimization: Generally coordinated regulation to achieve green and energy-efficient goals

Based on the prediction of the water distribution network operation status by the hydraulic model, on the premise of meeting the water pressure and water volume requirements of users, the scheduling strategy is optimized and adjusted to assist in achieving the goal of optimizing water supply scheduling and energy conservation and consumption reduction.



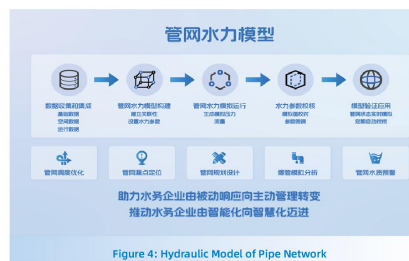


Figure 4: Hydraulic Model of Pipe Network



Figure 5: Hydraulic Model System of Pipe Network

### ● User profiling system which helps water supply enterprises to reshape their customer service system

Based on deep learning algorithms, the water usage behavior data of users are analyzed to construct a multi-dimensional user profile tag system, covering multiple indicators such as water usage behavior, water usage patterns, equipment status, payment preferences, and user structure. With this system, water supply enterprises can achieve greater value in water supply management, water usage services, and energy conservation and consumption reduction, thereby enhancing the social satisfaction rate of water supply services and promoting the reshaping of the customer service system.

## Application in Heating Supply System

### ● The terminal balance regulation system that solves the traditional heating problems

In response to the industry pain point of "overheating at the near end while not heating at the far end" in the heating system, a dynamic end-point balance regulation system has been developed. By deploying IoT intelligent regulating valves and room temperature collectors, and integrating with large-scale model algorithms, it can optimize the thermal distribution throughout the network in real time.

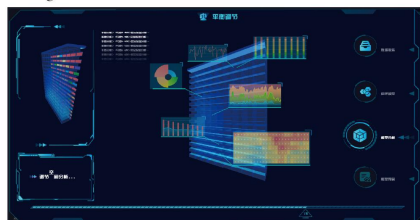


Figure 6: Heating Terminal Balance Regulation System



Figure 7: Heating Terminal Balance Regulation System

## Internal Services: AI-driven Enterprise Digital Transformation

An agile data platform that covers the entire data chain of "research, production, supply, sales and service" has been built with a large-scale model as the technical foundation. The platform seamlessly integrates with the actual needs of the enterprise, and promotes the upgrading of enterprise information construction towards intelligence and refinement.

### ● Enterprise operation data analysis that helps intelligent prediction and decision support

Based on the historical business data of the enterprise, market trends and industry dynamics, precise predictions of future business conditions can be achieved through data analysis and predictive models, providing data support for the strategic decision-making of the enterprise.

### ● AI-driven "six-in one integrated" production process quality traceability

Based on the concept of Industry 4.0, integration and innovation of artificial intelligence technology and quality management has been deepened to build a "six-in one integrated" intelligent quality tracking system. By integrating data resources of all production links including people, machines, materials, methods, environment and measurement, an enterprise-level quality data foundation has been created, providing all-encompassing data support for AI production intelligent assistants. Applications such as "5M1E Traceability Analysis Intelligent Agent" and "Intelligent Assistant for Intelligent Manufacturing" have been developed, leading as a result to quality improvement through precise control and traceability of manufacturing process quality.



Figure 8: AI-driven "six-in one integrated" production process quality traceability

## Future Planning: To Deepen AI Integration and Lead the Green Intelligent Transformation

In the future, the company will continue to promote the deep integration of products and AI. Internally, it is to strengthen management and improve quality and efficiency and, externally, to expand industry cooperation and jointly build an ecosystem that drives green and sustainable development through technological innovation, with an ultimate goal of promoting the intelligent transformation of our enterprise and the industry.

