



2025

HUIZHONG INSTRUMENTATION CO.,LTD.

Annual Environment,
Social and Governance (ESG) Report 2025
by Huizhong Instrumentation CO., LTD.



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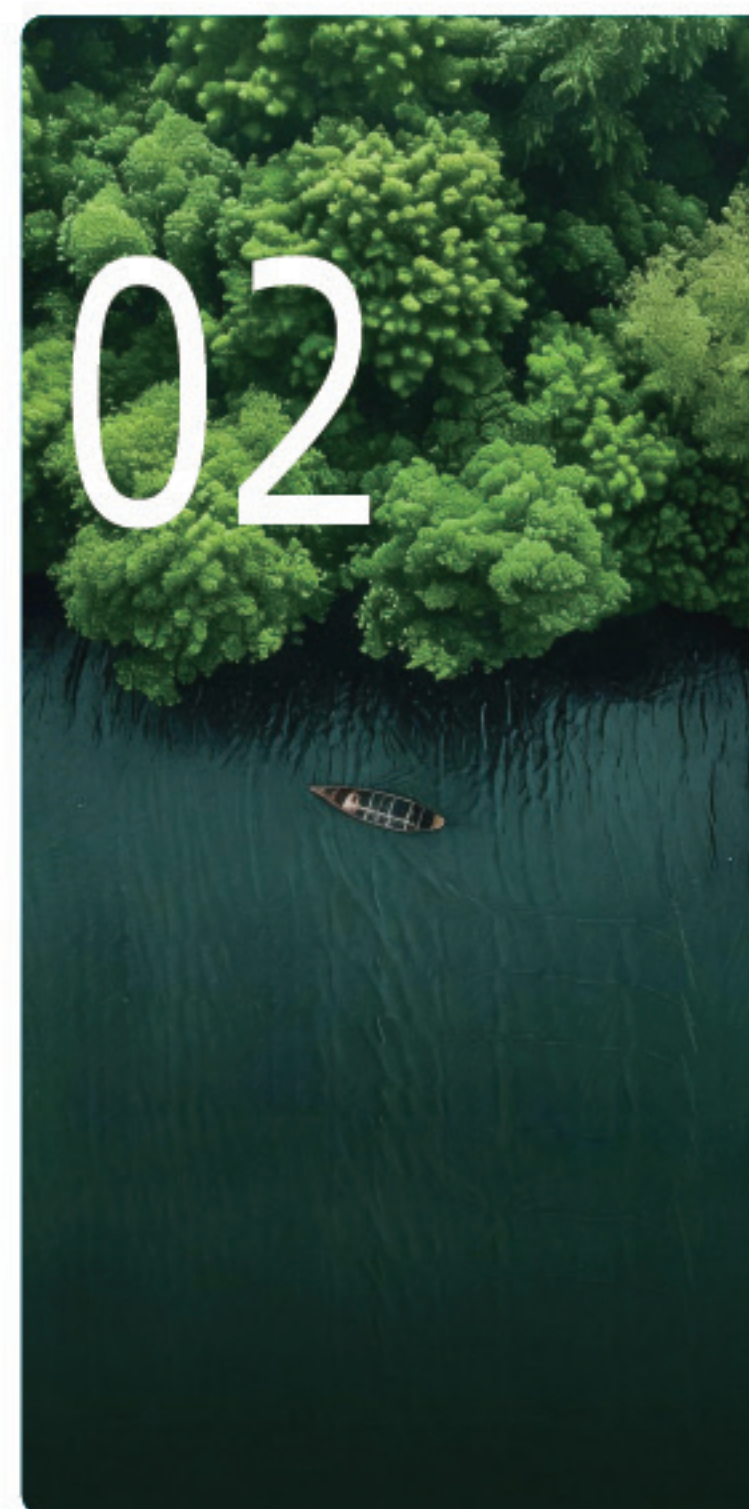
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About the Report

Explanation and Scope of the Report

This report is the second ESG report released by Huizhong. It aims to present in an all-round and transparent manner the convictions, progress and achievements of Huizhong and its affiliated companies in practice of the ESG, and actively respond to the appeals of related interested parties. The report covers the key areas of the ESG in the company's business operation. It includes but not limited to environmental protection, social responsibility, care for employees, management of supply chains, corporate management structure and transparency.

Time Range

The report covers the period starting from January 1, 2025 to December 31, 2025. Unless otherwise specified, the coverage of the report is consistent with the Huizhong's annual report for 2025.

Some parts of the ESG Report extend beyond the above-mentioned time period to enhancing comparability and forward-looking nature.

The basis for report preparation

The ESG report is prepared in accordance with the regulations specified by Shenzhen Stock Exchange (SZSE), *listed Company Rules for Growth Enterprise Market*, *Self-Regulatory Guidance No.2 for Growth Enterprise Market Listed Companies—Standardized Operation*, *Self-Regulatory Guidance No.3 for Growth Enterprise Market Listed Companies of SZSE—Preparation of Sustainable Development Report*, etc. At the same time, reference is also made to the *Standards on Sustainable Development Report(2021)* (Hereinafter referred to as GRI Standard) of the Global Reporting Initiative (GRI) as well as the key issues of general concern in marking ESG ratings by both domestic and overseas mainstreams.

Data Source and Quality Assurance

All the information and data used in the report are derived from the Huizhong's official documents, such as the financial statements and relevant audited statistical data. In case of any discrepancies between the financial data and those in the annual report, the latter are taken as the criteria. Unless otherwise specified, the currency and amounts cited in the report are all in terms of Chinese currency.

Definition of titles

For the sake of clarity and ease of reading, Huizhong and its affiliated companies are all referred to as “ the company ” or “ We ” where applicable in the report. Unless otherwise specified, the terms used have the same meaning as those used in the annual report.

Access to the report

Read or download the electronic version of the report online at the company's website (<https://www.huizhong.co/home>)

If you have any feedback or suggestions, please contact us through the following methods:

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Words by the Leadership

The year 2025 marks the concluding phase of the 14th Five-Year-Plan and the initial planning of the 15th Five-Year-Plan period. It is a transformative year for the ultrasonic flow measurement technology to deeply integrate with new technologies in the water supply and heating spheres. Moreover, it is the starting point of the company to embark on a new decade of continuous development based on the technologies accumulated over ten years of intensive efforts following the listing of the company in 2014. This year, the global economy is recovering amid structural readjustment. Led by the new quality productive forces, China helped promote in 2025 the deep integration of green and low-carbon with digital and intelligent technologies, enabling the water supply and heating sectors to accelerate their transformation towards intelligence, energy conservation and greenness. Efficient utilization of water resource and reaching the “dual carbon” goals has now become a core issue for the high-quality development of the above-going two sectors.

In 2025, in the field of ultrasonic flow measurement, we focused on innovation-driven development, extension of industrial chain, acceleration of global expansion, and the building of a highly resilient and sustainable industrial ecosystem.

The company has always adhered to the innovation-driven development strategy. At the end of the reporting period, the company had a total of 139 valid patents including 17 invention patents, 83 utility model patents and 39 outer appearance design patents. It also led and participated in the formation of three national standards and one industry standard which have now been all officially released, providing a solid technical support for the upgrade of the company’s product portfolio and business expansion. The company followed the path with both product and technology as an empowerment, so as to continuously sustain, consolidate, strengthen and supplement its main business chains. In this respect, the industrial conversion of the technological innovation achievements of the intelligent water supply and heating flow measurement products has been successfully realized. With respect to the key technologies and industrial layout, the piezoelectric ceramic water project achieved a turnaround from loss to gain, and the revenue gained from the technical export service topped CNY 10 million for the first time. The ultrasonic gas metering module made a technical breakthrough with all the related technologies pending granting of patents.

In 2025, the company achieved remarkable results in expansion of overseas markets. An important contract with Australia was successfully wound up. The overseas revenue grew by more than 200% year-on-year, accounting for over 30% of Huizhong’s total business income. Moreover, Huizhong closely followed the industrial development trends and established the cross-regional technical talents system for its main line and two side wings. Unremitting efforts were made on the application of such cutting-edge technologies as AI and LOT communication under different scenarios in product R&D, customer service, and business management, with an aim to intensify technological development and enhance quality commitment, and lay a solid foundation for further enhancing Huizhong’s core competitive advantages and achieving high-quality sustainable development.

This year, with a strong sense public welfare, we helped in the drive for rural revitalization, and fulfilled our mission for green and low-carbon development and empowered the development of a harmonious society by doing our bits.

The company actively fulfilled its social responsibilities and engaged in public welfare activities. To promote revitalization of rural industries, Huizhong converted its own and market resources into impetus for their development. It actively involved in helping and supporting peasants. The “Hui Xing Fu” project has now become the core carrier for the company to operate according to ESG concepts, and participate in the “Ten Thousand Enterprises Supporting

Forging ahead into the future by carrying forward the accumulated technologies obtained through intensive study over the past 10–odd years.

Ten Thousand Villages” initiative. The Huizhong people were dispatched to multiple regions like Xinjiang, Ningxia, Hunan and Hebei to provide precise support to new agricultural business entities like village cooperatives and establish agricultural assistance bases according to actual conditions.

Huizhong actively responded to the strategic call of the state for carbon neutrality and persistently follow the green and low-carbon development path. On one hand, it continuously providing solutions for water supply and heating management to society, helping the society to realize efficient utilization of energy and digital management capabilities. On the other hand, it integrated the green and low-carbon development concept into the whole process of R&D and manufacture of products by taking such measures as using more green electricity, optimising its own intelligent park management system, strengthening recycling of resources and strict control of discharge of solid waste and emission of exhaust gas, so as to realize innovation-driven green manufacture of products, and the development conviction of seeking harmonious coexistence of enterprise development with ecological environment.

This year, unremitting efforts were made on optimization of corporate management structure, enhancing mutually beneficial and win-win cooperation and maintaining a stable operation for laying a solid foundation for realizing a high-quality development.

In 2025, Huizhong operated with the new board of directors as the core in governance, adhered to the general principle of “seeking progress amid stable operation”, and continuously improved the company’s institutional system and governance structure for keeping up with the times. We took “increasing revenue, controlling costs and risks” as the core working method, and continuously strengthened compliance management and risk prevention and control work. Centered around the core goals of achieving “four rates and two total amounts”, efforts were directed toward; acceleration of transformation of opportunities, accumulation of development momentum; improvement of business performance, operation management efficiency and quality; enhancement of internal driving force of enterprise; and steady promotion of high-quality development. At the same time, we adhered to the concept of “diversity and win-win” and we kept positive interaction with employees, shareholders, partners and the community. Meanwhile, we earnestly fulfilled the commitment of “earning trust of investors, making partners feel at ease, and earning social recognition”. During the reporting period, the company adhered to the people oriented principle, deeply cultivated a diverse, equal and inclusive work environment, and fully guaranteed the growth space for every employee for helping them achieve a synchronous resonance between their personal value and the development of the enterprise.

During the 14th Five-Year-Plan period, the company has always adhered to the principle of rewarding shareholders and empowering employees. It has cumulatively distributed over CNY 130 million in cash dividends—an amount accounting for 27.04% of the total net profit attributable to shareholders of the list company during the same period. It has implemented share repurchases 5 times, with a total amount exceeding CNY 55 million. It has carried out employee shareholding plans 4 times, covering 265 middle-level and grassroots key employees, and the total number of shares granted to the middle-level and grassroots key employees accounted for 65.78% of the total number of the shares granted. By the end of the 14th Five-Year-Plan period, the company’s existing capital scale hit an all-time high, laying a solid foundation for the sustainable development of the company.

In the future, Huizhong will operate by sticking to the principles of keeping a long-range vision and forging ahead. Against this backdrop, it will work hand in hand with all partners, share the industry with professionalism, contribute to society with a strong sense of responsibility and create technology-based values. Huizhong will continue to contribute its strength to promote the high-quality development of the enterprises of the same trade, do its bit in the drive to achieve the company’s carbon neutrality goal, and jointly build a beautiful future where humans and nature coexist harmoniously.

About Huizhong

Basic Information

With a total floor area of 94,000 m², Huizhong owns a comprehensive building, an ultrasonic flow measurement product trial production workshop, a semi-finished product and component processing workshop, an intelligent ultrasonic flow measurement product manufacture workshop, a machining workshop (phase I/phase II), a calibration workshop, and a comprehensive catering building.

Since its establishment in 1994, the company has always been dedicated to the R&D of ultrasonic flow measurement technology. It is one of the earliest enterprises in China to produce ultrasonic flow measurement products and also the first one to apply software in intelligent water supply and heating spheres.

As domestically the first listed company in ultrasonic flow measurement field, and as one of the first batch of enterprises designated by the state as a national specialized, innovative and hi-tech “Little Giant”, and as a designated national-level green factory, Huizhong owns the independent intellectual property rights for all its products, and 100-plus patented technologies which covers every application stage starting product terminal to system R&D and integration. The company has participated in the formulation of a total of 17 national standards, such as the *Standard on ultrasonic flow meters for water supply and drainage use*, (propagation velocity difference method), Standard on heat meter and Regulations on calibration of ultrasonic flow meter as well as 11 industry, group and local standards. In 2008, Huizhong was invited to undertake the “863 process control flow sensor and system program”, a research program as signed by the Ministry of Science and Technology, and the research-derived achievement was successfully confirmed by the ministry. In 2019, the company obtained domestic CNAS certification and it took the lead to realize 5G-IoT full series applications, opening a new era of ultrasonic flow measurement in the Internet of Things. In June 2025, the company was granted the CMMI5-level certification through reevaluation. This is the second time that Huizhong acquires the authentication certificate (The first one was granted in 2022), indicating that the company’s software R&D strength is once again recognized by international authority and stands at the forefront worldwide.

Huizhong abides by the strategy of making independent innovation. Thanks to the company’s strong technology R&D and intelligent manufacturing capabilities, it can now produce three series products—ultrasonic water meters, heat meters and flow meters together with the technical solutions. When used for water supply, heating and water conservancy sectors, they are highly adaptable for use at different places like water source, network of pipelines, station and household, with a pipe size ranging from DN15–DN15000. Different communication modes such as NB-IoT, LoRa and Cat.1 can be used for making them possible for use under different scenarios.

Thanks to its high-quality products and service work, Huizhong’s name-branded high-value products or customized products have gained access to overseas market, further enhancing the global reputation and recognition of the company. In recent years, the company has focused on its main business line, expansion of the scope of application of ultrasonic flow measurement technologies and transfer of research-derived achievements. It has played a leading role in promotion of the healthy development of the ultrasonic measurement sector in China. The company has actively participated in national key area’s domestication projects. The company’s capability to produce independently high-performance ultrasonic flow measurement products and make contributions to upgrading of industrialization indicates that its technology has reached the international advanced level.

Corporate Culture



Mission

To lead technological innovation of the ultrasonic flow measurement industry and promote the development of global water and energy conservation undertakings.

Huizhong is dedicated to the R&D of ultrasonic flow measurement technologies, Yet what is persistently pursued by Huizhong people is major breakthrough of core technologies obtained through a rigorous attitude and an enterprising spirit rather than the imitative or modeled ones. Therefore, the increasingly stronger leading force plus the innovative genes integrated into the bloodline of Huizhong people helps spur the development of water and energy conservation undertakings.



Vision

Build an internationally leading brand in ultrasonic flow measurement field and provide customers with first-rate products and service.

Adhere to the principle of providing customers with first-rate products and services. Implement an innovation-driven development strategy. Continuously enhance the manufacturing level. Spread ultrasonic flow measurement technology to every corner of the world by acting as an explorer. Help customers upgrade their energy management and provide a fully-connected, safe and controllable energy management solution for the construction of a smart city by dint of the advantages of the efficient, green and agile platform management system.

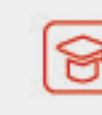


Values

 **Gratitude**
The fundamental duty of being human

 **Responsibility**
The foundation of being a human

 **Persistence**
The base leading to success

 **Learning**
The source of growth



Water Supply Sector

During the reporting period, the technical landscape of the water meters produced in China is seen to remain the same without undergoing significant changes. They are chiefly mechanical and smart mechanical meters with the ultrasonic version being relatively low in penetration rate. Nevertheless from a long-term point of view, with the trial implementation of the new water pricing policy (tiered pricing + dynamic adjustment), increasing demand for smart and AI-assisted water supply and pipeline network management, and for prevention and reduction of leakage, the penetration rate of the ultrasonic version is expected to be noticeably increased. As viewed from the angle of market competition, Huizhong as a leading producer of ultrasonic water meters can apparently enjoy a much bigger market share.

Huizhong sticks to the strategy of supplying customized ultrasonic water meters for overseas markets. As the company is in possession of multiple core technologies, its ultrasonic water meter has become a world-known brand. The company can supply large quantities of high-quality and high-performance such meters and related technologies for overseas customers. The company's differentiated business model is different from its overseas competitors. Thanks to the stable delivery of the orders from Australian market, the revenue gained from overseas market during the reporting period topped CNY 150 million.

The rapid rise of the value of the "Huizhong" brand on overseas market reflects the recognition of customers for the quality and performance of the company's products. This exerts a positive influence on the reputation of the "Huizhong" brand and the continuous expansion of market channels abroad.

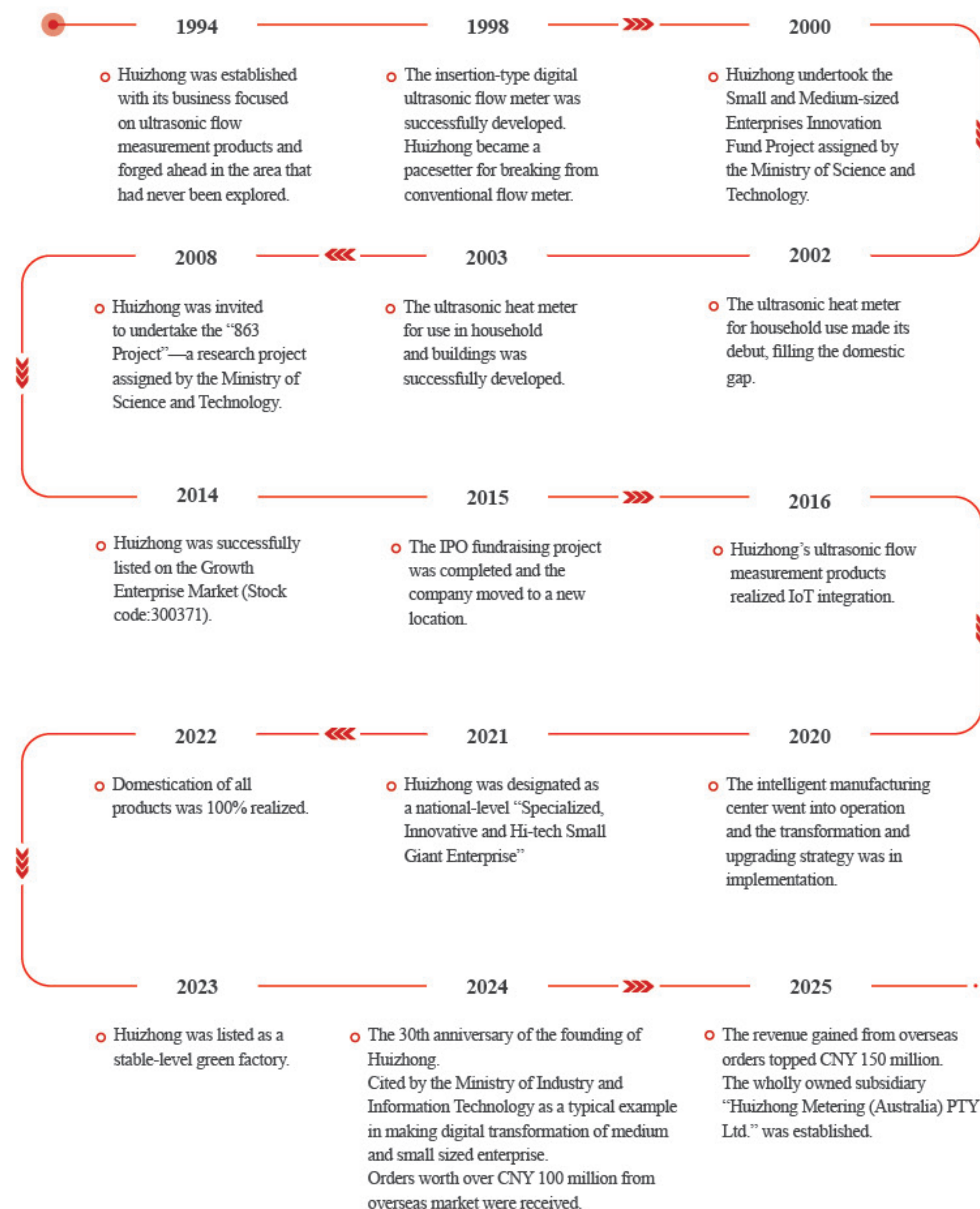


Heat Supply Sector

During the reporting period, the transformation and upgrading of the country's heat supply sector is still in a crucial stage amid intensifying internal competition. Yet the pattern of competition among leading ultrasonic heat meter producers shows no significant change. As a first-tier heat meter producer in China, Huizhong's industrial chains are already in place in the heat supply sector. With the successive roll-out of heat metering-related micro rules, regulations and policies, Huizhong is expected to continue to expand its market share for it has extensive market layouts, availability of rich sources of customers, adequate reserves in capacity, matured and stable software-hardware combination schemes.