### 1. Technical Depth

The company will focus on the fields of smart water supply and heating, and explore the in-depth application of key scenarios of large models. By building an analytical and predictive system based on large models, it will achieve precise control over water demand and the operation status of pipelines, optimize energy consumption allocation strategies, enhance the overall operational efficiency and reliability of the system, and reduce the operating costs of the enterprise.

### 2. Industry Empowerment

The company will leverage its technical advantages and practical experience accumulated in the water supply and heating sectors to deliver intelligent solutions. Through customized development and system integration, it will create industry-appropriate solutions to facilitate the intelligent upgrading of the industry.

### 3. Social Value

The company will actively fulfill its social responsibilities and leverage technological innovation to contribute to green development. By optimizing energy utilization and reducing carbon emissions, it will contribute to achieving the "dual carbon" goals.





## Future Outlook

In 2025, Huizhong Co., Ltd. will continue to uphold the development concepts of intelligence, technology, innovation and greenness. It will prioritize the corporate ideology of "high-quality development", focus on ultrasonic flow measurement, and base itself on three major series of products including ultrasonic water meters, ultrasonic flow meters and smart systems. It will continuously expand its global layout and provide high-quality industrial chain services to global customers, promoting the harmonious coexistence of the company's commercial growth and sustainable development.



# Table of Key Performance Indicators

Indicator	Unit	2022	2023	2024
Governance-related				
Net profit attributable to shareholders of the listed company	10,000 yuan	10851.83	10429.59	5772.47
Total amount of cash dividends	10,000 yuan	1676.81	3187.43	1784.14
Dividend payout ratio	%	15.45	30.56	30.91
Environment-&Safety-related				
Amount of fine imposed by relevant departments such as environmental protection authorities due to environmental incidents	10,000 yuan	0	0	0
Total investment in environmental protection	10,000 yuan	23.6	12.5	10.8
Investment in occupational health &safety	10,000 yuan	85.9	104.5	40
Proportion of total environmental protection investment to operating income	%	0.22	0.12	0.19
Proportion of total occupational health & safety investment to operating income	%	0.79	1.00	0.69
Number of environmental protection training sessions	No.	19	18	20
Number of participants in environmental protection training	Person/time	211	208	226
Duration of environmental protection training	Hour	9	9	10
Emission intensity of exhaust gas	Ton/10,000 yuan	0.0000096	0.000009	0.00001
Particulate matter(PM)	1,000g	260	247	251
Volatile organic compounds (VOCs)	1,000g	221	214	210
Other characteristic pollutants	1,000g	0	0	0
Amount of hazardous waste generated	Ton	16.36	9.21	8.62
Amount of hazardous waste treated	Ton	18.31	9.31	6.02
Density of hazardous waste generation	Ton/10,000 yuan	0.00032	0.00019	0.0002
Amount of waste recycled &reused	Ton	0	0	0

Total emissions of greenhouse gases	Ton of CO <sub>2</sub> equivalent	4719.712	3401.74	2530.57
Electricity greenhouse gas emissions	Ton of CO <sub>2</sub> equivalent	4704.162	3383.681	2530.01
Total energy consumption	10,000 KWh	558	593.316	471.594
Total energy consumption intensity of enterprise	10,000 KWh /10,000 yuan	0.0109	0.0124	0.0112
Consumption of fossil energy	Nm <sup>3</sup>	8546	8354.3	7662
Rate of hidden danger investigation and rectification	%	100	100	100
Frequency of safety emergency drills	Time	21	22	22
Investment in safety production liability Insurance	10,000 yuan	0	0	0
Coverage rate of safety production liability insurance	%	0	0	0
Number of deaths on the job	Person	0	0	0
Number of newly added cases of occupational diseases	Case	0	0	0
Number of occupational health and safety training sessions	Time	31	39	36
Coverage rate of occupational health and safety training	%	100	100	100
Total number of participants in occupational health and safety training	Person/time	1789	1316	1839
Average per capita training duration for occupational health and safety training	Hour	15	20	18
Society-related				
Indicator	Unit	2022	2023	2024
Total number of employees	Person	518	502	495
Number of male employees	Person	339	330	327
Number of female employees	Person	179	172	168
Number of employees under 30 years old	Person	162	153	140

Number of employees between 30-50 years old	Person	351	342	346
Number of employees above 50 years old	Person	5	7	9
Number of employee training sessions	Time	181	217	325
Amount of expenditure on employee training	10,000 yuan	104.76	108.18	111.56
Employee training coverage rate	%	100	100	100
Incidence rate of occupational diseases	%	0	0	0
Number of deaths due to official duties	Person	0	0	0
Number of deaths due to work-related causes per 10,000 yuan of revenue	Person/10,000yuan	0	0	0
Number of recordable work-related injuries	Case	1	0	0
Rate of recordable work-related injuries among employees(per million working hours)	%	0	0	0
Mortality rate caused by work-related injuries(per million working hours)	%	0	0	0
Rate of serious consequences of work-related injury (excluding deaths)(per million working hours)	%	0	0	0
Number of working days lost due to work-related injury	Day	43	0	0
Amount of investment in occupational injury insurance for employees	10,000 yuan	45	48.3	45.3
Coverage rate of occupational injury insurance for employees	%	100	100	100
Number of employees grouped and counted by their ethnic types				
Han Nationality	Person	495	478	470
Man Nationality	Person	16	17	19
Hui Nationality	Person	5	6	5
Mongolian Nationality	Person	1	1	1
Others	Person	1	0	0
Number of employees grouped and counted by regions				
Hebei Province	Person	475	464	459
Others	Person	43	38	36

Number of employees classified and counted by educational attainment level				
Doctorate degree	Person	0	0	0
Master's degree	Person	43	45	46
Undergraduate degree	Person	251	255	273
Junior college diploma	Person	162	145	132
Junior secondary school and below	Person	62	57	44
Number of disabled employees	Person	0	0	0
Proportion of employees who undergo regular performance and career development evaluations	%	100	100	100
Number of internal job transfers or internal job applications among employees	Person	12	25	14
Ratio of internal job transfers or internal recruitment among employees	%	2.32	4.98	2.83
Rate of employees participating in activities organized by self-governing organizations	%	100	100	100
Number of employees participating in employee satisfaction survey	Person	518	502	495
Proportion of employees participating in the employee satisfaction survey	%	100	100	100
Number of labor dispute cases	Case	0	0	0
Total employee turnover rate	%	10.54	9.87	8.15
Employee turnover rate classified by age	Person	54	50	40
30 years old	%	14	26	21
30-50 years old	%	40	24	19
Above 50 years old	%	0	0	0
Employee turnover ratio classified by gender				
Male	%	41	41	35
Female	%	13	9	5
Employee turnover ratio classified by regions				
Hebei Province	%	42	39	33
Others	%	12	11	7



# Reader Feedback

Dear readers:

Greetings from Huizhong! Thank you for taking the time to read the "ESG Report of Huizhong Co.,Ltd.for 2024".In order to continuously improve the report compilation work and enhance our performance capabilities and standards, we sincerely invite you to offer valuable opinions and suggestions on this report,which will help us make continuous improvements.

Board Secretary Office:0315-3856690  
Email:300371@hzyb.com

1.For Huizhong Co.,Ltd,in which category as listed below do you fall in:

- ☐ Government
- ☐ Customer
- ☐ Employee
- ☐ Partner
- ☐ Environment protection related organization
- ☐ Community &Public
- ☐ Others

2.Your general evaluation on this report:

- ☐ Excellent
- ☐ Good
- ☐ Fair

3.How do you assess the clarity,accuracy and completeness of the disclosed information,data and indicators

- ☐ Excellent
- ☐ Good
- ☐ Fair

4.Your overall assessment of our work in all aspects of ESG is:

- ☐ Excellent
- ☐ Good
- ☐ Fair

5.Do you have any other valuable opinions or suggestions for the report compilation or our practice in fulfilling responsibilities?