Timeline



Honorary Titles

Main honorary titles, awards and certificates



Title	Issued By	Level
Specialized, Innovative and Hi-Tech Enterprise	General Office of Ministry of Industry and Information Technology	National
State Level Green Factory	General Office of Ministry of Industry and Information Technology	National
National Intellectual Property Advantage Enterprise	China National Intellectual Property Administration (CNIPA)	National
National Quality and Service Trustworthy Brand of Products and Services	China Association of Quality Inspection	National
Leading Enterprise in Science Technology of Hebei Province	Hebei Provincial Department of Science and Technology	Provincial
New and Hi-Tech Enterprise	Hebei Provincial Department of Science and Technology and Department of Finance Hebei Provincial Taxation Bureau of the State Taxation Administration	Provincial
Manufacturing Industry Single Crown Enterprise of Hebei Province	Hebei Provincial Department of Industry and Information Technology	Provincial
Outstanding Private Enterprise of Hebei Province	Hebei Provincial Department of Industry and Information Technology	Provincial
Hebei Province Technology Innovation Center for Ultrasonic Testing and Measurement Instruments	Hebei Provincial Department of Science and Technology	Provincial
Hebei Province Industrial Design Center	Hebei Provincial Department of Industry and Information Technology	Provincial
The Fifth Tangshan Municipal Government Quality Award	Tangshan Municipal People's Government	Municipal

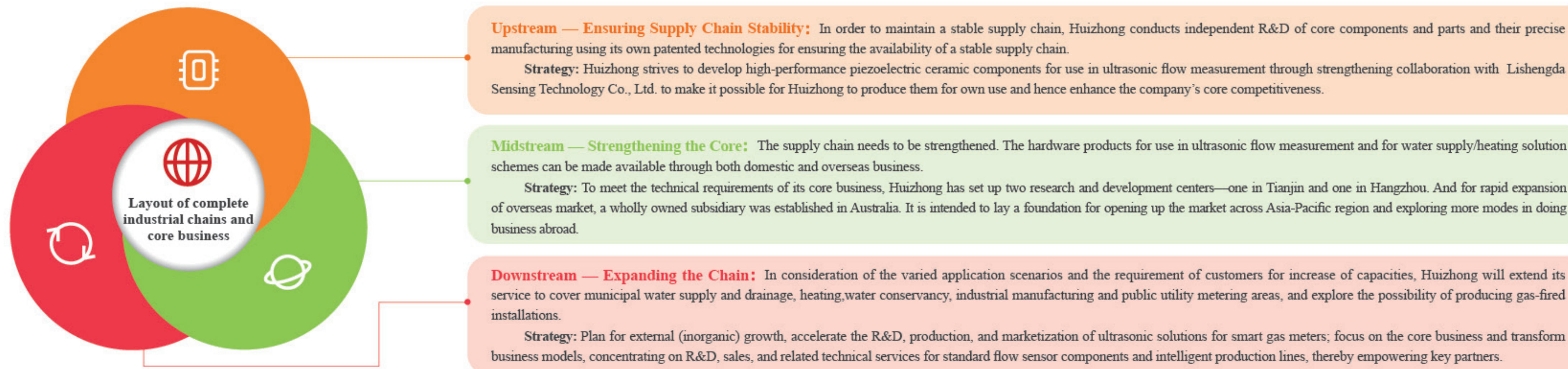
Main Annual Honors and Awards bestowed in 2025



Title	Issued by
Digital Economy Application Innovation Award Won at 2025 China International Digital Economy Expo	China International Digital Economy Expo Organizing Committee
2025 Smart Internet of Things Innovation Application Typical Case	IoT Application Branch of China Communications Industry Association
Typical Example in AI Applications in Medium and Small-sized Enterprises	The Government Service Platform of the Ministry of Industry and Information Technology
2025 Annual Contract-abiding and Trustworthy Enterprise (AAA Grade) in Hebei Province	Hebei Province Credit Association
Enterprise Credit Rating Certificate AAA Grade	Hebei Province Credit Association
Second Prize of the Hebei Regional Competition of the 2025 Data Element "X" Contest	Hebei Province Data and Government Services Bureau
Huizhong Recognized as an Industrial Design Center Through Reassessment	Hebei Province Department of Industry and Information Technology
Advanced Enterprise for Innovation and Development in Tangshan New&Hi-Tech Development Zone in 2025	Administration Committee of Tangshan New&Hi-Tech Development Zone
Leading Enterprise in Water Supply and Drainage Equipment Sector in Year 2024	E20 Environmental Platform E20 Research Institute China Water Network
New Quality Award for Being a Pioneering Enterprise Going Global at the 23rd China Automation Digitization Expo	Industrial Control Network
Cited in Xinhua Network in 2025 as a Typical Example in Doing Rural Revitalization Service	Xinhua Network
2025 Annual ESG Value Transmission Award for Listed Companies	Shenzhen Value Online Information Technology Co. Ltd.
Top 100 Companies in China's A-Share Market with the Best ESG Rating Progression in 2025	Shanghai Huazheng Index Information Technology Co.,Ltd.
Best Practices for Investor Relation Management of Listed Companies (2024 Edition)	China Listed Companies Association
Evaluated as a 2024-2025 Grade A Company in Information Disclosure among Listed Companies on the Growth Market	Shenzhen Stock Exchange

Business and Development

Huizhong bases its business on the core technology of ultrasonic flow measurement. It has established a complete industrial chain which covers hardware+ software+system+service, with its business centered on the main line of smart water supply and heating management. Through global expansion of its industrial chains to multiple application scenarios, Huizhong aims to spur sustainable development through featuring intelligence and greenness through its innovative technology. Meanwhile, the future-oriented layout of industrial chains is in contemplation.



Detailed Description of Core Business Segments

Series ultrasonic flow measurement products

There are three major series products, i.e. ultrasonic water meters, heat meters and flow meters. They can be used under different scenarios, for instance, at the water source, pipeline network, station or in households. They are adaptable to a pipe size ranging from DN15 to DN15000 and compatible with different communication modes such as NB-IoT, LoRa and Cat.1. The products feature high measuring accuracy, low power consumption and zero pressure loss, well demonstrating green and energy-saving characteristics.

Smart water and heating platforms and solutions

Based on the organic combination and coordination of multiple special subsystems, Huizhong can provide customers with all-around service via the industrial chain, such as data collection, energy measurement, data analysis, design schemes, energy conservation and carbon reduction, management assistance, and digital operation and maintenance, helping to ensure safe water supply and heating in smart cities and achieve the "carbon neutrality" goal.

Overseas business and global expansion strategy

Huizhong is planning to accelerate the establishment of a global business channel network, and explore more overseas business development models for Chinese enterprises doing ultrasonic flow measurement business.

Strategic supporting layers


Technological innovation: Research and development patent application


ESG development: Green manufacturing and energy conservation


Digitization: IoT and big data platform


Intelligent manufacturing: Keeping optimization of self-developed equipment

ESG Governance

Highlight achievements in ESG governance in 2025

Huizhong adheres to its mission of leading the technological innovation in the ultrasonic flow measurement sector and pushing up the development of global water and energy conservation undertakings, and achieved the following positive results in 2025.

Business Performance aspect

Business revenue

CNY 450.4945 million

Annual total tax paid

CNY 34.0116 million

Net profit attributable to shareholders

CNY 66.2099 million

Cash dividend (proposed)

CNY 20.0041 million

Net assets

CNY 1.1691886 billion

Total amount of funds for repurchase of shares

CNY 9.9755 million

Total assets

CNY 1.2915726 billion

Amount of cash dividends and share repurchase

CNY 29.9796 million

Proportion of female board director

44.44 %

Proportion of net profit attributable to shareholders in current year

45.28 %

Environmental aspect

Electricity generated by self-built photovoltaic power station

1381180 kW·h

proportion of green electricity used

22.60 %

Carbon footprint value per functional unit Product

0.0721 tCO₂e/t

Carbon footprint value per functional unit Industrial water meter

0.12705564 tCO₂e/t

Carbon footprint value per functional unit Water meter for domestic household use

0.007341706 tCO₂e/t

Carbon footprint value per functional unit Water meter for overseas household use

0.008357804 tCO₂e/t

Carbon footprint value per functional unit Heat meter for use in buildings

0.140590612 tCO₂e/t

Carbon footprint value per functional unit Household use heat meter

0.006072962 tCO₂e/t

Carbon footprint value per functional unit Flow meter

0.143558395 tCO₂e/t

Social aspect

Jobs directly provided

476 person

R&D input

CNY 38.3994 million

Capital input for environmental protection occupational health and safety

CNY 980,000

Proportion of R&D personnel

26.89 %

Computer software copyright

298 items

Number of valid patents held

139 items

Utility model patents

83 items

Appearance design patents

39 items

Invention patents

17 items

Sustainable Development Management

Development philosophy and goals

Huizhong has been continuously enhancing the awareness of ESG of its directors and high-ranking managerial personnel and has gradually formed up a three-level ESG governance structure consisting of the board of directors, the strategic and ESG committee and various departments, providing basically the means for the company to effectively disseminate the ESG idea throughout the company. Nevertheless, Huizhong is also well aware of its insufficiencies as compared to more scientific and more vigorous sustainable development management modes. Therefore, Huizhong's core governance layer has set up the ESG development goals for the period of 2026-2028, in a bid to attain a much better result, ensure the sustainable operation of the company and promote the sustainable development of both social and environment.

Quantified Strategic Goals

Aspect	Core Indicator	Target set for 2026	Target set for 2027	Target set for 2028
 Environment (E)	Carbon footprint value per functional unit product	3% lower than that in 2025	5% lower than that in 2025	5% lower than that in 2025
	Proportion of green electricity (generated by self-built photovoltaic power station used)	≥ 40%	≥ 35%	≥ 35%
 Society (S)	Supply chain ESG compliance rate	To reach procurement agreement with core suppliers	To reach procurement agreement with 30% of suppliers	To reach procurement agreement with 50% of suppliers
	Input on public welfare	No less than 0.5% of the net profit of the current year	No less than 0.5% of the net profit of the current year	No less than 0.8% of the net profit of the current year
	Degree of customer satisfaction	≥ 95%	≥ 95%	≥ 95%
 Governance (G)	Completeness of ESG information disclosure	Presentation of ESG report	ESG report verified by a third party	ESG report verified by a third party
	Proportion of independent directors	≥ 30%	Maintain ≥ 30% Let the affiliated departments obtain the ESG professional titles	Maintain ≥ 30% Let the affiliated departments obtain the ESG professional titles
	ESG assessment weight	Included in the assessment of the managerial staff with a weight of ≥ 5%	Included in the assessment of the managerial staff with a weight of ≥ 5%	Included in the assessment of the managerial staff with a weight of ≥ 10%

Targets set for three years of ESG development

Against the backdrop of deep on going of the national 15th Five-Year-Plan. Huizhong's ESG work switched from a passive compliance model to a comprehensive value-driven model. With the core mission of leading green innovation in the ultrasonic flow measurement sector and building a sustainable development ecosystem, we will deeply integrate the ESG idea into the entire process of company governance, technological research and development, lean production, supply chain management and overseas market expansion. It strives to create a differentiated development model with "technological innovation+ESG governance" as driving force for achieving coordinated improvement of enterprise value, social value and environmental value as well as a long-term win-win result.

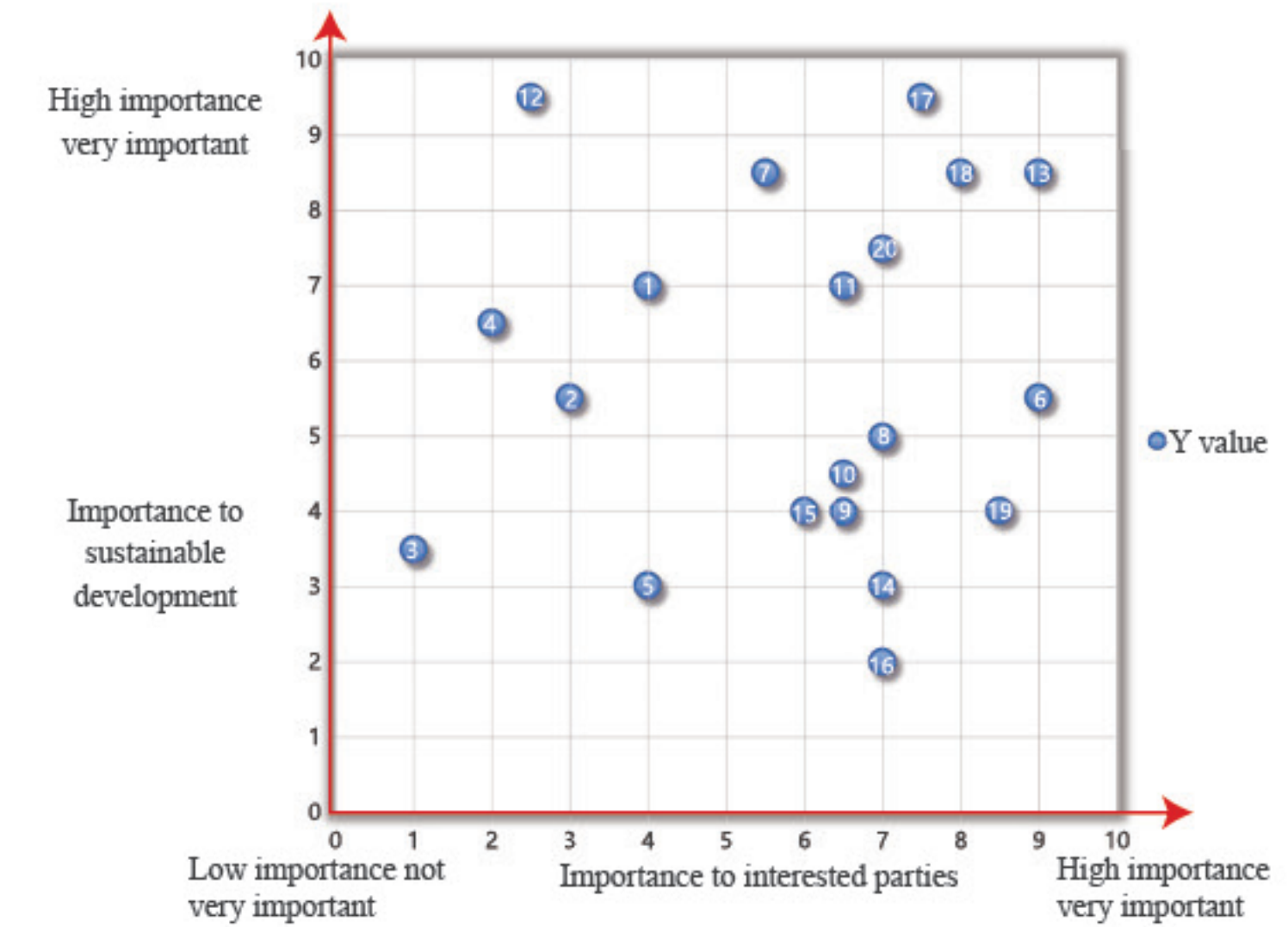
Communication with interested parties

Huizhong attaches great importance to the demands of the parties of interest, and abides by the principle of honesty and equality. It keeps in touch with the key parties to hear their opinions and expectations, and conducts targeted communications and responses through a regular communication mechanism, so as to establish long-term, mutually trusting, stable and harmonious cooperative relationships with all interested parties.

Interested Parties					
 Government & Supervisory Agencies	 Shareholders & Investors	 Clients	 Employees	 Suppliers & Partners	 Community
Communication Mode					
- On-site investigation - Exchange of documents - Policy execution - Information disclosure - Social media	- Shareholder meeting - Information disclosure - Investor conference - Company website - Hotline - Public email	- After-sales service - CRM-service management system - call-back - On-site visit & exchange	- Annual employee devotion survey - Employee activity - Personal training - New Huizhong magazine - Labour Union - Congress of workers & staff	- Procurement activity - Supplier training - Visit & exchange - Exchange with persons of the same trade	- Public welfare activity - Rural revitalization - On-site visit to convey solicitude
Relevant Substantive Issues					
- Compliance with laws & Regulations - Anti-corruption & business ethics - Environmental management system - Approaches for coping with climate change - Green product	- Compliance with laws and regulations - Return on investment & long-term development - Investor rights protection - Technological innovation	- Product & service quality - Customer rights protection - Information security & privacy protection	- Occupational health & safety - Personal training & development - Employee rights protection - Employee welfare & safety	- Sustainable supply chain - Product quality & safety - Anti-corruption & business ethics	- Rural revitalization & social contribution - Water resource management - Energy use & management

Analysis of Substantive Issues

The substantive issues are key points for Huizhong to carry out sustainable development management, based on analysis of micro environment, policy trends, the current status of the development of the company, and practice of ESG, the good experiences of its counterparts as well as its results of survey made among the interested parties. Huizhong continuously optimizes its performance in the field of sustainable development. Eventually, 20 substantive issues requiring for special attention during the company's development process are defined. Among them, three issues, i.e., "Rural revitalization and contribution", "Information security and privacy protection" and "Product quality and safety" are newly added or readjusted according to the most recent important evaluation results.



Importance to interested parties—X	Importance to sustainable development—y	
4	7	1. Green products
3	5.5	2. Environmental management system
1	3.5	3. Climate change
2	6.5	4. Water resource management
4	3	5. Energy use management
9	5.5	6. Quality of product & service
5.5	8.5	7. Customer rights protection
7	5	8. Occupational health & safety
6.5	4	9. Employee training & development
6.5	4.5	10. Employee rights protection
6.5	7	11. Sustainable supply chain
2.5	9.5	12. Rural revitalization & social Contribution
9	8.5	13. Technological innovation
7	3	14. Employee welfare of safety
6	4	15. Compliance with laws, rules & regulations
7	2	16. Anti-corruption & business ethics
7.5	9.5	17. Return on Investment & long-term development
8	8.5	18. Investor rights protection
8.5	4	19. Product quality & safety
7	7.5	20. Information security & privacy protection



Laying the Foundation for Development through Standardized Governance

- Standardized Operation of the three Meetings
- Information Disclosure & Investor Rights Protection
- Adherence to Business Ethics
- Compliance with Laws and Regulations and Risk Management
- Strengthening Information Security
- Upholding CPC's Leadership & Improvement of the Party Building Work

Standardized Operation of the three Meetings

Huizhong operates in strict compliance with relevant laws and regulations, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Corporate Governance Guidelines for Listed Companies*. It has established a corporate governance framework, which consists of the Shareholder Meeting, the Board of Directors and the management team. For setting up a sound governance framework, a series of governance systems such as the Company Charter, the rules for shareholder and board meetings as well as the responsibilities of all levels, have either formulated or implemented or clearly defined, making it possible for Huizhong to effectively push up its sustainable development with the scientific, comprehensive and efficient governance system.

Core Governance Structure



Shareholders' Meeting

Key Performance

Number of meetings held

4

Number of Proposals
deliberated and approved

28

Huizhong convene and hold the interim shareholders' meetings strictly in accordance with relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Guidelines for the standardized Operation of Listed Companies on the Shenzhen Stock Exchange Growth Enterprise Market*, the *Company Charter*, and the *Rules for Shareholders' Meetings*, so as to treat allshareholders equally and ensure that all shareholders especially the minority ones can fully exercise their voting rights. During the reporting period, all shareholders' meetings were convened and held by the board of directors with the chairman of the board presiding the meetings. Some directors and senior management without voting rights attended the meetings. A lawyer was also hired to attend the meetings to act as a witness of the legality and standardization whenever a meeting was held. There were no cases where major matters did not get approved by the shareholders' meeting nor were there any cases where actions were implemented first and then reviewed. At the time of re-election of deputies, Huizhong will implement the cumulative voting system to ensure fairness, protect minority shareholders, and further enhance compliance and market confidence.

Board of Directors

Key Performance

Number of meetings
convened

7

Number of proposals
deliberated and approved

44

Attendance rate

100 %

The board of directors is the decision-making body for the corporate operation of the company, and can effectively play a governance role. During the reporting period, Huizhong completed the reelection procedures for the Sixth board. The new board consists of nine directors, including one employee director and three independent directors (two of them are accounting professionals). The composition of the 6th board complies with relevant laws and regulations and the company's Articles of Association.

The directors are all upright and diligent in performing their duties, and they conscientiously attend the meetings of board, board's special committee and shareholders to discharge their responsibilities and obligations. At the same time, they actively participate in relevant training courses to familiarize themselves with relevant laws, rules and regulations. It proves that their abilities in performing duties has been much improved, beneficial therefore to the long-range development of the company.

Key Performance - Structure of the Board

Number of directors

9

Number of independent directors

3

33.33 % of the total

Number of female directors

4

44.44 % of the total

It is a multi-element board in nature for making the decisions made more scientific and reasonable. It takes into full account of the factors like gender, age, educational background, professional experience of each board director for allowing the board to gain access to different points of view and the rich professional experience.

Composition of the 6th Board of Directors

Title	Name	Sex	Status	Independent of Company management	Other Interests Involved	Professional skilled or experienced	Law/Finance	R&D capacity
Chairman	Zhang Lixin	M	Incumbent	No	No	√		√
Director & General Manager	Feng Dapeng	M	Incumbent	No	No	√	√	
Director	Chen Hui	F	Incumbent	No	No	√		√
Director	Guo Lizhi	M	Incumbent	No	No	√		
Director	Zhang Jichuan	M	Incumbent	No	No	√		√
Employee Director	Qiu Jinghui	F	Incumbent	No	No	√		
Independent Director	Wu Fan	F	Incumbent	Yes	Yes		√	
Independent Director	Wang Fuqiang	M	Incumbent	Yes	Yes		√	
Independent Director	Tang Xin	F	Incumbent	Yes	Yes		√	

Special Committee of the board of directors

Directly under the board are the Audit Committee, the Remuneration and Appraisal Committee, the Strategy and ESG Committee and the Nomination Committee. Except for the Strategy and ESG Committee, whose chairperson acts as the chairman, the other Special committees are all chaired by independent directors. During the reporting period, the board directors exercised their rights granted by the company within the scope of the duties stipulated in the Articles of Association and the working rules of each committee with caution and diligence. They made the best of their professional advantages to provide opinions and decision-making references, making it possible to make board to work in a highly efficient manner.

Audit Committee

- Function:
Responsible for reviewing the company's financial information and its disclosure. Supervising and evaluating both internal and external auditing work and internal control, and exercising the powers of the Board of Supervisors as stipulated in the Company Law.
- Composition:
Wang Fuqiang, Wu Fan, Tang Xin
- Proportion of independent directors:
100 %
- Number of meetings convened:
5
- Ratio of proposals deliberated and approved:
100 %
- Attendance rate:
100 %

Nomination Committee

- Function:
Responsible for formulating the criteria and procedures for selection of directors and senior management personnel, and for selecting and reviewing the candidates for assuming the duties as well as their qualifications.
- Composition:
Tang Xin, Wang Fuqiang, Qiu Jinghui
- Proportion of independent directors:
66.66 %
- Number of meetings convened:
2
- Ratio of proposals deliberated and approved:
100 %
- Attendance rate:
100 %

Remuneration Committee

- Function:
Mainly responsible for formulating and reviewing the remuneration policies for directors and senior management personnel and for working out the criteria for conducting their assessment.
- Composition:
Wu Fan, Wang Fuqiang, Zhang Jichuan
- Proportion of independent directors:
66.66 %
- Number of meetings convened:
2
- Ratio of proposals deliberated and approved:
100 %
- Attendance rate:
100 %

Strategy and ESG Committee

- Function:
Responsible for conducting the study on the company's long-term development strategy, major investment decisions, as well as the environmental, social and governance (ESG) issues and providing recommendations.
- Composition:
Zhang Lixin, Feng Dapeng, Chen Hui, Guo Lizhi
- Proportion of independent directors:
0
- Number of meetings convened:
3
- Ratio of proposals deliberated and approved:
100 %
- Attendance rate:
100 %

Information Disclosure & Investor Rights Protection

In this respect, Huizhong strictly complies with relevant laws and regulations such as the Company Law of the People's Republic of China and the Security Law of the People's Republic of China, and has formulated the company's Article of Association, Investor Relations Management System and the Information Disclosure Management System. It discloses important information of the listed company to facilitate shareholders, especially the small and medium-scale investors, to timely gain access to the company's dynamic status in operation. Also, diversified communication channels have been opened up to protect the interests of all investors.

Information Disclosure

Huizhong acts in this respect in strict compliance with the relevant laws, rules and regulations. It conducts information disclosure of the company's regular reports and provisions announcements truthfully, accurately, timely, completely and fairly. Special attention is paid to particularly the timely disclosure of sensitive information like stock price and other major matters. Huizhong conveys more effective information to the market from the perspective of investors, so as to ensure that the investors can timely get to know the state of operation of the company. The efforts made and the achievements obtained in this respect have been recognized by supervisory authority and capital market. During the reporting period, Huizhong was awarded the highest rating "A" in the 2024-2025 annual information disclosure evaluation conducted by the Shenzhen Stock Exchange for listed companies. Huizhong has won this honor for two consecutive years since its listing.



Standardized information disclosure work strengthened

1. It is called by the company to closely watch updates and changes of relevant laws, rules and regulations, and departments in charge of the information disclosure work. The company also has a strict policy of confidentiality and special protection for employees.

2. In information disclosure, it is required to observe the Guidelines for Self-Regulatory Supervision of Listed Companies on the Growth Enterprise Market of the Shenzhen Stock Exchange No. 2. It is to make sure the information disclosed is accurate and complete with no false records, misleading statements or significant omissions. Therefore, any non-compliance risks can be eliminated at the source.



Fairness of disclosed information ensured

1. The information is required to be released promptly at standardized timing to ensure that all investors can obtain the disclosed information in a fairly manner, and no information is disclosed to specific individuals in advance. Huizhong acts in strict compliance to the market principle of fairness, justice and openness to protect the legal rights and interests of the petty and small-scale investors.

2. The insider information registration system and management of specific matters and information during the regular reporting window period are implemented for ensuring fairness of disclosure. Additionally, professional training is organized for directors and senior management to enhance the professional competence of key personnel in performing their duties by following standardized procedures.



Effectiveness of disclosed information improved

1. With compliance regulations as an essential precondition, voluntary information disclosure is also actively attempted.

Through regular reports, the information regarding the dynamic condition and tendency of the operation of the company and policy trends can be completely made known to the investors, helping them to have a clear understanding of the current state of the company.

2. With compliance with regulations as an essential prerequisite, the announcements made have been seen to be much higher in readability. With the use of concise, standard and logically clear words plus pictures and texts to reveal the business situation, risk matters and development prospects, the investors can gain a better understanding of the company's products, data and actions. Hence, the value of the company get effectively conveyed in the information disclosure process.

Key Performance in Information Disclosure

Regular reports	Interim announcements and documents	Out of which, Announcements of relation events	Out of witch, Voluntary disclosure
4	139	2	1

Exemplary Case

Huizhong adheres to the "investor-centered principle" for the development of the listed company, and is dedicated to safeguarding the rights of all shareholders for enhancing their confidence. In line with the company's development strategy, operation condition and financial situation, the *Action Plan for the Improvement of Both Quality and Return on Investment* passed the resolution at the 5th board of director held on January 22, 2025, and action plan has been officially made known to the investors. (For details of the action plan, refer to the Document No. 2025-004 published on Juchao Information Network on January 23, 2025, a website designated by China Securities Regulatory Commission). The emphasis of the action plan is centered on promoting the company's high-quality development through its main business line, improving information disclosure quality, enhancing communication with investors, conveying the company's investment value, attaining sustainable development and actively fulfilling social responsibilities, stressing increase of returns for investors and continuing to implement a stable profit-sharing policy. For implementing the plan, corresponding measures have already been worked out.

Diverse Investor Communication Mechanism

While continuously improving the disclosure quality, Huizhong also attaches great importance to investor relation management as it is well aware of the fact that a good management in this report can serve as a core channel for transmission of value compliance and obtaining a mutually beneficial win-win result for investors. During the reporting period, Huizhong optimized and earnestly implement the "Investor Relations Management System" ("Information Disclosure Affairs Management System"), and other relevant systems for improving the investor relations management work. Not only did it regularly hold briefings through its regular reports to timely share and interpret the company's phased situation in operation, but it also set up a diversified communication matrix including business performance briefings, reverse roadshow, Interactive Easy Platform, investor consulting hotline, emails, and the company's official social medium (TikTok, WeChat Video), enabling the investors to understand and communicate with Huizhong through multiple platforms and channels. In doing the investor relations management work, Huizhong strictly followed the principle of fairness, impartiality and openness, treated all investors equally, protected their right to know and other legitimate interests, promptly and properly handled the investors' inquiries, complaints and suggestions. The information thus collected, were feedback to the Board Directors and top management on a regular basis.

Key performance obtained in doing investor communication work

Performance presentation meeting convened	Institutional research reports and review reports	Number of replies made on Interactive Easy Platform	Response rate
4	3	169	100%

Adherence to Business Ethics

Huizhong operates in compliance with relevant laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, and always adheres to the principles of voluntariness, equality, fairness and honesty. Huizhong has always upheld moral norms like integrity and good faith and is actively guiding its employees to maintain a good business conduct and a legitimate competitive order. Huizhong has won the titles of being a "Contract-abiding and Creditworthy Enterprise" and "Hebei Province Trustworthy Enterprise" bestowed by the Hebei Provincial Market Supervision Administration as well as the "Enterprise Credit Rating AAA Grade" certificate issued by the Hebei Provincial Credit Association.

During the reporting period, Huizhong signed with all its employees the Pledge of honesty, integrity and self-discipline and 100% of the employees signed up the agreement. In addition, the Sunshine Agreement was also concluded with all the suppliers. In so doing, the awareness of employees in protection of business secrets, obedience to laws and maintaining integrity has been greatly enhanced, helping the company to operate in a safe, open and transparent manner.

Steady Cash Dividends and Regular Share Repurchases

HuiZhong attaches great importance to providing shareholder with continuous and reasonable returns on investment for allowing them to share the company's operating and development achievements. Since HuiZhong went public in 2014, it has consistently offered cash dividends each year. As of the end of the reporting period, the dividends have been paid 12 times,

with a total amount reaching CNY 291 million.

In order to effectively safeguard company's value and convey a firm confidence in future development, since 2019, HuiZhong has consistently carried out repurchasing of shares every year. As of the end of the reporting period, the repurchasing work has been conducted 7 times, with a total amount reaching CNY 79.8129 million.

Unit: CNY 10,000

Item		2025	2024	2023
Business Data	Current Net Profit	6,620.99	5,772.47	10,429.58
Dividends distributed in the Past 3 Years	Distribution Plan	Proposed to distribute a cash dividend of CNY 1.00 for every 10 shares (tax inclusive)	Proposed to distribute a cash dividend of CNY 0.89 for every 10 shares (tax inclusive)	Proposed to distribute a cash dividend of CNY 1.6 for every 10 shares (tax inclusive)
	Total amount distributed	2,000.41 (Proposed)	1,784.14	3,187.42
	Proportion of the net profit attributable to shareholders of the listed company for the current year	30.21% (Proposed)	30.91%	30.56%
Share Repurchase Performance in the Past 3 Years	Amount of shares repurchased	997.55	927.03	1098.77
	Proportion of the net profit attributable to shareholders of the listed company for the current year	15.07%	16.06%	10.54%
Total amount of dividends distributed and shares repurchased	Total amount	2,997.96 (Proposed)	2,711.17	4,286.19
	Proportion of the net profit attributable to shareholders of the listed company for the current year	45.28%	46.97%	41.10%

Compliance with Laws and Regulations and Risk Management

In accordance with relevant laws, rules and regulations, Huizhong continuously improves its risk management mechanism. Through introducing and effective practice of international standard systems such as quality management, environment management and occupational health and safety management, the company's internal management systems have been incessantly improved, leading to, as a result, optimization of business process flowsheet, clearly defined management responsibilities, and more effective all process risk prevention and control, and accelerated transformation of the management model to a refined and standardized one. The efforts made on obtainment of certifications for its various management systems is taken by the company as an effective approach for continuous improvement of both quality and efficiency of management work, consistency of quality of product and service, effective prevention of safety, environmental and business risks, and realization of coordinated improvement of economic, social and management benefits.

During the reporting period, Huizhong operated strictly in accordance with the requirements of the Risk Control Work set forth by the general manager at the beginning of 2025 and adhered to the principle of laying stress on effect and efficiency. Through improving the management systems, strengthening professional capabilities and skills, the risk management is integrated into the entire decision-making and operation processes, resulting in the formation of a stable and compliant risk management culture and further optimization of risk management strategy, risk response mechanism and organizational structure. This provides a solid foundation and a rational support for ensuring the achievement of the overall risk management goals and continuous and stable operation of the company.

Certificates Obtained



Risk Management Measures

Huizhong has formed up a multi-departmental collaborative risk management system, and in accordance with the requirements of the Opportunities and Risk Management Procedures, has strengthened risk awareness, promoted continuous operations of various organizations, defined the risk management departments and their duties, and standardized risk identification, evaluation, control, information communication and other links, in a bid to integrate risk management into all aspects of business management activities and into the areas such as strategy, finance, market, operation, law, safety, environment and quality control. Risk management has constituted currently an important part of the company's operational process, making it possible for Huizhong to achieve its sustainable development goals through exercising risk management in research and development, innovation, production and operation, marketing and other links.

Internal Control Intensified

The risk management system is established by Huizhong according to the requirements and standards set forth in the Articles of Association, Internal Control Management System and the Internal Audit Management System, and based on the five principles of comprehensiveness, importance, balance, adaptability and cost-effectiveness. Huizhong calls for standardization of the internal control work, and the audit department the company's audit department to see to the risk management work is appointed to see to the risk management work and organize and guide relevant functionable departments and subordinated subsidiaries to conduct self-evaluation in doing internal control work.

During the reporting period, the company intensified the review of key aspects and continuously intensifies the internal control through external auditing and self-evaluation. Moreover, with the risk prevention and control as the focal point, the audit department has carried out three times of special audit analysis of on after-sales service fees for guaranty of repair, replacement and refund of substandard products, business deviations. Huizhong is made possible to deal with the problems, if any, improve management standardization and operating efficiency, ensure the security of the company's assets, effectively carry out building and effective execution of the internal control systems, and enhance the company's operation management level.

As of the date when the report was prepared, the third-party auditing firm Lixin Certified Public Accounts, with a special general partnership with Huizhong expressed its unreserved opinion about Huizhong's 2025 financial audit and internal control audit, and it is confirmed there exist no material deficiencies in financial and non-financial reporting or presentations.

Times of auditing made	Aspects audited	Items optimized
3	3	5

Typical Instance

During the reporting period, the abovementioned Lixin Certified Public Accountants went in 2024 to Melbourne, Australia to conduct on-site visit and investigation for verification regarding Huizhong's successful bid for the ultrasonic water meter bidding project in a certain city of Australia in collaboration with the agent Avnet Asia PTE Ltd. Through field inspection of the warehouse stock and discussions with the Avnet project manager, the standardization and authenticity of Huizhong's business operation is well confirmed.



Strengthening Information Security

Information Security Management System

System Building

Huizhong attaches great importance to the building of information security system. In 2019, according to the requirements as specified in GB/T 22080/ISO/IEC 27001-Network Security Technology Information Security Management System and ISO/IEC 20000-1-Requirements for Information Technology Service Management System , an information security and information technology service management integrated dual system (ISMS & ITSMS) was set up. The system management covers five areas, i.e. risk assessment, service delivery, implementation of control measures, and performance evaluation and incessant improvement. Realization of the coordinate management of information security and information technology service quality can get well aligned with the implementation of the company's business strategy, and ensure the security of the information assets of both Huizhong and its shareholders.



In line with the characteristics of the manufacturing industry and according to the requirements of the GB/T 22239-2019-Basic Requirements of Information Technology for Cybersecurity Layer Protection. Huizhong has established a network partition architecture, deployed control equipment security reinforcement, protocol filtering and anomaly monitoring mechanism to ensure the security of information and data.

Huizhong has now deployed a series of cybersecurity devices such as the next-generation firewall, behavior management system, WEB application firewall, and network gateways. At the same time, use is made of the tools like fire encryption systems and database backup systems to ensure data integrity and reliability. Coupled with mechanisms such as log auditing, database auditing, and jump server (Bastion host), the ability of behavior auditing and traceability is greatly improved, enabling data security to be perceived, monitored and traced.

In accordance with the requirements of the system, Huizhong has enacted several management regulations which include, among others, Risk Assessment Management Procedure, Regulations on Control Management, Service Planning Management Procedure as well as other system management regulations to standardize employees' safety awareness and operational behavior, and ensure information security. Furthermore, the company has set up an information security committee and an information security work group, and enacted the Regulations on Information Security Incident Management to clearly define the hierarchical response process. There is also a 7x24-hour information security emergency response team. The team conducts regular practical drills to ensure that the core data, customer data, and the R&D data can be quickly restored in the event of an attack.

System Operation

In 2025, the company's information security and information technology service management dual-system successfully passed the external audit by an authoritative certification body. As evidenced by the assessment result, no points requiring for rectification were observed in the operation of the systems, well demonstrating the applicability, completeness and effectiveness of the System. During the reporting period, no major information security incidents occurred in the company.

Data Privacy and User Protection

Data privacy and user protection are definitely the core responsibility of an enterprise in the course of sustainable development. Huizhong has always adhered to the principles of legality and compliance, reciprocity of rights and responsibilities, and integrates data security and personal information protection requirements into the entire business process for effectively safeguarding the privacy rights of customers, users and employees, and maintaining the trust of interested parties.

Protection Policies

Huizhong strictly complies with relevant laws and regulations such as the *Data Security Law* and the *Personal Information Protection Law*, and incorporates data security and personal information protection into the company's governance system. The company has put into practice the Data Security Management Regulations and the Personal Information Protection Management Procedures for realizing standardized management over the entire life cycle of data collection, storage, use and destruction.

With respect to data collection, Huizhong adheres to the principles of legality, legitimacy and necessity, and only the customer data and user data that are essential for business operation are collected. The purpose of the data processing is clearly stated in advance for obtaining the explicit consent. Data usage is strictly limited to authorized purposes only, and unauthorized sharing or transfer or public disclosure is strictly prohibited. Data analysis is made in a non-identifiable manner to reduce risks. Data storage is managed through classification and grading, and the data is encrypted prior to storage. The data storage period does not exceed the necessary period for business. Data destruction follows strict approval procedures. After the data expires or the business cooperation terminates, it is completely cleared and irrecoverable through physical destruction or multiple overwriting method, for ensuring data security and personal information rights.

Protection Measures

In order to implement the data privacy and user protection policies, Huizhong launched in 2025 a special campaign for protection of customer and employee privacy. Through the adoption of multiple refined measures, a solid defense line for data privacy security is now available.

Safety Measure	Description	Tangible Result Obtained
Application system permission cleanup	Clear system user permissions according to the principle of minimization and job requirements	Over 400 permissions cleared, resulting in precise matching of authority with job requirements
Special checking of data encryption	Check the installation and usage status of the terminal file encryption user, and optimize the platform and encryption policies.	Platform upgraded to a new version. 480 terminals checked with a coverage up to 100%
Privacy Protection training	Conduct specialized training on information security and privacy protection	Two training sessions organized with 100% employee coverage, resulting in effectively enhanced privacy protection awareness and practical skill of all staff.

Upholding CPC's Leadership & Improvement of the Party Building Work



Huizhong has always been committed to the deep integration of Party building with enterprise management, corporate culture cultivation and fulfillment of social responsibilities. It leverages the political core role of the Party organization among the employees and the political leading role in the development of the company, and strives to promote the opening up of a new prospect of Party building in the privately owned enterprise. Under the leadership of the Party branch which was initially set up in 2005, Party secretary and board chairman Zhang Lixin has always regarded the company as the root with the Party as its banner. It strictly follows the deployment and requirements of the superior Party organization, intensively studies the innovative theories put forward by the Party and their essential spirit, strengthens Party spirit cultivation by reviewing the Party's glorious history and fine traditions. The Party members and cadres are regularly organized to study the latest national policies, laws and regulations. At the same time, the Party branch actively explores new ideas, contents, forms and methods for Party building in the private enterprise in line with the company's specific conditions, and strives to set up a distinctive Party building system. In addition to continuous improvement of system building work and optimization of working mechanisms, effort is also made on innovation of working methods to ensure that the Party building has rules to follow and is full of vitality.



During the reporting period, Huizhong's Party branch as a Grade-A grassroots Party organization in Tangshan City did remarkably well in the work of developing Party members. In accordance with the rigorously specified procedures, the Party branch appointed two persons as potential candidates for Party membership and one person as probationary member. For injecting fresh blood into the Party organization, the structure of the Party members is continuously improved. By the end of the reporting period, the Party branch had 47 members. With an aim to carry forward the Party's glorious traditions and fine styles, and show the care, concern and respect for veteran Party members, the Party branch dispatched representatives to conduct a "July 1st" Visit and solicitude activities in Laozhuangzi Town. They expressed care and blessings to 20 veteran Party members who had reached 50 years of Party membership.



Green Action for a Low-Carbon Future

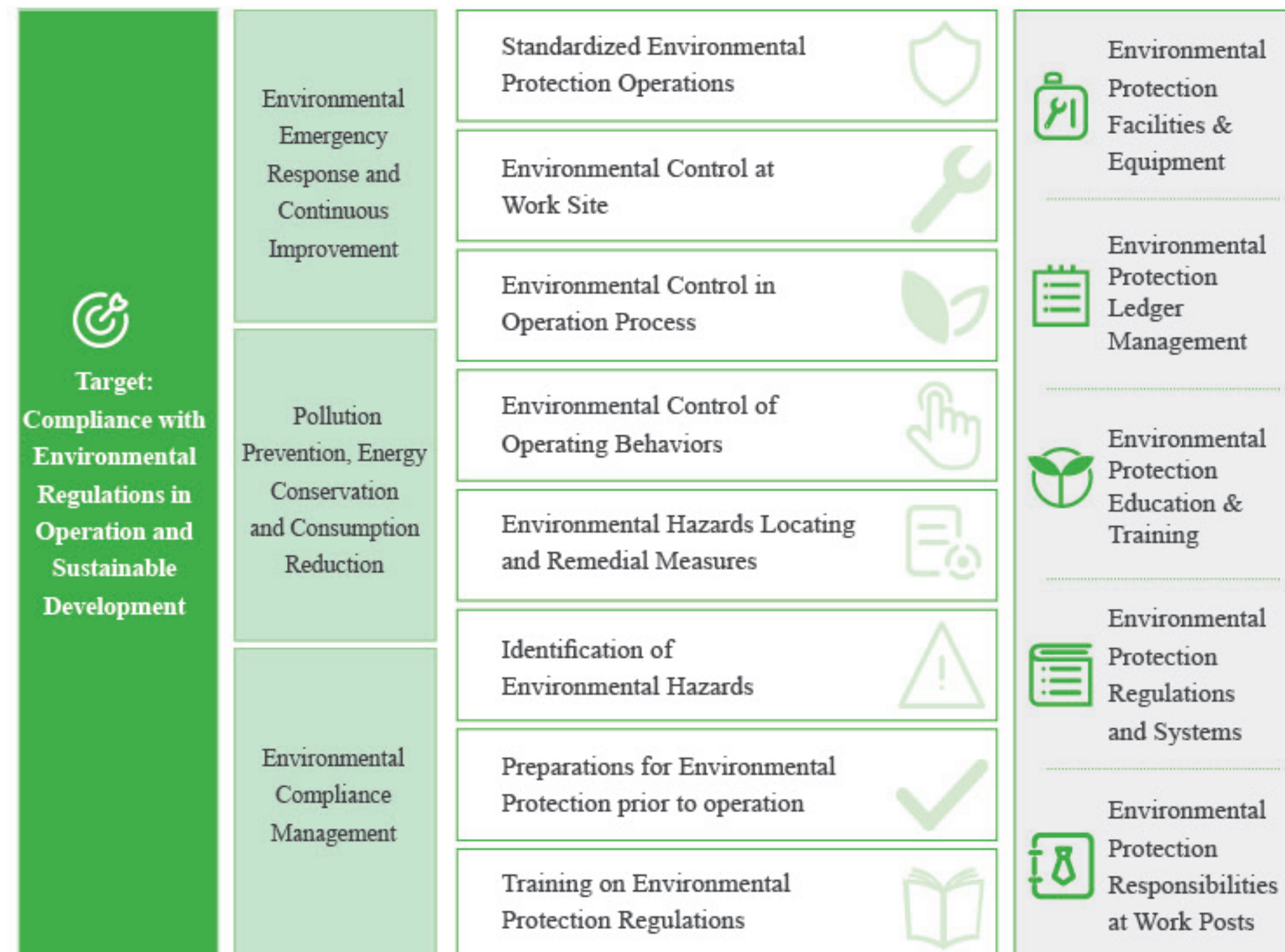
- Environmental Compliance Management
- Coping with Climate Change
- Optimized Resource Utilization
- Disposal of Pollutants & Wastes

Environmental Compliance Management

Environmental Management System

In response to the national call for sustainable development, Huizhong attaches great importance to environmental protection work, and implements the management policy of "energy conservation, emission reduction and developing environmentally-friendly and green industries", Huizhong strictly observes the laws and regulations, such as 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 Environmental Pollution by Solid Waste*, and the *Regulations on Air Pollution Prevention and Control in Hebei Province*. By referring to the ISO 14001 standard, and in line with the company's specific conditions, Huizhong sets up its own environmental protection systems. Through implementation of the systems with the stress on three major aspects, i.e. compliance operation, pollution prevention, energy conservation and consumption reduction, and environmental emergency response and continuous improvement, the annual environmental protection goals and indicator have been achieved in an all-round way with the emissions of pollutants all up to specified standard. No major environmental accidents and no case of penalty have occurred so far, allowing the production-induced environmental impact to be reduced to a minimum.

Environmental Protection "5831" Framework



Environmental Protection Goals Achieved in 2025

E1 —Rate of solid waste sorted and collected: 100%	Achieved
E2 —Rate of hazardous waste sorted and collected: 100%	Achieved
E3 —Exhaust gas and oil fume purification and emissions up to specified standards	Achieved

Compliance with Laws, Regulations and Standards

Huizhong strictly observes national and local environmental protection regulations, standards on emissions and industry norms, and completes annual update of environmental protection laws and regulations as well as compliance evaluations. It has been confirmed that all activities are in compliance with national and local requirements in the field of environmental protection. During the reporting period, Huizhong is operating with complete and valid permits for discharge of pollutants, as well as the facilities and means for conducting assessment, acceptance, and testing purposes. The work on declaration of the planned discharge or emission of pollutants, self-monitoring, and other work can all be completed on schedule.

Environmental Risk Management

Huizhong attaches great importance to environmental risk management and the work is made through the entire life cycles of business operation, manufacture of products and rendering of service. So, the company keeps on doing identification, rating, control and update of environmental factors. The company's Safety Management Department is designated as the main unit to see to the environmental protection work. It is responsible for coordination work and communication with governmental environmental protection departments at various levels, discharge or emission of exhaust gas and solid waste and implant noise pollutants, as well as solid waste and hazardous waste treatment.

Based on the result obtained annually in environment protection work, Huizhong has formulated a list of important environmental factors, a list of control measures, a list of relevant legal regulations, a compliance assessment record and a plan for management of indicators. Besides, the environmental emergency response plan is dynamically updated, and the response drills are conducted every year.

No.	Environmental Factor	Place	Environmental Impact	Violation of Regulation	Control Measure
1	Potential fire hazard	Warehouse/Workshop Office	Air pollution	No	A* B* C*
2	Potential fire/explosion hazards	Dining hall	Air pollution	No	A* B* C*
3	Leaks of waste cutting fluid, alcohol, engine oil, cleaning agent, adhesive agent container, activated carbon and electronic components	Warehouse/Workshop/Transportation	Soil/Water body pollution	No	A* C
4	Welding smoke	Workshop	Air pollution	No	A
5	Discharge of domestic water	Workshop/Office/Dining hall	Water pollution	No	A
6	Emission of oil fume	Dining hall	Air pollution	No	A* B
7	Noise produced by electric drills	Workshop	Noise pollution	No	A

Notes: A — Operation control B — Formulation & target and indicator management plan C — Contingency plan

Huizhong actively implements the national energy conservation and emission reduction policies based on the list of important environmental factors, and conducts monitoring of pollutants such as exhaust gas, wastewater, boundary noise and kitchen fumes on a regular basis. The hazardous waste and general industrial solid waste are disposed of and transferred separately in a standardized way. As an environmental protection and people's livelihood exempted enterprise, Huizhong voluntarily reduces its emissions during the heavy pollution weather warning periods, sincerely practicing the development idea of realizing environmental protection and high-quality enterprise development simultaneously.

Items Monitored Exhaust gas in phase I factory area		Measured once per year on site
Measured data in 2025		
Particulate matters (PM)	1.6mg/m ³	Non-methane hydrocarbon (NMHC)
		3.49mg/m ³
		Tin
		0.000843mg/m ³
National standard specified limit value		
Particulate matters (PM)	10mg/m ³	Non-methane hydrocarbon (NMHC)
		80 mg/m ³
		Tin
		8.5mg/m ³

Items Monitored		Exhaust gas in phase II factory area		Measured once per year on site	
Measured data in 2025					
Particulate matters (PM)	2.3	mg/m ³	Non-methane hydrocarbon (NMHC)	2.24	mg/m ³
			Tin	0.0015	mg/m ³
National standard specified limit value					
Particulate matters (PM)	10	mg/m ³	Non-methane hydrocarbon (NMHC)	80	mg/m ³
			Tin	8.5	mg/m ³

Item monitored		Wastewater		Measured once per year on site	
Measured data in 2025					
pH value:	7.8	Amino nitrogen:	0.335mg/L	COD:	19 mg/L
Suspended particles:	7mg/L	5-day biochemical oxygen demand (COD):	7.7 mg/L	Animal/vegetable oil:	0.24 mg/L
National standard specified limit value					
pH value	6-9	Amino nitrogen:	45mg/L	COD:	500 mg/L
Suspended particles:	400mg/L	5-day biochemical oxygen demand (COD):	300 mg/L	Animal/vegetable oil:	100 mg/L

Item monitored		Noise in factory area	Measured once per year on site
Measured data in 2025			
	51-63	db (A)	National standard specified limit value
			65 db (A)

Item monitored		Kitchen oil fume		Measured once per year on site	
Measured data in 2025					
cooking fumes	0.2	mg/m ³	Non-methane hydrocarbon	1.78	mg/m ³
National standard specified limit value					
cooking fumes	1.0	mg/m ³	Non-methane hydrocarbon	80	mg/m ³

Item monitored	Particulate matters produced through mechanical process			Measured once per year on site
Measured data in 2025				
1.3 mg/m ³		National standard specified limit value		
10 mg/m ³				

During the reporting period, Huizhong strictly implement a number of procedural documents, such as the *Environmental Occupational Health and Safety Management Manual*, *Environmental Factor Identification and Evaluation Management Procedures*, and *Environmental Operation Control Procedure*, and these systems are continuously optimized according to the needs of the company. At the same time, environmental impact assessment is carried out for construction projects. In doing construction work, the building of the principal part of a workshop, for instance, is required to be carried out alongside the construction of environmental protection facilities by strictly observing the principle of simultaneous design, construction and commissioning, in order to ensure that all the links starting from planning to completion of construction meet the environmental protection requirements. During the reporting period, the company updated the environmental emergency response plan based on the new construction plan and change of the operating mode of the injection moulding workshop. Moreover, the Environmental Protection Responsibility System and the Hazardous Waste Pollution Prevention Responsibility System are likewise revised or updated, and a new system of personal responsibility at work post is enacted for the injection moulding shop. For creating a green injection moulding shop, its construction was carried out by adhering to the abovementioned construction principles, making it possible for the shop to efficiently of production operation with environmental protection, develop it business in coordination with the improvement of such aspects as environmental protection, safety and occupational health.

Key Performance Environmental protection improvement measures adopted during the reporting period

- 1 The previously used waterproof, anticorrosion and anticorrosion paint with a higher volatility was replaced by the low-volatile VOC-based paint, greatly reducing the emission of VOC gas.
- 2 The dining hall was renovated with the use of more environmentally-friendly smoke flue.

Some places is designed with clerestory roof for skylight lighting with ventilation, and both heat and sound capacities all up to national standards



The production equipment and operation space are ergonomically designed for facilitating noise and waste management



The construction of either new or remoulded or expansion project must be carried out alongside that of environmental protection facilities in design, engineering, commissioning and operation.



Carbon Management

In accordance with the relevant national carbon emission management policies and based on the results of practice of the environmental management systems already available, the carbon emission management system is established and put into operation by Huizhong. Through practice of the system, the greenhouse gas emission accounting, statistics, monitoring and control work can be made, conducive to the implementation of emission reduction measures in full and green and low-carbon development. During the reporting period, Huizhong entrusted a third party to verify the performance in doing carbon management work by Huizhong in accordance with the ISO 14064-1:2018 "Greenhouse Gas Part 1: Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level – Specifications and Guidelines" and ISO 14064-3:2019 "Verification and Audit Specifications and Guidelines for Greenhouse Gas Statement". Through verification, the "Greenhouse Gas Verification Statement" with the serial number of EWC-GHG-20260320-01 was issued for Huizhong.

Key Performance

Category I: Direct emission source Greenhouse gas emitted, t (CO ₂ e)	Category II: Indirect emission source Greenhouse Gas emitted, t (CO ₂ e)	Total Emissions, t/C	Change Compared to previous year
17.25	2390.82	2408.07	-4.84%

In order to enhance the green attributes of its products, Huizhong continuously improves its carbon management system. During the reporting period, a third party was entrusted to help Huizhong to voluntarily optimize the carbon footprint certification of its products in accordance with the GB/T46566-2025-Greenhouse Gas Management System Requirements and GB/T24067-2024-Quantification Requirements and Guidelines for Greenhouse Gas Product Carbon Footprint. This enables the boundary of the system to expand from "cradle to gate". With the practice of the carbon management system, it is now possible to make detailed accounting of carbon footprint of 7 products including the ultrasonic water-meter for either domestic or overseas household use, household-use ultrasonic heat meter and ultrasonic flowmeter, among others. Based on the accounting report, further improvement work was made for contributing to China's early achievement of carbon peaking and carbon neutrality goals.

Green Culture and Environmental Protection Training

Huizhong regularly holds environmental protection training sessions. For instance, during important environmental protection festival like the "World Environment Day", various colorful environmental protection publicity activities are organized to continuously enhance employees' environmental awareness. At the same time, the company actively promotes the green office concept, puts office energy consumption under strict management for creating a strong green cultural atmosphere. It also encourages employees to actively participate in environmental protection work and integrate green lifestyles into their daily life, in order to take practical actions to response to the country's low - carbon development strategy and jointly contribute to sustainable development.

During the reporting period, with the compliance as the baseline, and strict control of environment risk as the target, Huizhong organized five training sessions targeting on "publicity and implementation of environmental management measures" and "pollutant discharge/emission management", and other special issues, with the number of trainees reaching 227.



key performance

Carbon Footprint Value per Functional Unit Product	Unit	2024	2025	Year-on-Year Change
Entire range of Huizhong's products	tCO ₂ e/t	0.0731	0.0721	-1.37%
Ultrasonic industrial water meter	tCO ₂ e/t	0.124736739	0.12705564	1.86%
Ultrasonic water meter for domestic household use	tCO ₂ e/t	0.00797639	0.007341706	-7.96%
Ultrasonic water meter for overseas household use	tCO ₂ e/t	0.008966649	0.008357804	-6.79%
Ultrasonic heat meter for apartment use	tCO ₂ e/t	0.143156322	0.140590612	-1.79%
Ultrasonic household-use heat meter	tCO ₂ e/t	0.006014106	0.006072962	0.98%
Ultrasonic flowmeter	tCO ₂ e/t	0.148027106	0.143558395	-3.02%

Carbon Footprint Contribution Chart

Production process:
33.63%

Raw material obtainment:
64.26%

Raw material transportation:
2.11%

Production process

Raw material transportation

Raw material obtainment

Emergency Environmental Incident Response Plan

The response plan is dynamically updated strictly in accordance with the requirements of environmental management system and the emergency response plan, and drills are conducted every year to test the applicability of the plan, response capabilities of the emergency tackling team, and effectiveness of the emergency handling process. It aims to raise the environmental risk prevention awareness and response abilities of all employees to make sure that when danger comes up, a prompt response can be made to minimize the harm and loss caused by the emergency event.

In 2025, Huizhong launched specialized and regular training of its new recruits to popularize safety knowledge and skills. A total of 19 safety training sessions were organized throughout the year for altogether 1052 participants. In this year, Huizhong organized a total of 16 times of on-site response drills for coping with 8 emergency events, one fire and explosion emergency drill including hall, one emergency drill and one drill targeted on special equipment.

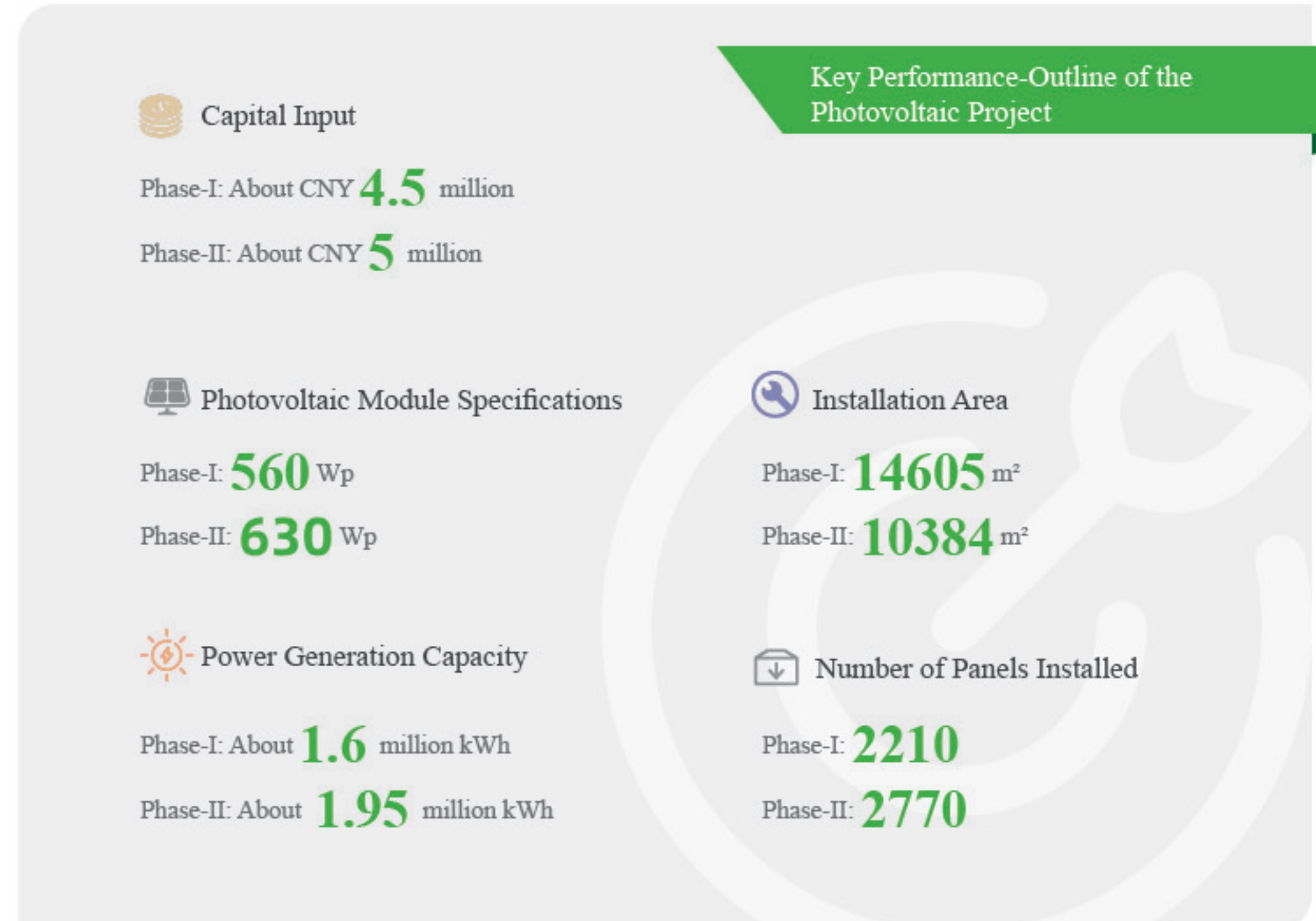


Coping with Climate Change

Green Production

Huizhong operates with the special mission to push up the development of global energy and water conservation undertakings with its leading innovative ultrasonic flow measurement technologies. While developing its intelligent manufacturing capabilities, it implements the "full life cycle" environmental protection concept in the entire production process by strictly following the relevant laws and regulations for ensuring that the company's production and operation meet the environmental protection requirements in all aspects. In order to continuously improve its clean production process and realize energy conservation and reduction of emissions, the factory of environmental protection is taken into full consideration in product design, raw material procurement, manufacturing, processing, transportation and disposal of wastes, for stepping up sustainable development of the company.

In order to help achieve the carbon peaking and carbon neutrality goals at an early date, the green electricity (for use in the factory area) generating is updated and expanded in capacity. During the reporting period, construction of the 2nd-phase photovoltaic power generation system commenced and it is expected to go into service in early 2026. The use of increased proportion of green electricity will lead to effective reduction of indirect carbon emission in production process, and cut of power cost, helpful to the attainment of carbon neutrality goal.



Green Office

Huizhong continuously enhances the environmental awareness of all its employees. Through day-to-day publicity and practice of "6S" management mode, the vision of saving every kilowatt-hour of electricity, every sheet of paper and every drop of water has been inscribed in the mindset of every employee of Huizhong. During the reporting period, the concept of turning office green has been realized by taking a host of special management systems for control of application and usage of office supplies. What's more, Huizhong advocated paperless office work, strengthened publicity of saving paper, reduction of power-on time and frequency of electric equipment, and reduction of power consumption of standby equipment.



Optimized Resource Utilization

Huizhong operates by applying the circular economy concept in strict compliance with the *Circular Economy Promotion Law of the People's Republic of China*, and exercises technology-based resource management system to ensure the stability and rationality of supply of resources. For promoting the sustainable development, diversified methods are adopted to improve the utilization efficiency of water, electricity and other resources.

Smart Industrial Park and Efficient Management

During the reporting period, the high performance of its smart industrial park was brought into full play. Through all-time monitoring and collection of the data of water and consumption, room temperature and output of the photovoltaic power generation system, analysis can be automatically made of power consumption of each building and workshop, the causes leading to fluctuation of power consumption for facilitating implementation of targeted energy-saving measures. The company keeps on laying stress on tapping energy-saving potential and optimization of dynamic management of pollutants for realizing fine management of consumptions of energy and resources throughout the entire production process.



Utilization of Water Resource

As an enterprise standing at the forefront in terms of technology among its counterparts, Huizhong actively fulfills its social responsibilities, and strives to push up the global energy and water conservation undertakings by setting an example with its own conduct. During the reporting period, in accordance with the relevant laws and regulations including the *Water Law of the People's Republic of China*, and in line with the principles of "reduction of total consumption, improvement of efficiency and recycling of water for reuse", Huizhong installed 158 ultrasonic meters for different sizes of pipes in plant area, buildings and storeys, achieving a full coverage of the park's three-tier water networks, and a standardized management for use of water. Through adoption of multiple measures such as launching publicity activities, providing guidance to employees to encourage them to save water on a voluntary basis, using the park's system to effect proactive management, analysis of water consumption data, and identification of the points with abnormally high water consumption, the water utilization efficiency and the level of management for saving of water are continuously enhanced.

Disposal of Pollutants & Wastes

In accordance with the laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, Huizhong has formulated and put into effect a number of its own pollutant and solid waste treatment systems which include, among others, the *Responsibility System for Hazardous Waste Pollution Prevention and Control*, the *Management System for Used Batteries*, and the *Management System for Exhaust Gas Emissions*.

During the reporting period, the systems for control of exhaust gas emissions, management of hazardous waste and treatment of harmful substances were strictly followed for improving their handling efficiency and making sure that the emissions are up to or even superior to the specified standards with no or less adverse environmental impacts.

Testing and Treatment Approaches

Exhaust Gas	Mobile Smoke & Dust Purifier	Formaldehyde	Smoke & Dust Purifier	Kitchen's Smoke & Fume Purifier
Treatment Method	Treatment Method	Treatment Method	Treatment Method	Treatment Method
Replace activated carbon and clean the electrostatic absorption device every six months	Replace the filter cotton once a month	Replace the filter element every six months	Clean the adsorption device once every quarter	Clean the ducts once every two months

Verification of Treatment Effect

A professional and qualified third-party conducts the testing and issues a testing report after verification.

During the reporting period, control methods were also applied in accordance with relevant national standards, and annual testing and inspection were carried out by a third-party to make sure the emissions of pollutants meet the standard-specified requirements.

Exhaust Gas Management

The waste gas produced contains chiefly particulate matters during welding process, a small amount of VOC generated from sealant during sealing process, and oil fume emitted from kitchen. Huizhong entrusts a third party to conduct on-site testing and inspection of gas emissions every year. Test results show that all the gas emissions comply with specified standards.

Key Performance

The exhaust gas treatment facilities in the production building can work with an efficiency of over **95%**

The smoke and dust collectors in the machining workshop can work with an efficiency of over **95%**

Workshop Exhaust Gas Management Measures

- 1 Use raw and auxiliary materials producing less VOCs, peculiar smell and smoke.
- 2 Improve the skills of solderers, use soldering iron correctly, and clean frequently slider tip to reduce generation of fume.
- 3 Improve automation level and leakproofness to reduce unorganized volatility.
- 4 Maintain exhausted gas purification device regularly. Let the supplier to replace the activated carbon at regular intervals to ensure the gas emission is up to standards.
- 5 Make regular maintenance and patrol inspection. Make proper adjustment of air volume and velocity to prevent escape of waste gas.

Kitchen Fumes Management Measures

- 1 Entrust a third party to clean the purifier and its ducts to make sure they are free of oil deposit and blockage and can work normally.
- 2 The purifier and exhaust fan need to be turned on and off simultaneously. It is not allowed to use the exhaust fan separately.
- 3 Use online monitoring device to make real-time detection of concentration of the fume to be emitted.
- 4 The exhaust outlets are arranged in a standardized manner to ensure the concentration of emission complies with local standards.

Exemplary Case

In order to make the company's supply chain more cost-effective, more efficient and capable of assuring product quality, the injection moulding shop, which was previously unavailable, was built and put into operation. For effecting precise control of VOC generated in the shop, a set of VOC control devices is installed to collect the gas via the collection pipe fitted at each workplace. The gas thus collected finally comes into the central pipe for discharge in an organized manner offer being treated by the treatment facilities. For maintaining their smooth operation, maintenance of these facilities are made at regular intervals.



Shown in the pictures are the gas collection points, the gas collection pipe and the treatment facility.

Wastewater Treatments

The company does not produce any production-related wastewater. The wastewater comes all from dining hall and lavatories. During the reporting period, the wastewater is directly discharged into the municipal sewage drainage pipework. As confirmed through testing by a third party, the discharge of the wastewater complies with relevant regulations.

Wastewater Management Measures

- 1 The dining hall is provided with garbage bins. The garbage and the food leftovers, crumbs and remains are separated and sorted. It is strictly prohibited to flush them down the drain for avoiding blockage and pollution.
- 2 Regularly clean the dirt in the grease trap to prevent the trap from being affected in efficiency due to blockage.
- 3 Waste oil, discarded hazardous chemicals and other hazardous wastes are strictly forbidden to be directly charged into the sewer. They are stored in special containers and then transferred to the hazardous waste, and finally handed over to a qualified third-party unit for disposal.
- 4 Strengthen publicity and education of employees to raise their awareness of water conservation, emission reduction and proper discharge of wastewater.

Noise Management

The noise in the company is mainly generated by the production facilities and equipment in operation. During the reporting period, the noise level is confirmed by a third party to be within the acceptable range.

Noise Management Measures

- 1 Arrange the production plan reasonably and shorten the working time of operators in high-noise environment.
- 2 Use low-noise, environmentally-friendly and energy-saving facilities and equipment.
- 3 Upgrade equipment maintenance schedule, regularly lubricate equipment, reduce frictional noise, and fit shock pads under the equipment with a high vibration level in operation to reduce generation of abnormal noise.
- 4 Switch to the use of screw driver in place of air gun in product packaging operation.
- 5 Use silencing units like dampers or microporous mufflers to block the noise propagation or fix sound-deafening hood on high-noise equipment.

Waste Management

Huizhong attaches great importance to waste management. Through effective classification and sorting, an effective control and management of waste materials have been achieved. Currently, the company's waste materials include the general wastes, typically, soldering tin slag and used batteries, and the hazardous wastes like packaging materials, waste engine oil and cleaning agents. During the reporting period, Huizhong exercised full-life-cycle management of hazardous waste in accordance with national laws and regulations, and each link in the management process is traceable.

Hazardous Waste Management

- 1 Establish ledgers system for each stage and each link in management of the production, storage and transfer of hazardous materials, and keep a detailed record of related information.
- 2 The departments producing the waste are required to set up a temporary storage area for storing the waste produced every day and transfer the stored waste to the hazardous waste repository at regular intervals. The process of storing the waste in the repository is logged into the local environmental protection bureau's online platform system.
- 3 The repository for storing all the hazardous wastes is constructed according to the requirements stipulated by relevant laws and regulations. It is provided with diversion channels and weirs inside. Relevant regulations and warning signs are posted outside the repository.
- 4 Huizhong entrusts a professional and qualified third party to transfer and dispose of the stored waste at regular intervals accord to the agreement reached between Huizhong and the third party. The transfer and disposal process is documented with transfer forms in accordance with relevant laws and regulations.

General Solid Waste Management Measures

- 1 Set up solid waste bins and collect the used batteries, soldering tin slag and waste filter cotton produced during production process separately.
- 2 Set up a temporary storage area for used batteries and soldering tin slag. Appoint a special supervisor to keep a ledger account of the waste put into and taken out of the area including their batch information.
- 3 Maintain close cooperation with a professional and qualified third party and entrust it to dispose of the stored waste by its professional personnel on a regular basis.

Safety Management of Chemical agents

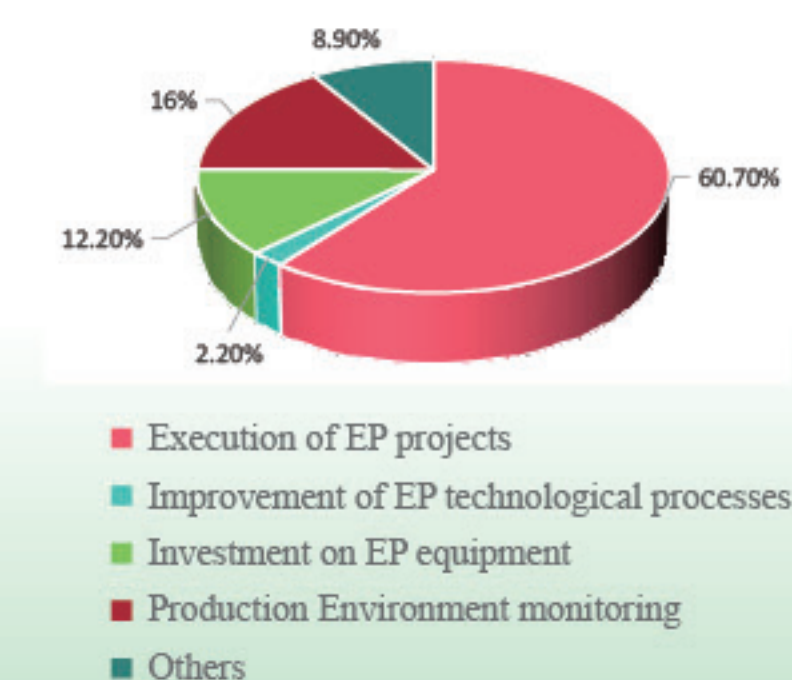
Huizhong has a special depot for storing different kinds of hazardous chemical materials like the reagents for testing purposes. The depot is set in the downwind area of the company and is constructed according to the requirements of relevant laws and regulations. It is provided inside with diversion channels, weirs, explosion-proof lighting installation and fans.

Biodiversity Protection

Huizhong is increasingly attaching importance to fulfilling its responsibility for ecological protection. Its existing production and operation premises and the location of its newly established overseas company are not situated in ecologically sensitive areas or nature reserves or the red-line districts calling for ecological protection. Because of the implementation of effective environmental protection measures for management and strict control of exhaust gas, waste water, noise and solid waste, no significant impact on surrounding environment or change of the functional quality category of the areas can be expected. The overall operation and production site of the company proves to be in compliance with the "three lines and one list" requirements (not reaching the Ecological Protection red line, environmental quality bottom line, resources utilization upper line and availability of an ecological environment access list).

In routine operations, Huizhong makes effort to reduce the disturbance and impact on existing ecological environment produced by newly added projects, and takes practical actions to reduce consumption of resources and environmental impact at the source for minimizing the disturbance to surrounding ecosystem. The company strives to safeguard the biodiversity, so as to contribute to achieving the sustainable development goal of harmonious coexistence between humans and nature.

In order to uninterruptedly consolidate the foundation of environmental protection governance and ensure the normal development of environmental protection work, Huizhong allocated in the current period a total of CNY 450,318 as a special fund for the company to execute environmental protection projects, upgrade environmental protection technologies, procure related equipment and facilities and monitor production environment, for making sure that the entire production and operation process meets the ecological and environmental protection requirements. Through taking practical actions, it has been made possible for Huizhong to protect the biodiversity and make contributions to green development.





Demonstrate Superior Quality Embrace Innovation at Huizhong

- Innovation-driven Development
- Secured Outstanding Quality
- Striving for Expansion of Overseas Market through Consolidating
- Digital and Intelligent Transformation Accelerated
- Customer Relationship Management
- Sustainable Supply Chain

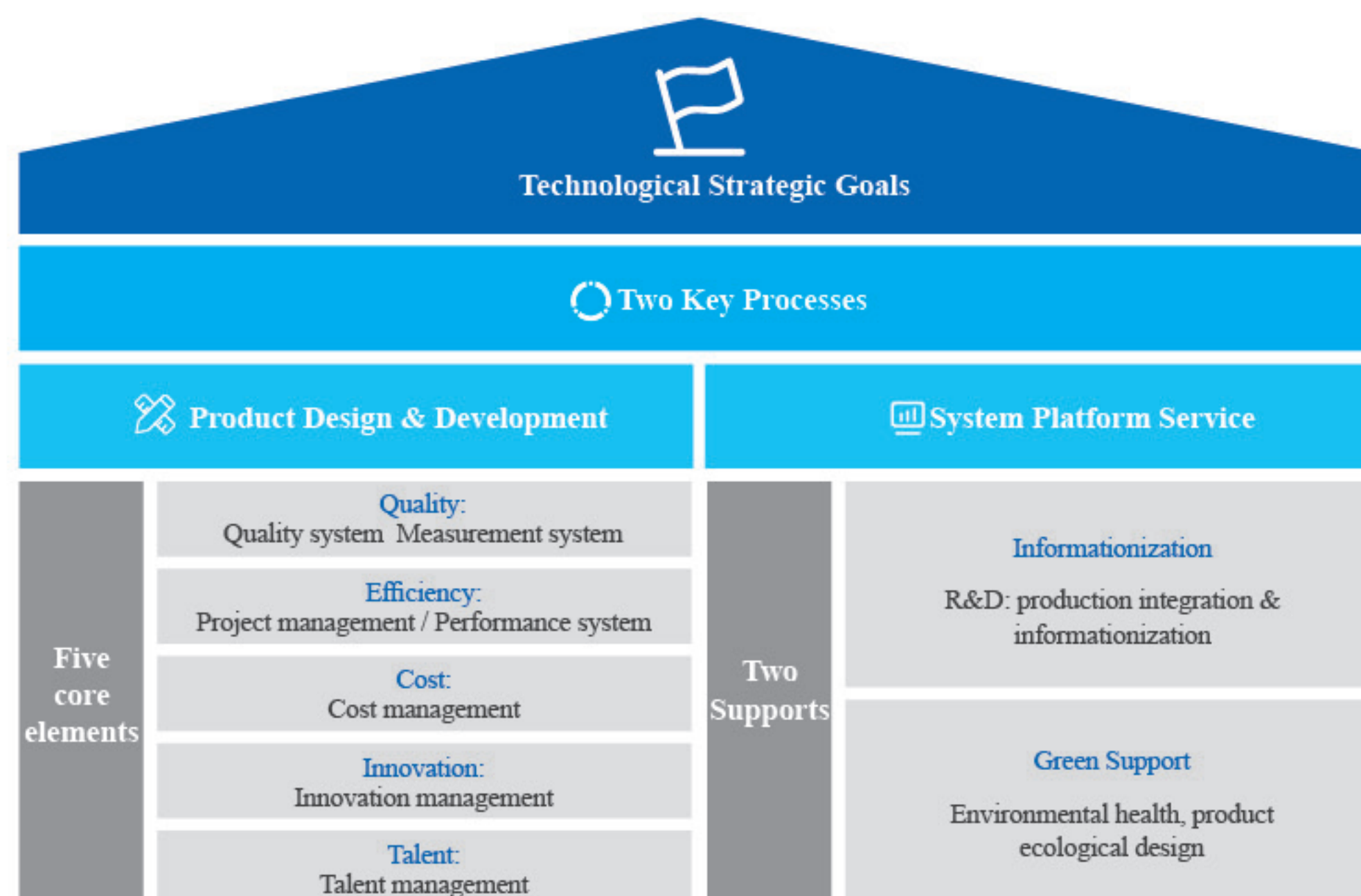
Innovation-driven Development

R&D and Innovation System

Innovation is the soul of Huizhong. As one of China's earliest enterprise engaging in the R&D of ultrasonic flow measurement products, the company has dedicated specifically to this course for over three decades, and has now formed up a mature and highly efficient R&D management system.

Guided by the corporate strategic layout, developing trend of ultrasonic flow measurement and IoT technologies, as well as market orientation and customer demands, the company's R&D contingent chooses to embark on the technological strategic route of "two platforms, three generations", a route as directed by the IPD integrated development management model. By coordinating the five core elements of quality, efficiency, cost, innovation and talents, Huizhong has realized high-efficiency commercialization of research-driven achievements and product marketization, guaranteed product conversion and high-quality delivery.

With respect to the development and management of system platform service, Huizhong integrates CMMI Management Model with agile development concepts to strive to continuously shorten service delivery cycle and its quality, so as to provide customers with precise and customized high-quality service. At present, the company's software development capability has matured to the CMMI Level-5, signifying that the company has reached the international advanced level in key aspects, including software process organization, core technology R&D, full-cycle project management and provision of comprehensive solutions, thus laying a firm basis for the company's product service operation strategy in core competitiveness.



Exemplary Case

During the reporting period, Huizhong once again successfully passed the CMMI Level-5 authentication through reassessment. This is the second time Huizhong is granted the certification after it first obtained the certification in 2022. It demonstrates that the company's R&D capabilities are reaffirmed by international authentication organ and always stand at global leading position.



For achieving high-quality development, Huizhong always regards talents as the primary productive force. Through structural optimization of technical departments, adoption of tiered technical personnel reserve system and self-cultivation and external recruitment combined management system, the company has formed up a technical contingent which has high professional experience, strong innovation capability and is capable of making high-efficiency industrialization of research-derived achievements. Moreover, the company has been designated as a National-level Specialized, Refined, Unique and Innovative Giant Enterprise, and a National-level Green Factory. Huizhong is provided with a provincial-level technological innovation center, an industrial design center, an enterprise technology center and a CNAS-accredited testing and calibration laboratory. The organizational setups and talent development system as described above provide a strong support for the company's technological advancement and R&D of new products.

Key Performance

By the end of 2025, the company's R&D personnel accounted for **26.89%** of the total workforce.

The R&D personnel possess profound professional knowledge reserves. The majority of the core members hold either intermediate or senior professional titles and have remarkable achievements in their respective specialized fields. It is actually a professionally competent contingent with its technologies covering multiple spheres including software and hardware design, testing and calibration. The young members make up a larger share, making the contingent more dynamic and creative.

Key Performance

By the end of 2025, **98.44%** of the technical personnel hold a bachelor's degree or above **46** are intermediate or senior technical personnel.

R&D and Innovation-driven Development

Committed to charting the course of the development of the ultrasonic flow measurement sector, Huizhong actively plunges into the standard-setting work. It has participated in the formation of a multiple of national and industrial standards by following the five principles, i.e., strategy-oriented principle, systematic coordination principle, authoritative applicability principle, dynamic optimization principle and internal external linkage principle as stated in detail below. Through application of the TRIZ innovation methodology and intellectual property rights management system, a sound technical innovation organization system has been formed up, making it possible for the innovation activities to be made in a more scientific and efficient manner and yield tangible results.

Strategy-oriented principle	The standardization work is requested to closely serve the company's overall development strategy and provide support to technical innovation and industrial upgrading.
Systematic coordination principle	The standardization system shall be complete and systematic, with consistent alignment between internal and external national/industry standards.
Authoritative application principle	Standards shall be scientific and authoritative and closely aligned with business realities to ensure their operability and implementability.
Dynamic optimization principle	A continuous review and improvement mechanism shall be available for standards to adapt to changes of internal and external environments.
Internal-external linkage principle:	Proactively track and participate in external standardization activities, make internal use of external achievements, and strive to convert internal innovations into national or industry standards.

Key Performance

National standard: Standardized formulated during the reporting period: 3 Cumulative figure: 17	Industry standard: Standardized formulated during the reporting period: 1 Cumulative figure: 5
Group standard: Standardized formulated during the reporting period: 0 Cumulative figure: 4	Local standard: Standardized formulated during the reporting period: 0 Cumulative figure: 1

Intellectual Property Management and Protection

In accordance with *GB/T29490-2023 Requirements for Enterprise Intellectual Property Compliance Management System*, Huizhong formulated the *Intellectual Property Management Manual* together with a series of procedural documents and management systems, enabling the Company to have a comprehensive and standardized full process intellectual property management framework covering IP rewards and penalties, confidentiality management, patent quality evaluation, risk emergency response and agency selection.

Meanwhile, in order to uninterruptedly enhance the value creation capacity and effectiveness of the related management systems, Huizhong has set up an Industry Information Database to systematically track, meticulously analyze and predict the trend of development of worldwide ultrasonic flow measurement technology with a forward-looking vision. For providing a firm support for technical innovation and market competition, the systems for management of patent application and industrialization of research-derived achievements have been efficiently implemented by using the sound technical innovation mechanisms and patent application management process. What's more, Huizhong conducts annual both internal and external review and examination of the above-mentioned management systems. Any non-conformity points, once identified, are promptly rectified and further improved for allowing the intellectual property system to enter a virtuous cycle.



Key Performance

Invention patent: Standardized formulated during the reporting period: 5 Cumulative total: 17	Utility model patent: Standardized formulated during the reporting period: 6 Cumulative total: 83
Design patent: Standardized formulated during the reporting period: 2 Cumulative total: 39	Computer software copyrights: Standardized formulated during the reporting period: 40 Cumulative total: 298

R&D and Innovation Achievements

With the intellectual property management system as the basis, and through adoption of the TRIZ innovation method, Huizhong sets up a technical innovation organization system to carry out innovation activities and support the industrialization and promotion of innovative achievements.

Huizhong now produces three major series products (software and hardware included) together with the packaged project solutions, namely, the ultrasonic water meter, heat meter and flowmeter. These meters are all highly adaptable to different pipe sizes, application scenarios, and communication modes when used in water supply, heat supply and industrial sectors, and for water conservancy projects. the company continues to do their further improvement work to enable them to work with a still larger turn down ratio, lower power consumption, higher intelligent level, lower maintenance cost and more considerate flexible customized service.

Hardware Product	Capable of making all-around measurement starting from source to end-user end	The ability to make precise measurement for the use of the core ultrasonic flow measurement technologies helps spur the development of the entire industrial sector.	Edge computing: In cases of low latency computation, the alarm functions to reduce workload of data center.
	Products can be customized in a flexible manner to suit working conditions on site.	High-efficiency IoT makes it possible to realize efficient end-to-end accurate data transmission.	Compatibility of data collection unit: It supports all types of meters' on market.
Software Platform	Sound ecological system for data operation and maintenance		Multi-pass integrated data collection solutions
	SaaS Service: High-integration, Rapid deployment, low-cost O&M development, Continuous updating & re-generation	Comprehensive Deployment: Hierarchical data warehousing, Matching analysis & application functions integrating data analysis, remote O&M and service management.	Unique equipment inspection models: Real-time analysis of operating status of equipment and scoring of equipment health Data calling: Efficient extraction of all basic data and indicators via unified standardized interface to realize on-demand data access

Exemplary Case1

Technology Empowerment—Huizhong Water Industry Digital Employee Platform

Through integration of the company's self-developed agents, large models and in-depth algorithm, a silicon-based productivity system for the water industry is established, pushing the water industry to shift from the traditional mode of striving for automation to a mode of striving for autonomous intelligence. Under the silicon-carbon co-governance mechanism, silicon-based intelligence undertakes high-efficiency computing, precise analysis and large-scale execution tasks while the carbon-based human resources generally focus on innovative decision-making and value judgment and strategic guidance. The coordinated upgrading of technical and organizational capabilities provides sustained momentum for the transformation of the industry.

In view of the core business scenarios of the smart water industry, Huizhong specifically develops the Huizhong Water Industry Digital Employee Platform. Through the platform, AI capabilities are brought into full play in key links including water supply, dispatching, leakage analysis and customer service, enabling the water industry to shift its operation from experience-based mode to AI-driven mode and operate with all-round improvement in both efficiency and quality. The conceptual product made its debut for the first time at the 2026 China Urban Water Conference held in Shenzhen on April 16, 2026, marking a key milestone for Huizhong in empowering the development of public utility sectors with intelligent technology.



Exemplary Case2

Two new product come in pair: The new-generation large-caliber ultrasonic water meter and household-use water meter simultaneously launched.

During the reporting period, Huizhong launched two heavy-hitter products, namely, the SCL-61D PRO large-caliber ultrasonic water meter and the SCL-61H MAX household-use ultrasonic water meter. The former is designed for precise measurement and trade settlement of main pipeline total flow and for metering household total flow in urban water supply network. It is of modular design with Huizhong Power Bus technology. It is easy to maintain and high in accuracy, and has meter-level positioning function, conducive to the building of a smart water supply system. The latter achieves systematic breakthroughs targeted at three core goals: high measuring accuracy, long-term durability, and smart management. In addition to its precise positioning functions and dual communication modes, the meter is provided with pressure, temperature, and flow sensor and in independent battery compartment. It also features a tamper-proof technology that can generate timely alarms in case of unauthorized opening of meter housing.

New-generation large-caliber ultrasonic water meter

SCL-61D PRO

汇中超声测流 点滴都是智慧

模块化设计+汇中Power Bus
维修服务更便捷 计量数据不丢失

10+ 工作年限
IP68 防护等级

技术创新 计量数据零误差
产品功能模块化设计，分为显示、通讯模块和测量模块，充分保证计量精度，维修时只需更换故障模块，不影响其他模块正常工作。

高精度设计 维护更便捷
高精度设计，采用高精度传感器，安全保护设计，独立包装系统，确保精准，无需调试参数，用户可自行安装，售后无忧。

安装便捷 计量无忧
采用模块化设计，支持独立安装，无需布线，安装简单，大幅降低安装成本。

可实现测流、测压、测温于一体，具有多种输出功能，可组成监测系统，监测运行情况及管网运行状况。

New-generation household-use ultrasonic water meter

SCL-61H MAX

汇中超声测流 点滴都是智慧

用于居民住宅小区分户计量，满足供水企业对终端用户精准计量、结算以及客户对大数据的需求。

汇中自主专利蝶阀
(专利证书号：第4335767号)

解决卡顿问题
可远程开关阀，调节精度高，易清洗，有异物不影响开关，接触面小，扭矩小，耗电量少。

多种传感器

温度传感器

压力传感器

振动传感器

Secured Outstanding Quality

Smart Manufacturing Development

As a global large-scale enterprise dedicated to R&D and production of ultrasonic measurement instruments and associated systems, Huizhong implements the sustainable development concepts and sets the objectives of "improvement of quality, improvement of efficiency, boosting production capacity, reduction of manufactured inventories, cut down of costs, ensuring safety and cut of delivery period" in operation, with an aim to improve the intelligent manufacturing level, production efficiency, customer satisfaction, product quality and cut managerial and production costs. A customer-centered intelligent manufacturing system with distinguished Huizhong characteristics is now available.

Huizhong has formed up a platform which integrates R&D, production, supply, marketing and after-sales service links. Through the platform, it is possible to realize data collaboration across marketing, R&D and production links, significantly cut order lead-time and eliminate information transmission troubles caused by human factors during order handling process. Thus, a foundation is laid for Huizhong to build a benchmark intelligent manufacturing factory and enhance its competitiveness in digital and intelligent level.

Precise Traceability

With the aid of the MRP and APS intelligent production scheduling systems, a customized configuration model for catering to demands of customers is now available. The use of the model enables Huizhong to scientifically arrange production plans and allocate resources, and rapidly respond to special customer requirements. Moreover, Huizhong can now perform full-life-cycle data collection and management starting from R&D, material procurement, production, marketing down to after-sales service processes. With the aid of the intelligent manufacturing data platform, the information of the whole product manufacturing process is precisely traceable.



Flexible Customization

With high quality, high efficiency, low power consumption, cleanliness and flexibility as the targets, Huizhong independently developed multiple flexible welding lines for providing customers with customized stainless steel pipe sections with varying lengths, functions and markings, using laser welding, 3D visual recognition and six-axis robot technologies.

Green Manufacturing

Huizhong actively responds to the national call for achieving the carbon peaking and carbon neutrality goals and takes actions to save energy and reduce consumption. It continues to expand the photovoltaic power generation project, and now the self-generated electricity used accounts for an increasing share of the total electricity annually consumed by the company. Furthermore, for energy conservation, the consumptions of water and electricity of the company are automatically monitored by the smart park's intelligent management system, enabling Huizhong's manufacturing process to gradually become more intelligent and green.

AI-driven Intelligent Manufacturing

Huizhong persistently follows the line of carrying out independent R&D of technologies. With the support of the self-developed AI intelligent agents, the large model and core algorithms, the company keeps on upgrading the intelligent level of industrial solutions to help the public utility sectors realize saving of energy and switch their operation to a low-carbon and green mode. Meanwhile, the AI capabilities are extended internally to empower the production and operation. Through integrating MES systems and Kingdee Star Cloud ERP, a hybrid cloud is set up for bringing the data of all production and operation links under unified management, with standardized automatic data collection and governance databases. Through the MES and industrial control network and the use of digital twins, big data analysis, industrial Internet, robots and visual recognition technologies, the operational efficiency, intelligent manufacturing refined management level and sustainable development capabilities of the company are greatly improved.

Building a Quality Management System

With the *Product Quality Law of the People's Republic of China*, the *Metrology Law of the People's Republic of China* and the *Outline for Quality Development* as guidelines, Huizhong has formulated its own quality policy and quality strategy. The former is "customer-focused, problem-oriented and systematic way of thinking", while the latter underlines that once a problem is identified, trace the root causes; resolve the problem to broaden perspective; eliminate the problem(s) and carry out system optimization; and put the optimized system into operation to get the desired result. Weekly reviews of quality issues are conducted by strictly following the quality control philosophy of "no compromise with quality and that quality issue must be seriously dealt with".

To produce zero-defect products is set as the target of the quality control work. Huizhong persistently implements the above mentioned policy strategy to uninterruptedly promote quality improvement activities. Through years of exploration, and by drawing on the successful quality improvement experience from Ford's 8D report and Motorola 6-sigma, Huizhong has developed a distinctive and effective quality improvement model.

During the reporting period, the ISO 9001 Quality Management System and ISO 10012 Measurement Management System are continuously implemented. It is clearly specified that senior leaders are the primary persons responsible for ensuring product and service quality. In order to continuously improve product and service quality and realize entire-process quality monitoring and control, Huizhong sets up the quality assessment management procedure and adopts a host of measures, such as internal and external assessment, assessment of management effects, and testing by a third party.

Huizhong stands at the forefront among its domestic counterparts in terms of product quality. It has successively won various honorary titles including "National Stable and Qualified Product in Quality Inspection", "National Trustworthy Brand for Product and Service Quality", "Leading Quality Brand in Water Supply Industry" and "Leading Quality Brand in National Heating Industry".

Digital Transformation of Quality Management

Technological innovation is always regarded by Huizhong as its core growth driver. Proceeding from the strategic positioning of the company, Huizhong strives to promote digital transformation of its quality management system in a bid to shift the traditional experience-based decision-making pattern to an intelligent system-based decision-making one for realizing precise, real-time and collaborative quality control.

Experience-based management mode changed to digital-based one	Technology-Data-Process Integration	In-depth Transformation of Quality Management Logic
1. The artificial empirical judgment-based decision-making mode is shifted to a digital-driven one (e.g. real-time IoT collection, SPC process monitoring) to reduce artificial deviation. 2. The way of making post-event correction is shifted to the way of taking predictive prevention. The potential risks such as fluctuations of quality caused by equipment failure can be predicted through big data analysis and dealt with by taking early intervention.	1. IoT, AI and other technologies are integrated into all quality control links. 2. A data collection-analysis-feedback-optimization integrated closed-loop system is formed up. 3. Design, production and after-sales data can be co-shared among various departments without barrier for facilitating cross-functional collaboration and promote whole-staff accountability for quality.	1. The demand for simply compliance is changed to that for creation of values (e.g. quality cost and customer loyalty). 2. A data-driven corporate culture has been fostered.

Stable and Effective Measurement Testing and Calibration

During the reporting period, work on optimization of the laboratory management is continuously made by giving full play to its advantages in testing and calibration capabilities. At the moment, the work on construction of an authorized testing lab in collaboration with Hebei Provincial Institute of Metrology is underway. Huizhong has successfully passed the six-yearly CNAS reassessment. Following this review, Huizhong is permitted once again to use the CNAS national laboratory accreditation mark and ILAC international mutual recognition joint mark within the accredited scope. This further guarantees the authority, credibility and international mutual recognition effect of the test reports and calibration certificates issued by Huizhong.

Exemplary Case

The ultrasonic measurement testing and calibration laboratory covers a total floor area of 4,178 square meters and is provided with over 60 sets of test units and appliances including the calibration facility for the pipe sizes ranging from DN15 to DN2000, high and low temperature alternating humidity chamber, RF conduction simulator and standard water flow measurement devices.

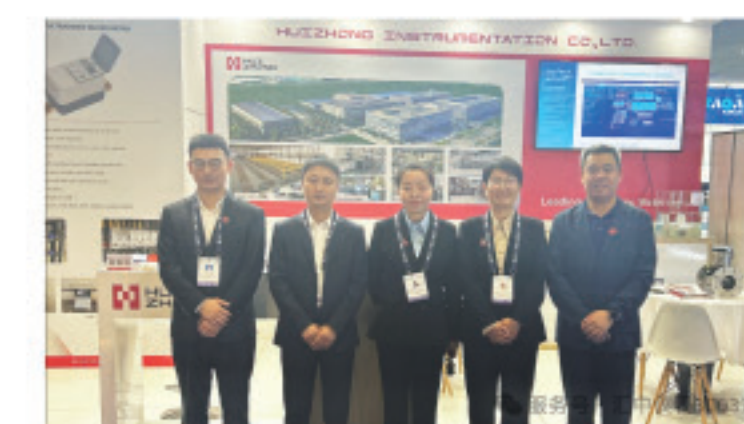
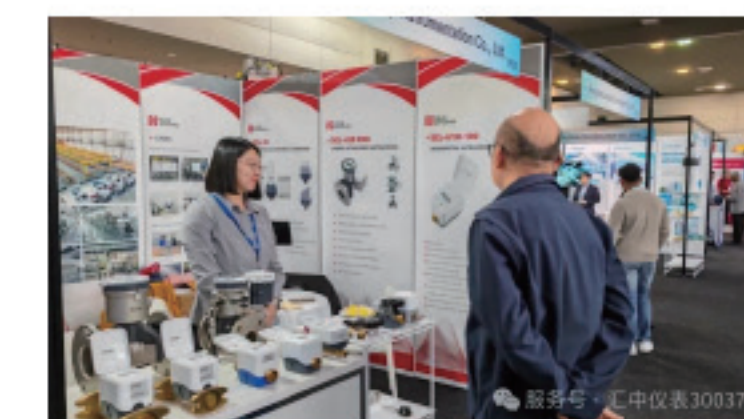


Striving for Expansion of Overseas Market through Consolidating Existing Market

Huizhong adopts a forward-looking approach for overseas market access, and endeavors are incessantly made to open up overseas market through persistently making technological innovations and breakthroughs to accumulate strength. The strategy adopted is to consolidate the existing market and seek new market possibilities, with the existing markets in core regions like Oceania, Europe and Middle East as the basis, and the emerging market in South America and Africa as new growth engines. To achieve the objective, Huizhong further optimized its full-chain service system of providing customized R&D support + intelligent manufacturing guarantee + internationalized foreign trade contingent, to ensure rapid response to demands of overseas market and delivery capacity. Externally, Huizhong pilots localized operations tailored to regional market characteristics to actively capture investment opportunities.

Based on extensive survey of specific demands of medium to high-end overseas markets, a differentiated business mode is clearly defined for different markets. Huizhong is now accelerating its work on optimization of product customization

solutions, communication technology adaptation upgrading, standardized export service solutions, internationalized software collaboration and overseas certification acquisition, so as to raise business expansion capacity and personalized service level. These initiatives have led to greatly enhanced brand influence and image of Huizhong's high-end products featuring high-price, high-value and high-performance on overseas markets. During the reporting period, Huizhong deepened its cooperation with high-quality overseas agents, established its exclusive partnership with Almaviva Bluebit in Italy for the first time, and renewed the strategic cooperation agreement with Avnet Asia Pte Ltd. Meanwhile, besides the successful delivery of the Melbourne project in Australia, Huizhong also established its first wholly-owned subsidiary in Australia to strengthen the breadth and depth of its market development and enhance production and service capacities in Australia in the future, and promote radiation of Huizhong brand across Oceania region.



Overseas Team Exhibition Participation

Exemplary Case

During the reporting period, Tangshan Economic and Trade Delegation visited the Avnet-Huizhong Ultrasonic Flow Measurement Laboratory at Avnet, Australia and held exchange forums. Zhang Chengzhong, then Tangshan municipal Party secretary, attended relevant events.



Digital and Intelligent Transformation Accelerated

In order to implement the strategy of speeding up digital transformation, strengthen data-based governance capacity and unleash data value, Huizhong has drawn up a digital transformation roadmap defined as "one theme, two objectives, three principles and four approaches" through uninterrupted learning, exploration and practice, so as to enable Huizhong to better comply with the developing trend of the digital era and cater to the needs of the changing market.

One Theme	Two Objectives	Three Principles	Four Approaches
Digital transformation & upgrading	Reduction of cost and improvement of efficiency	Development strategy: Commercial off-the-shelf + independent R&D	Make unified planning of digital ecosystem and platforms to eliminate information silo.
		Thought process in doing R&D work: Comprehensive programme (Overall planning) Small programme (Direct launching)	Establish standardized data governance processes and methodologies to provide guidance and basis for data governance.
	Scientific decision-making	Data-driven mindset: Data creates value	Develop MES systems to control production process.
			Build big data visualization platforms to support scientific decision-making.

Digitalized and Visualized Management System Further Upgraded

During the reporting period, keeping in view of its strategic development positioning, Huizhong continuously optimizes its digital and visual management systems, comprehensively advances building of digital and visual management, manufacturing and service systems, improves full-process informationized and intelligent control levels for boosting production efficiency and product quality assurance. With the use of digital devices and intelligent sensors and other technologies to automatically collect full-process production big data, Huizhong is now capable of performing visual monitoring and refined management of its production processes.

Build a Firm IT Application Innovation (ITAI) Support for Ensuring Independent and Controllable Development

Huizhong takes domestically-developed ITAI as a technical foundation for its long-term development. It adopts fully independent and controllable schemes in core technology R&D, platform building and other key spheres. Domestic server chips including Kunpeng and Feiteng are used to provide high computing power support for the water industry, and the relevant solutions have passed domestic environment compatibility certification. For ensuring security, stable migration and efficient storage of data, use is made of the Ocean Base distributed database, and the domestic database adaptability certification has been granted. With respect to terminal ecosystem, all associated mobile products are fully compatible with the Harmony OS operating system.



Customer Relationship Management

Huizhong has set up a number of sound customer relationship management systems, such as the Customer File Management Standards, *Customer Complaint Management System*, and *Customer Satisfaction Survey and Follow-up System*, for establishing a strategic partnership cooperation with customers. To maintain and strengthen customer relationship, differentiated strategies are adopted to cater to the needs of different customers. A system for collecting, feeding back, and using customer information is established to continuously renovate and upgrade the R&D, production, marketing, and service links, enabling Huizhong to earn growing customer satisfaction and loyalty.



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 紫光新能 SINOHELI	 硕人时代 SHUOREN TIMES	 唐山热力 TANGSHAN HEJI POWER	 河北振源水务有限公司	 华能日照热力
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 中国电信 CHINA TELECOM	 中国移动 China Mobile	 SINOPEC	 中国石油	 South East Water
 CNNC	 HBIS GROUP	 HBIS GROUP	 BAOWU	 广州自来水

List of key customers of Huizhong

In order to establish, consolidate and develop customer relationship, is provided with convenient and unobstructed channels for facilitating customers to make inquiries and transactions and file complaints. Now, a multi-channel all-weather communication system including a toll-free service hotline is available. Through the system, it is possible for Huizhong to promptly solve customers' unclear points, accelerate technical innovation, align products with potential emerging market demands, improve product performance to meet the requirement of customers and boost customer satisfaction. The company's Marketing Center, Operation Management Center and Customer Service Department are the competent units responsible for timely transmitting customer feedback to the departments or persons concerned for making analysis, evaluation and improvements, so as to meet or even exceed customer expectations.

Communication Mode	Information	Customer Expectations & Requirements	Status Quo
Website	Huizhong's product, technology, processes, news events, activities	Fast log-in, complete information coverage, quick response	Fast log-in, timely information updates
CRM platform	Inquiries, business talks, transactions, complaints	Fast transmission and quick response	Special reception, high-quality service, quick response
Special hotline	Inquiries, business talks, transactions, complaints	Convenient, timely response and handling	Sales & complaint phone calls promptly answered with full records
E-mail	Demands, inquiries, transactions, complaints	Fast transmission and quick response	Quick response to inquiries
Customer coming to Huizhong in person	Inquiries, business talks, transactions, complaints	Special personnel for reception, highly regarded by leaders, good reception work, quick response	Special reception, provide customized product & service through cross-department concerted efforts.
Direct phone talk	Customer's evaluation and expectations, business talks, transactions	Clear, accurate communication, fast comprehension, clear and thorough answers	Direct contact with sales and marketing personnel or competent leading officers, if required
Interview with customer	Huizhong's marketing and market information, customer demands and expectations	Regular visits by senior and departmental leaders, ad-hoc visits by business staff, rapid implementation of opinions/suggestions	Regular visits by senior and competent departmental leaders, on-demand visits by sales managers, timely provide solutions and take notes of customer feedback & suggestions
On-site treatment	Customer complaints	Rapid on-site service by technically competent personnel to assure a satisfactory result	Technically competent dispatched for immediate on-site solution
Return visit	Customer's evaluation of Huizhong's product and service, solicitation of customer's opinions/suggestions/improvement proposals	Opinions/suggestions highly valued, timely improvement	Regular checking & assessment by special personnel, timely take back the product not up to standard, submit a summary analysis report for working out the rectification & improvement plan, report to customer rectification result
Product catalogue	Introduction to Huizhong's product, technology, state-of-the-art, quality, equipment	A pamphlet with substantial content	It's artistically designed with substantial content and is regularly updated. It can be readily made available to customer.

Service System Support Assured

Huizhong formulated the *After-sales Service Management Manual*, *Standardized Service Procedures*, *Customer Complaint Management Procedures*, *Digital Quality Management Platform*, and *8D Customer Quality Complaint Improvement Report* for information collection, processing, feedback, analysis, and use. Supported by a three-tier service system of "Regional Service Outlets + Remote Operation & Maintenance + Full-lifecycle Management", the pre-sales and after-sales services are integrated, and the whole process is fully traceable. Huizhong has acquired the CTEAS 7-Star After-sales Service System Maturity Certification, and now continues working on boosting service capacity for gaining a still higher customer satisfaction.

Routine Service

The Customer Service Department is in charge of making acceptance and sorting out the customer requests for Huizhong to render service work. The department then actively provides service node information to customer based on the life-time of the product in use and renders proactive service according to standardized service schedule for customer to have a satisfactory experience.

Customer Complaint Handling

The company's Customer Service Department takes charge of unified management of all the information relating to customers' requests for service and feedback to customers. The department will report to the responsible departments the information within two hours. The latter then forms up a rectification team within one working day to work out and verify temporary corrective measures, and selects and verifies permanent corrective measures after the root cause is identified within three working days, and submits an 8D quality report to customers. The permanent corrective measures are executed strictly in accordance with the 8D report and standardized scheme, making it possible to put service work and complaint handling under closed-loop management.



Sustainable Supply Chain

In accordance with the relevant provisions as specified in the *Supplier Management Procedures* and the *Procurement Management Procedures*, Huizhong forms up a responsible, resilient and sustainable supply chain through high-level exchanges, cooperative communication, wide-ranging cooperation with suppliers in the areas of quality management, on-site management and technical support. It aims to deeply integrate the ESG concepts into full-process of supply chain management and collaborate with suppliers to build a green, transparent and win-win supply chain ecosystem.

Supplier Access and Evaluation

Huizhong has formulated clearly defined supplier access criteria with the performance in practice of ESG as a crucial precondition for cooperation with new suppliers. In accordance with the Supplier Management Procedures, a cross-department collaborative access examination and approval process flow sheet is worked out. Led by the Procurement & Supply Department, the Supplier Quality Management Department, Hardware R&D Center and Quality Department can conduct all-round evaluation of comprehensive capacity of a new supplier by following the closed-loop process flowsheet of document review — on-site inspection (for category A/B suppliers) — sample testing — small batch trial use. Only the up-to-standard suppliers are allowed to be listed as eligible suppliers.

Scope of Examination	Specific Criteria
Access Qualifications	Valid business licenses, mandatory certifications for special equipment, and no major illegal or unlawful records in the last three years.
Environmental Compliance	Suppliers holding ISO 14001 environmental management system certification are prioritized. For uncertified suppliers, the environmental management system framework, hazardous substance control and waste management systems are particularly assessed according to the questionnaires on capabilities of suppliers and via on-the-spot investigation.
Social Responsibility	Equal employment and occupational health and safety management conditions are assessed according to the questionnaires on capabilities of suppliers and via on-the-spot investigation. The eligible suppliers are required to sign the <i>Framework Procurement Agreement</i> and the <i>Transparency Agreement</i> to clearly define their social responsibilities including anti-commercial bribery, integrity and self-discipline.
Product Quality and Supply Capacity	Equipment sophistication, output, and supply capacity are assessed according to the questionnaires on capabilities of suppliers and via on-the-spot investigation. And the product quality is assessed by sample testing and small-batch trial use to make sure the product quality, technical craftsmanship, and delivery capacity meet the requirements of Huizhong. Category A/B suppliers are required to pass the on-the-spot assessment and sign the <i>Quality Agreement</i> and <i>Trade Security Agreement</i> .
Creditworthiness	Assess the market creditability, reputation, financial status, and check the historical performance records to ensure a long-term and stable cooperation potential.

Supplier Management

Through the ERP management system already in practice and the collaboration with suppliers, Huizhong can now operate with the support of multiple on-line functions, such as placing orders, production schedule management, tracking of schedule of logistics, goods receiving and delivery, and check-up and settlement of accounts. In order to maintain an effective two-way communication and interaction mechanism, every year, on-site investigation and assessment and mutual exchange activities are organized for realizing effective exchange with suppliers in diverse areas like corporate culture, development strategy, market information, and product quality.

A quarterly evaluation mechanism is implemented by Huizhong. Its Supplier Quality Engineering (SQE) team conducts every quarter an all-round quantitative evaluation of all qualified suppliers in the company's ERP system according to the Supplier Performance Assessment Form. Supplier performance is evaluated quantitatively based on aspects of quality (qualified rate of supplied material and degree of cooperation in quality improvement), delivery (on-time delivery rate), service (cooperation degree and response speed), and ESG performance (environmental compliance, social responsibility fulfillment, and integrity agreement compliance). Based on evaluation results, the suppliers are classified into four grades: grade A (excellent), grade B (good), grade C (qualified), and grade D (unqualified). The evaluation results are related to order distribution, payment cycle, and cooperation depth.

Key Performance Indicators

In 2025, the coverage rate of evaluation of core suppliers reached **100%**, with **10** suppliers being rated as grade A supplier, accounting for **7%** of the total.

Mandatory Supplier Social Responsibilities

It is clearly stipulated that all contracted suppliers are obliged to fulfill their social responsibilities in the fields of equal employment, compensation and benefits, occupational health and safety, environment compliance, anti-fraud, and anti-commercial bribery. In accordance with the social responsibility clause as specified in the Framework Procurement Agreement and the Transparency Agreement, suppliers act in compliance with all applicable national laws, rules, regulations, and international labor standards, and strictly prohibit the use of forced labor and child labor. Additionally, they are required to provide a safe and hygienic working environment, fully protect employee legitimate rights and interests, and not to discriminate against employees based on race, religious beliefs, gender, and age.

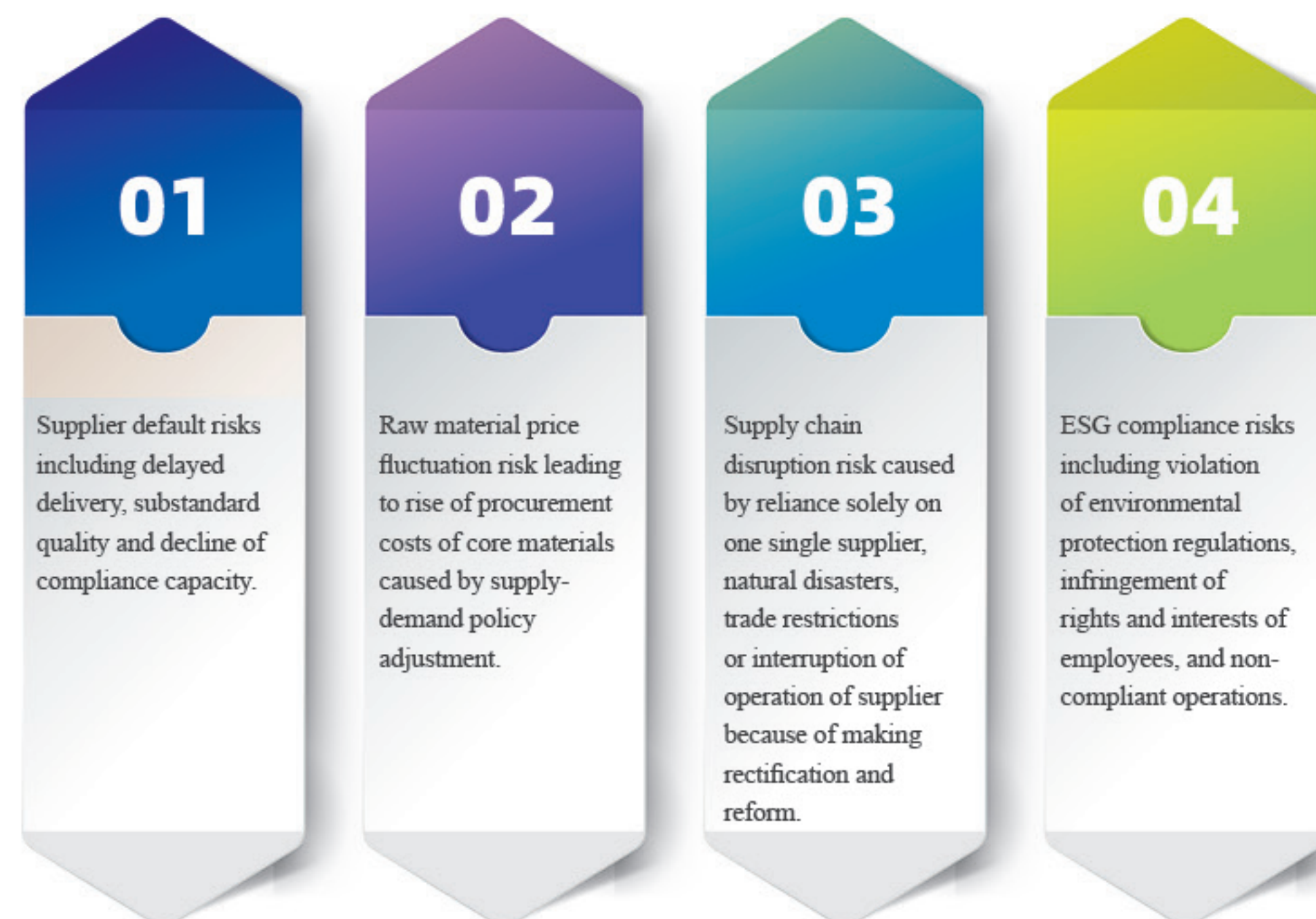
Supplier Chain Compliance Supervision

In accordance with the Procurement Management Procedures and the Supplier Management Procedures, Huizhong formulates a full-life-cycle compliance supervision system for suppliers, definitely designating “compliance operation” as a core indicator for supplier access and evaluation, to make sure that the suppliers possess the basic compliance consciousness and capacity with respect to taxation, intellectual property, environmental protection and labor management.

For financial risk assessment, Huizhong conducts random invoices and tax payment certificates inspection for high-risk suppliers. In the technical agreement signed with suppliers, the intellectual property ownership is clarified, requiring suppliers to respect third-party’s intellectual property rights. On-site investigation and regular inspection are conducted with environmental emission, hazardous substance control and employment system as focal points. Apart from new supplier access review, and annual process and special auditing, compliance operation of all suppliers is supervised on a regular or an unscheduled basis.

Supply Chain Risk Response

In line with the characteristics of Huizhong’s electronic and mechanical procurement devices, and the relevant regulations stipulated in the Procurement Management Procedures and the Supplier Management Procedures, the relevant risks can readily be identified, especially the following four major categories:



To cope with the risks, targeted measures are worked out by Huizhong and these measures are incorporated into the *Procurement Management Procedures* and the *Risk Management Procedures*.

Risk Response Strategies

Establish backup suppliers: Develop at least two or more stable suppliers for the supply of key or high-risk materials for avoiding single-source dependency.

Sign long-term cooperation agreement with supplier: Sign the *Framework Procurement Agreement* to stabilize partnership, fix production capacity and prices, and jointly respond to market fluctuations.

Store up strategic materials: Launch strategic reserve plans according to the *Procurement Management Procedures* and stock up single-source materials, market early-warning materials, trade-restricted materials, and other key materials that may trigger similar situations, so as to keep a safe stock.

Strengthen supply chain monitoring: Keep a close watch on financial conditions of suppliers, especially the big ones, raw material pricing trend and geopolitical dynamics to identify risk signals in advance.

Supplier withdrawal mechanism: Performances of suppliers are assessed on a quarterly basis. The list of qualified suppliers is then updated based on the assessment results for facilitating dynamic management of suppliers.

At the end of every year, trade security conditions are evaluated for all suppliers. For the grade D supplier, a prescribed time limit is set for them to make rectifications. If no improvement is made through rectification, their cooperation with Huizhong will be terminated, and Huizhong will quit cooperating with any suppliers which have been rated as grade-D suppliers for consecutively two times.

Key Performance

Data for 2025 reporting period: Total number of supplier in cooperation with Huizhong: **214**
 Number of newly added: **15**
 Number of those with which cooperation is terminated: **9**
 Number of backup supplier for key materials: **42**

Enjoy a Better Life in the Harmonious Society

- Employee Rights & Benefits
- Work Safety Protection
- Employee Health & Safety
- Rural Revitalization & Social Contribution

Employee Rights & Benefits

With regard to the development of human resources, Huizhong strives to promote harmonious development and a win-win value between the enterprise and employees. To reach the objective, it takes improving employee satisfaction, reducing turnover rate, safeguarding employee rights, and creating a just and fair workplace as the overall goals; with rational personnel allocation and incentives as the core content; with incessant improvement of employees' value creation capability as the direction; with full-life-cycle talent management as the theoretical cornerstone; with continuous optimization of human resource (HR) management system as the guarantee; with increasing rise of remuneration and benefits of employees as the foundation; and clearly defined job responsibilities, targeted performance and performance evaluation criteria as the basis.

Recruitment and Employment

In strict compliance with the *Labor Law of the People's Republic of China* and the *Minors Protection Law of the People's Republic of China*, and other relevant rules and regulations, Huizhong adheres unequivocally to the people-oriented philosophy and definitely undertakes legal employment, strictly prohibiting child labor, forced labor and compulsory labor.

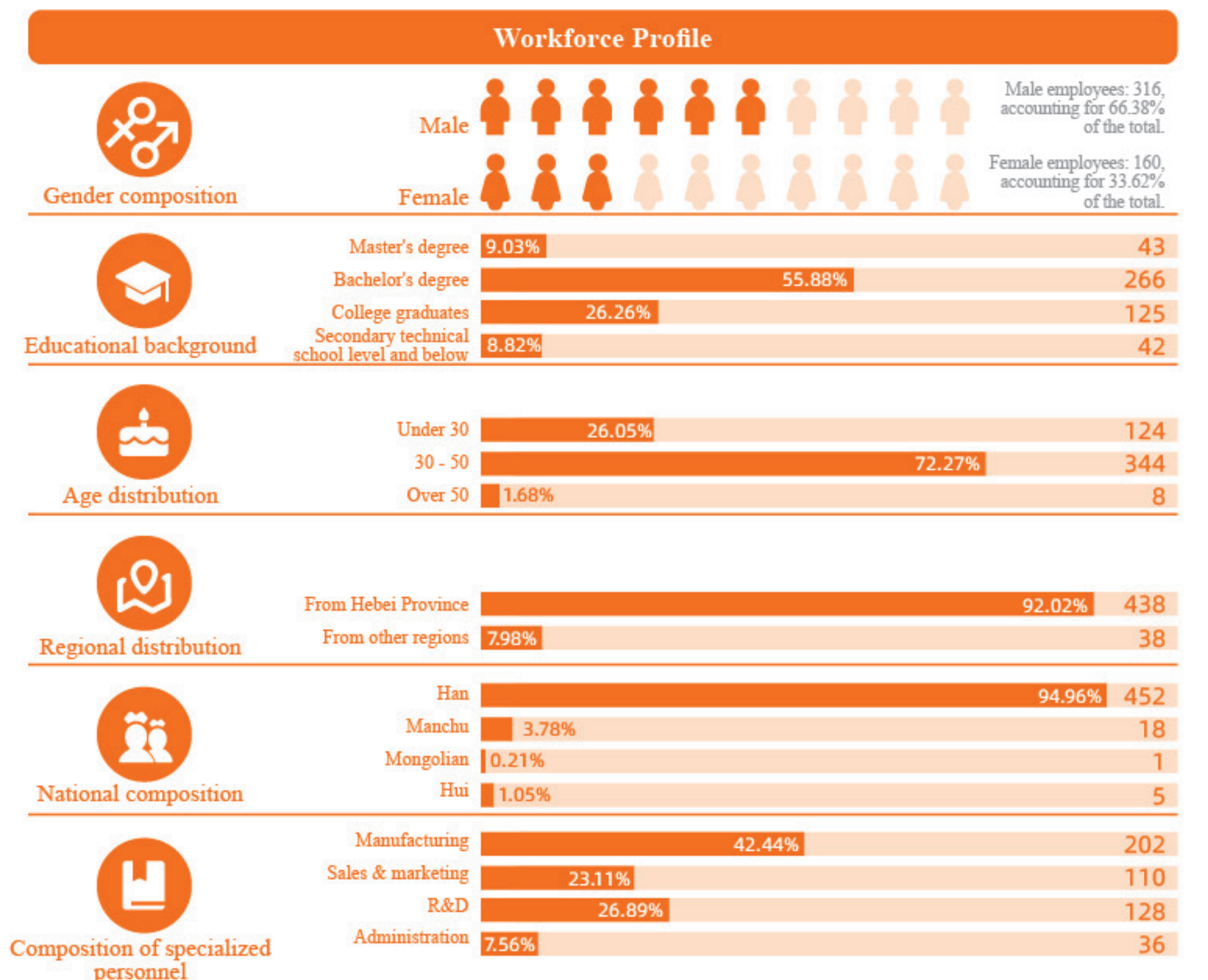
Huizhong adopts the social recruitment-campus recruitment-internship integrated talent recruitment and reserve system to cater to the diversified demands, support operation management and execution of strategic goals, and long-term talent development, thus forming a complete talent supply closed-loop from short-term talent replenishment to long-term talent incubation. During the reporting period, Huizhong has 476 regular employees with an age of over 18 and lawful and compliance labor relationship, with a labor contract coverage reaching 100%. No forced labor incidents have so far occurred.



Workforce Diversity

We firmly believe that talent serves as the core foundation for the company to travel through the development cycle and achieve a steady and sustained growth, and it is also the primary driver of high-quality development. Persistently upholding people-oriented philosophy, Huizhong commits to creating a diverse, equal, and inclusive workplace and offering fair and promising career opportunities to talents of all ethnic groups, regions, ages, genders, cultural backgrounds, and specialties. Every employee can realize personal value alongside corporate growth on an equal and unbiased footing.

Huizhong sets up a full-chain talent recruitment and reserve system which integrates filling job vacancies through precise social recruitment, making strategic investment on campus recruitment, and making advance appointment of outstanding interns. In order to build a gratitude-responsibility-persistence-learning deeply integrated cultural nucleus, a talent growth platform featuring mutual respect, free expression of viewpoints, and full talent display is established. During the reporting period, to support the R&D upgrading and "go global" strategy, Huizhong built regional R&D centers in Hangzhou and Tianjin, respectively, and established a wholly-owned subsidiary in Melbourne, Australia. In the future, the diversified talent system aligned with Huizhong's core values will be continuously refined to provide a solid foundation for the company to make technical innovation, expand the market and execute long-term development strategy.



Labor Rights and Benefits Protection

Huizhong always prioritizes employee interests over short-term business profits. In accordance with the *Labor Law*, *Labor Contract Law*, *Women's Rights and Interests Protection Law*, and other rules and regulations, we sign, modify, renew or terminate labor contracts with employees all in a legalized manner and provide for all employees full social insurance and housing funds (Endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund) to fully provides statutory benefits for all employees.

Huizhong implements non-discriminatory HR management systems and lets male and female employees enjoy equal pay for equal work, putting an end of any salary discrimination practices based on gender, nationality, region or age. A performance-based pay management mechanism is in practice in Huizhong. All employees are required to undergo dual performance evaluation processes (self assessment + leader's evaluation and quarterly and annual reviews to ensure unified pay standards, transparent performance evaluation procedures and an objective and just evaluation result. Meanwhile, smooth appeal and communication channels are also available to full address employees' reasonable demands.

We implement legal, standardized, and credible employment system with full protection for female employees. A multi-level and multi-angle employee rights and benefits protection system coupled with the Omni-directional care provided for employees by the Trade Union enables the employees to experience strong human feelings in the company.

Statutory benefits

Five insurance and one fund

Holiday benefits

Paid annual leave, marriage leave, bereavement leave, maternity leave, paternity leave and lactation leave.

Job-related benefits

Overseas housing allowance, paid on-assignment training and business trip subsidies

Staff care benefits

Free lunch and dinner, holiday gifts, heat-stroke prevention supplies, and subsidies for departmental and special team-building activities.

Health benefits

Supplementary medical insurance, annual physical examination, occupational disease checkup, commercial insurance, employee care fund, etc.

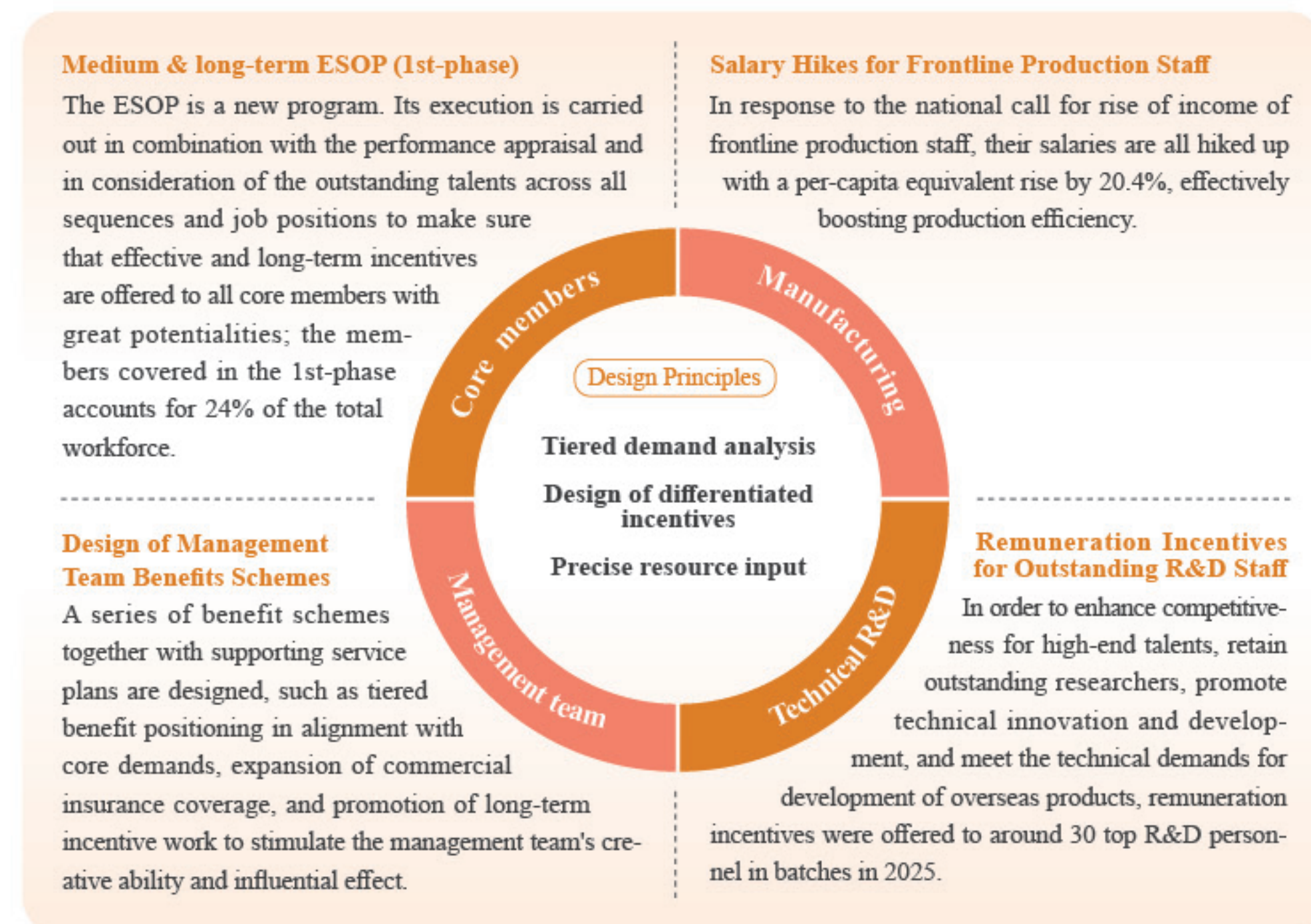
In addition, various care and team-building activities are regularly launched to enrich employees' spiritual life, foster a positive and dynamic working atmosphere, strengthen employees' sense of belonging and happiness and create a corporate cohesion full of warmth.



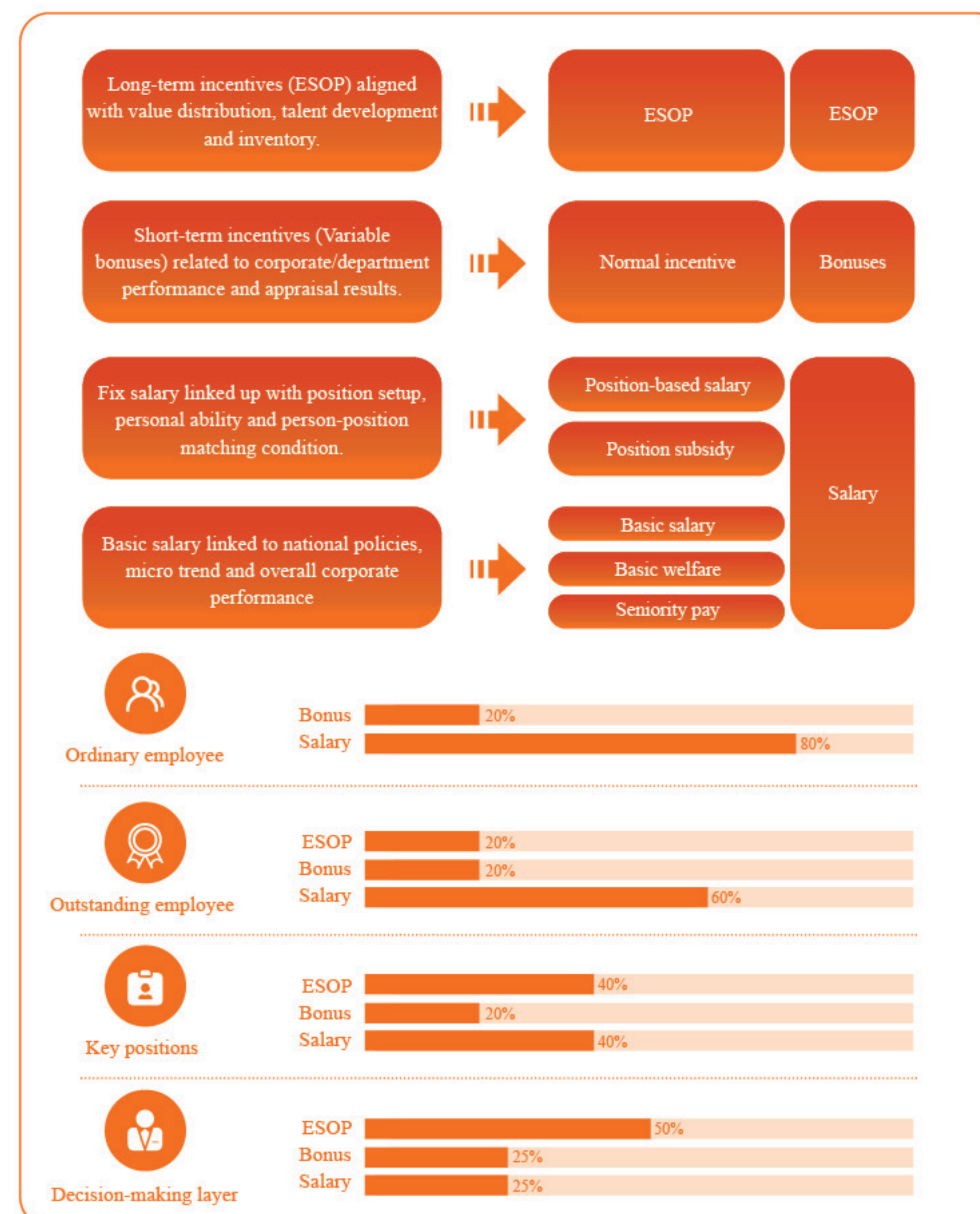
Employee Remuneration and Incentives

Based on the value management, talent development, and talent inventory models, a full-staff performance-based remuneration system that aligns well with the strategic development of the company is designed by Huizhong by following the open and floating principles of determining grade according to position and remuneration according to grade, and matching person with position. During the reporting period, the differentiated categorized performance appraisal system was optimized. The appraisal results are directly linked to salary distribution, position adjustment, training development, and commendation of advanced or outstanding individuals. It is intended to make the remuneration distribution standardized and normalized, so as to offer employees competitive salaries. In 2025, the total labor costs hit an all-time high compared with the last five years, with a per-capita labor cost rising by 4.4% year-on-year (the largest increase in the last five years) and a cumulative growth of 17.15%.

Huizhong attaches great importance to incentives and actively shares development gains with employees. Responding to the national initiatives to raise the salaries of workers on manufacturing frontline, Huizhong puts into practice a differentiated incentive system according to position value creation capacity and talent checkup results. The system designed includes employee stock ownership plan (ESOP), salary hikes for production workers, and special salary incentives for R&D personnel to boost employee income. The ESOP framework will be executed in 2025-2034 on a rollover basis. Principally, every year can see the completion of one phase. The execution of the 1st-phase medium and long-term ESOP is underway during the reporting period covering 116 employees.



Huizhong Remuneration Structure Model



Huizhong keeps strengthening the building of spiritual civilization and earnestly promotes the initiative of emulating the advanced. So, the model workers are given in most cases non-material awards in recognition of their distinguished services.

1	Managerial staff	Material reward: Stock equity Non-material: Model worker, Promoted to a higher level
2	Technical personnel	Material reward: Project R&D bonus, Appointed engineer allowance Non-material: Senior project expert, Advanced technical worker
3	Sales personnel	Material reward: Performance bonus Non-material: Sales Champion, Sales specialist
4	Manufacturing worker	Material reward: Technical/position subsidies, Process innovation bonus Non-material: Advanced worker, Technical dab, Star of Huizhong
5	Internal lecturer	Material reward: Subsidies, Special bonus Non-material: Annual outstanding lecturer recognition
6	New graduates	Material reward: Free accommodation, special fund for talent cultivation, government subsidy application support Non-material: Talent pool enrollment, recommended for taking part in governmental visits or commendatory activities
7	Contingent	Material reward: Bonus Non-material: Outstanding team title, Exclusive team-building resources

Through practice of the incentives, Huizhong is made possible to have a much higher job attractiveness, retain core talents, give full play to initiatives and creative abilities of broad core members, and let the staff members to have a stronger sense of belonging. Furthermore, the interests of the shareholders are well aligned with those of the enterprise and employees, beneficial to the sustainable development of Huizhong in all aspects on a win-win basis.

Exemplary Case1

In response to the call of relevant policies, Huizhong sets up its independent talent certification standards to provide support for attracting high-end talented personnel.

In line with the pilot policy for independent talent certification in hi-tech development zone, Huizhong formulated the internal standards and rules for independent certification of talents. Right now, there are 21 certified persons eligible for local preferable policies, among them, 5 are leading talents, 4 top talents and 12 backbones.



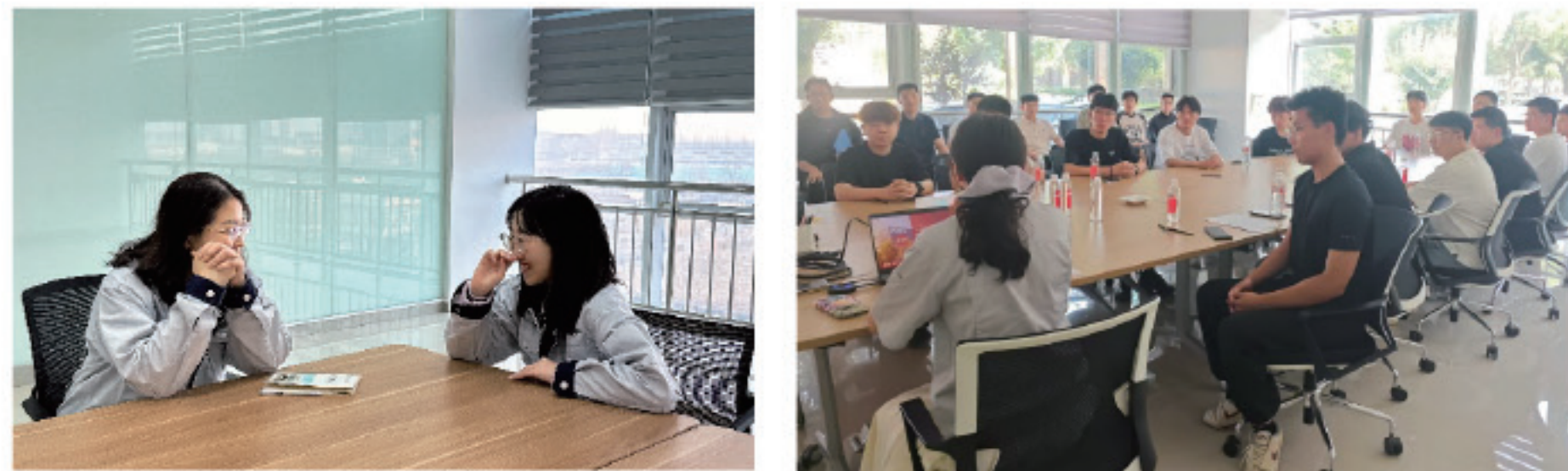
Exemplary Case2

Huizhong staff members gathered happily at the 2025 Annual Summary and Commendation Conference to jointly review the past and commend the advanced team and individuals.



Democratic Management & Employee Communication

Huizhong actively promotes the building of the employee representative congress and the Trade Union. Now, a multi-dimensional communication platform is set up by taking a multiple of methods, such as soliciting opinions and proposals put forward at the said Congress, conducting employee satisfaction survey, collecting answers of questionnaire, holding forums with employees to listen to their proposals or daily-logged feedback, and paying visits to off-site sales team. Through the platform, the company can make quick response to the opinions or proposals put



forward by employees, conduct comprehensive analysis of the feedback and all the information and data obtained through the survey, identify the key factors adversely affecting employees' rights and interests, satisfaction and initiative. This can help the management departments at various levels to identify and quickly tackle the issues to safeguard employees' lawful rights and interests. Over 100 one-on-one talks with employees were held during the reporting period, resolving more than 20 issues raised by employees through the face-to-face communication platform. In addition to tackling the issues of general concern, employees' confidence and sense of belonging are significantly boosted.

The New Huizhong, a quarterly magazine published by Huizhong, is continuously updated with its quality improving steadily and surely. The magazine serves currently not only as a platform for the employees to give play to literary grace and share their thoughts and feelings, but also as a spiritual garden where the employees can air their views freely on working experience or narrate impressions growth or comment on their life with Huizhong, making the magazine an ideal place for transmitting the warmth of the company.



Employee Satisfaction

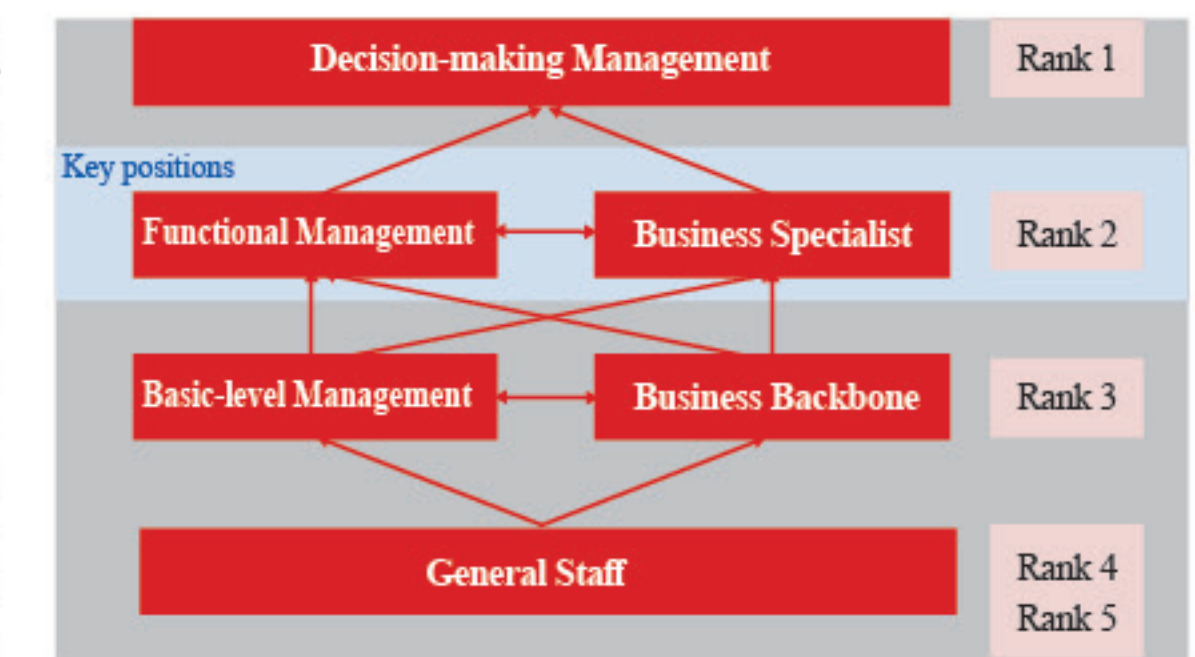
In March-April 2025, Huizhong conducted a general survey of employees' devotion to duty and recognition of corporate Culture, as well as satisfaction with the management measures, working environment and career development opportunities. Through the general survey, the potential problems are identified and the information is shared with the managerial personnel to jointly work out the remedial measures for facilitating co-development of the company and its staff members. Through comparison with the best practices of the company's domestic counterparts and multivariate data analysis, the employees' concerns have been identified and the related aspects have been optimized, greatly enhancing, therefore, their sense of participation and happiness.

Survey results showed that during the reporting period, employees' engagement hit 89.2%, up 3% and their satisfaction reached 90.4%, a rise of 2.5% over last year.



Career Development

Huizhong attaches great importance to the development and cultivation of its staff members. According to the strategic development requirements, a "management + profession" double-track career development system is put into practice, allowing each employee to advance either vertically to the management rank by doing his/her current job well or laterally to becoming a technical backbone or professional expert by doing intensive R&D work. The two development lines can be flexibly interchanged for breaking the occupational development barriers, bringing the potential of every employee into full play, and creating a career development and talent cultivation ecosystem with distinctive Huizhong characteristics.



Exemplary Case

In 2025, 26 employees were promoted.
Over 70% of the manufacturing workers completed the multi-position skills training to develop their capabilities in doing different manufacturing jobs.
The career development plan covered 100% of the employees.

According to the organizational structure model of Huizhong or known as the MARS model in short, there are five major job ranks in two categories, i.e. functional and professional categories, and they are interchangeable. The jobs are further classified into manufacturing (M), administration (A), R&D (R) and sales & marketing (S) for providing for employees well-planned occupational development channels.

Employee Training

With the company's strategic goal as the guide, HR Planning as the foundation, and the competence model as the basis, and for achieving the goal of improving the company's talent competitiveness and overall, business performance through matching corporate culture with corporate development, Huizhong formulates a talent cultivation system with Huizhong characteristics. As well as a series of rules and regulations, such as the Training Management System, Rules of Employee Continuing Education and Regulations on Employee External Training. The talent cultivation system is implemented based on these rules and regulations with the company's strategy and employees' demands as the mainline, improvement of quality and capability as the core, and purposefulness, practicality and value as the focal points. In implementation of the system, the principles of uniting theory with practice, internal training with external training, and training with assessment are followed. To meet the needs of different development purposes, a training program targeted at four groups of employees, namely, campus recruits, social recruits, in-service staff and backup succession candidates, is designed.

Talent Development System



Huizhong follows the conviction of putting talent development ahead of the use of talents, and to empower the talents, diversified resources are allocated in an effort to convert the abilities of employees into the company's core productive forces. In this process, the approaches of bringing in, springing into action and going out are adopted to help employees get familiar with both basic and new skills. These approaches provide not only the possibility to realize internal activation and work post optimization, but also an effective support for various business sections.

Bringing-in: In 2025, in order to cater to the specific needs of the company's work posts, external professionally competent trainers were invited to provide effective solutions and backup resources for breaking the bottleneck encountered by the company in development and insufficiency of skills at working posts. The training programs introduced include, among others, the Project Tendering & Bidding Strategies & Techniques and the Performance Augmentation and Expansion of Marketing Channels. Over 200 employees attended the training classes which is coupled with post-training reviews to consolidate the learning effect.

Plunging into action: The all-staff skill competitions aimed at improvement and expansion of diverse skills and popularization of digital technologies were held. Nearly one-third of the employees signed up with the events with an award-winning rate reaching 10%. The events not only aroused the initiative of employees but also helped convert skills into productive force.

Going out: In 2025, 12 external professional training sessions were arranged for outstanding employees. They were encouraged to participate in nationwide industrial skill contests, and many achieved great success.



Talent-fostering system

External professional teachers are invited to provide effective solutions and resource support to break the bottlenecks in skills and development.

Internal skills contest

All-staff skill competitions are regularly arranged with an aim to improve the skills, break away interdepartmental barriers, promote technology-sales-manufacture integrated operation and push up the conversion of techniques into productive force.

Industrial-scale competitions and public lectures

The employees are encouraged or recommended to participate in nationwide, industrial-scale skill competitions to gain an insight into the latest concepts emerging in the industry for job skill improvement and talent development.

Exemplary Case1



Ren Yujia from the DIP workshop of the intelligent manufacturing department was awarded the "Kuaike Cup" — an excellence award in the National Electronics Manufacturing Welding Competition.

Exemplary Case2

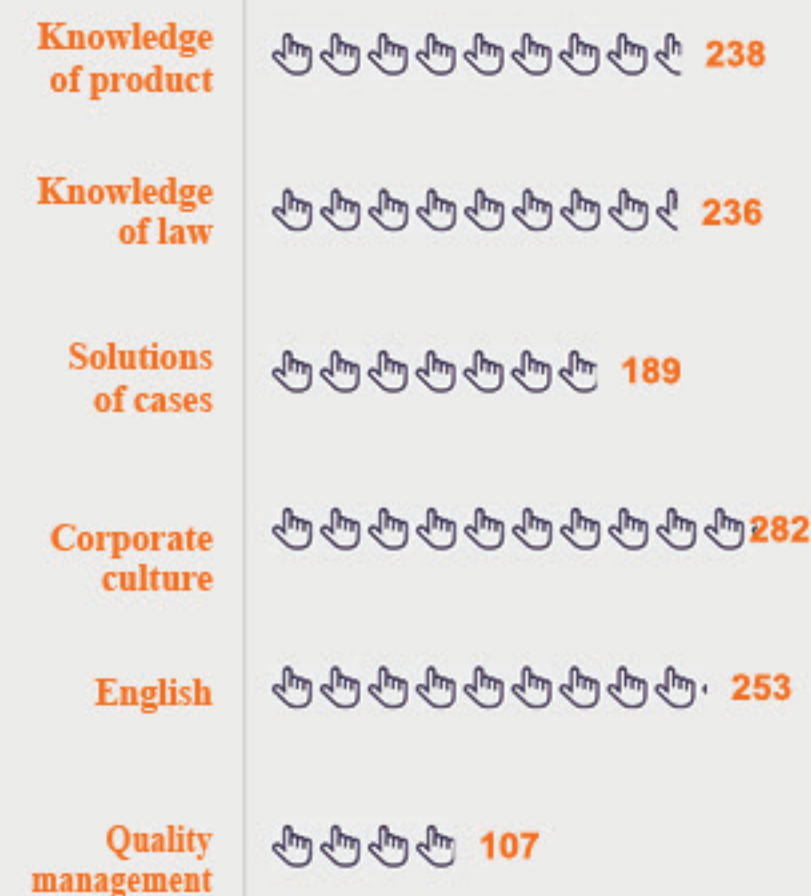


The skill contest themed on "Skill Competition Empowerment, Intelligence Manufacturing Futures" was successfully launched. The contest covers five major categories (Basic operation, professional techniques, innovative design, and digital applications) and eight core items, attracting over 200 contestants.

Huizhong keeps improving its employee training platform "Huizhong Cloud Academy". Now, a training mechanism featuring a combination of internal and external courses is introduced. Directly under the academy are four functional sub-academies: Intelligent Manufacturing, Administration, Marketing and R&D. Additionally, there is a special column carrying excellent courses. The column stays open for the employees to store or learn the courses of their choice according to his/her own requirements. It is, in essence, a personalized "dictionary" formed by through accumulation of practical experience and outstanding practices.

A Succinct Summary of the Achievements Obtained through Training by the Cloud Academies

Hit Counts of Premium Courses



Actual Distribution of Training Programs in 2025

Cumulative total of training sessions:

380

Online sessions 237

Offline sessions 103

Total number of participants:

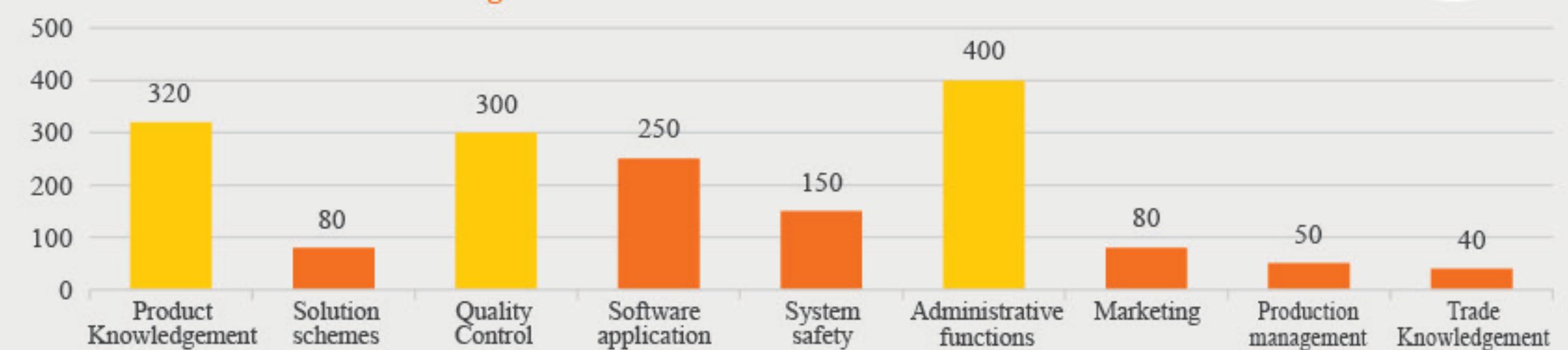
21735

Online exams 24

External training sessions 16

Systematic Courses Provided by Huizhong Training & Learning Platform

The training & learning platform is essentially a knowledge base formed up through accumulation of internal operation experiences. It functions as an internal power force pushing up the development of employees by carrying forward the accumulated knowledge.



Number of knowledge bases formed up over the past three years:

1670

Employee Health & Safety

In order to improve the occupational health management system and effectively safeguard employees' health and safety by performing the company's bounden duty, Huizhong acted in 2025 in strict compliance with Occupational Disease Prevention Law and the GB/T45001-2020/ISO 45001:2018—Occupational Health Management, and by following the principle of putting prevention first and combining prevention with control. In 2025, no occupational disease incidents or any new cases or any cases leading to regulatory penalties occurred. The systems prove to be compliant and effective.

Organizational Guarantee & System Building

The relevant systems are implemented with clearly-defined responsibilities and division of work. The Safety Management Department is called to play a leading role and is responsible for listing employee health and safety safeguarding work as the annual key tasks and conducting performance assessment. During the reporting period, the *Occupation Hazard Prevention Responsibility System*, the *Female Employee Protection System* and other relevant systems were constantly improved, updated and optimized to make sure there are rules and regulations to go by. Through publicity, implementation, regular checkup and optimization of such systems, the occupation health management work can now be carried out in a normalized and regular manner.



Workplace Hazard Factors Detection

Pursuant to regulations, a professionally qualified institution is entrusted as a third party to conduct regular test on occupational hazard factors at workplaces, with the stress on dust, hazardous chemical substances and noise level. The test results prove to be below the limit values specified by national standards. The test results are publicized and put on file to make the working environment more compliant and controllable. In addition, the company's Safety Management Department regularly conducts routine or patrol monitoring of the noise level and air quality at key workplaces with portable noise meters and air quality detectors.



Hazard Identification and Risk Control

Huizhong always lays stress on occupational hazard identification and risk assessment work, and differentiated management modes are applied to deal with the hazards caused by noise, dust and chemical substances. For instance, in the injection molding and laser machining workshops, additional jobs are assigned to specifically control the organic dust and welding and cutting dust, respectively. Through adoption of other management measures including optimization of processes, intensified ventilation, addition of dust collection facilities, posting of warning signs, reduction of contact time, strict prohibition of operation against rules. Therefore, the hazards can get checked at the source, making operation environment safety and controllable.

Occupational Health Surveillance Management

The occupational health checkup system is fully implemented. All the staff members must go through pre-job, on-the-job and off-the-job physical examinations and the checkup results are well-kept on records for ready traceability. For those with abnormal indicators, work is timely made on their reexamination, follow-up or the change of their jobs, if necessary, for ensuring their health and safety.

Key Performance:

In 2025, physical checkup and file recording work were completed for **100%** of the employees.

Exemplary Case



Personal Protective Apparatus Management

In line with the characteristics of hazards occurring at workplaces, sufficient up-to-national-standard protective apparatuses are provided for employees. These include, among others, masks, goggles, earplugs, gloves and anti-crush safety footwear. Their supply, usage, and replacement are kept on account. Through intensified on-site supervision and hands-on training on proper use and maintenance of protective apparatuses, the awareness of self-protection and the overall protection level of employees have been significantly heightened.

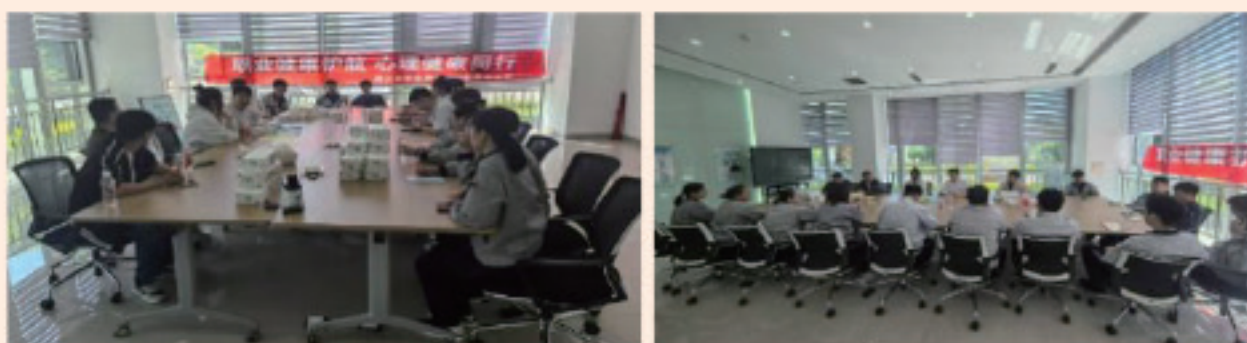
Health Training, Education and Hazard Prewarning

Special occupational health trainings covering laws, regulations, hazard knowledge, protection techniques and emergency response were offered in a bid to raise employees' self-protection awareness and operation abilities. The company strictly performs its hazard warning duties by noting the hazards in labor contracts, setting warning signs or boards at workplaces to safeguard employees' rights to access the information and their participation rights. And the three-level safety training is mandatory for all new hires. Five special occupational health training sessions were held in 2025 with 223 participants.



Occupational Health Publicity and Activities

In order to enable employees to get themselves involved in occupation health protection work with a heightened self-protection awareness, publicity campaigns are regularly launched for the employees to gain the relevant knowledge in an attempt to highlight the significance and necessity in doing the work. In addition, health protection publicity campaigns are regularly organized together with the Public Health Department of Tangshan Social Affairs Bureau. During the reporting period, five publicity campaigns covering tuberculosis prevention and control and civil code were organized.



职业病防治法宣传周
2025-04-25 安全管理部



Protection of Female Employees and Special Groups

In accordance with the *Regulations on Labor Protection for Female Employees and the Labor Protection System for Female Employees*, Huizhong attaches great importance to the protection of physical and mental health of female employees and provides them with logistic support with deep concern, such as not assigning taboo work for them during their menstruating, pregnant and lactating periods, and reasonable rest arrangements. During the reporting period, three rooms are available for use by mothers with babies.

Exemplary Case1

Three Simultaneities of Occupational Health for Green Injection Molding Workshop Project

The Company strictly abides by the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Measures for the Supervision and Administration of the "Three Simultaneities" of Occupational Disease Prevention and Control Facilities for Construction Project*, and comprehensively implements the occupational health "Three Simultaneities" requirements for the Green Injection Molding Workshop Project, namely simultaneous design, simultaneous construction, and simultaneous commissioning and operation. With standardized process control, professional technical support and rigorous whole-process supervision, the Company has successfully completed all phased tasks concerning the occupational health "Three Simultaneities" of the project, so as to effectively safeguard the occupational health and safety of all operators after the project is put into use.



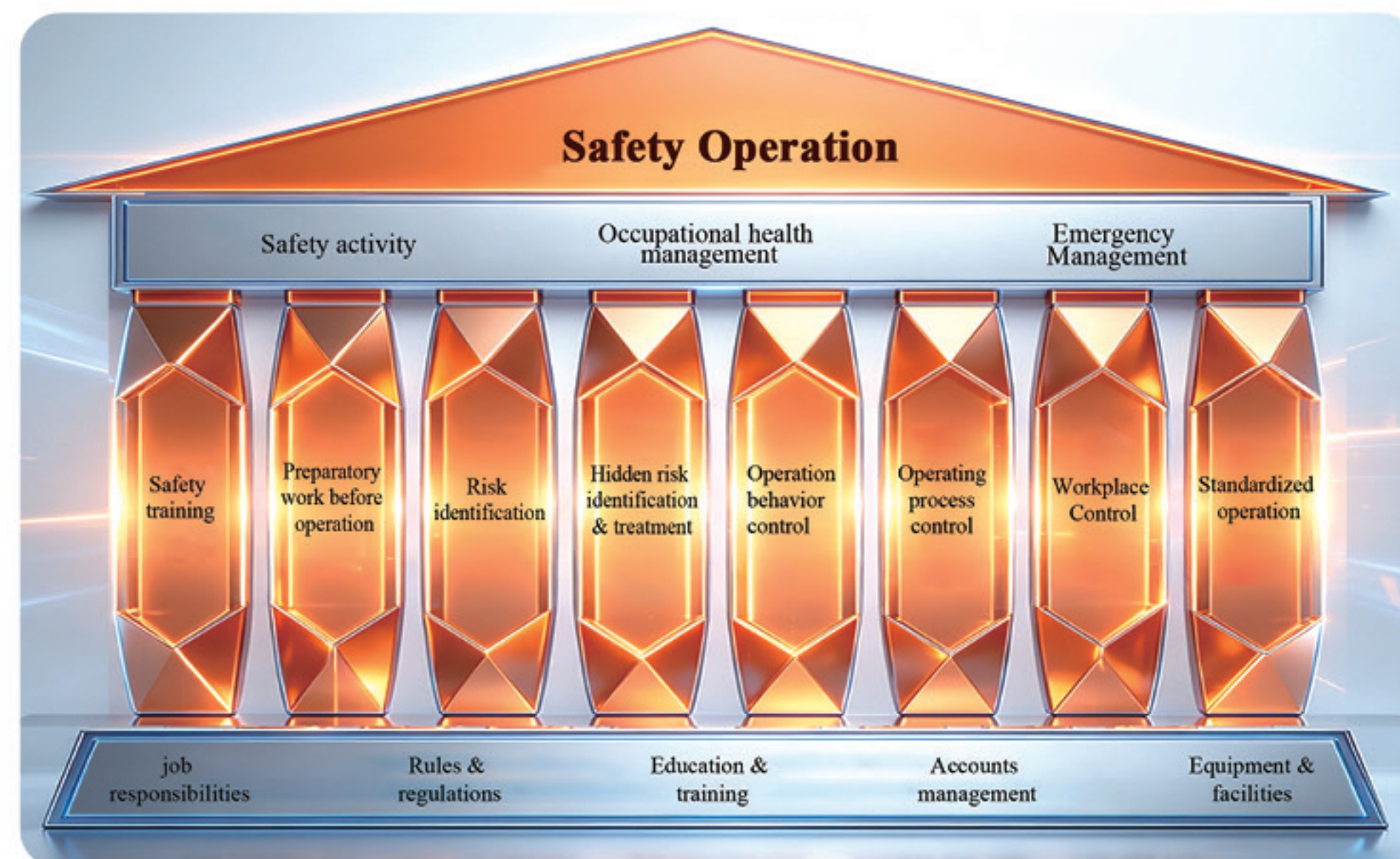
Exemplary Case2



During the reporting period, for acquiring a further improved emergency response capability for better protection of health of employees, two automatic external defibrillators have been recently introduced. The two defibrillators are now installed respectively at the central hall on 4th floor of Building 1 and on the east corridor connecting the buildings 2 and 3, to provide more thoughtful care for employees.

Work Safety Protection

Safety Management System



Huizhong "5831" Safety Management Standard

For Huizhong, safety management is on top of the agenda. In 2025, the company fully fulfilled its bounden duty in this respect. In accordance with the *Work Safety Law*, *Fire Control Law* and *Special Equipment Safety Law*, the company implemented its safety management systems by following the company's "5831" standard and the principle of "putting safety first with stress on prevention". Through improvement of safety systems, stricter risk prevention and control, improvement of training quality and adoption of effective emergency response measures, Huizhong operated safely and smoothly throughout the year 2025. No safety accidents, severe personal injuries and regulatory penalties whatsoever occurred in the year, indicating that the safety systems implemented still remain sound and effective.

The Safety Production Department is responsible for making overall planning and all-round arrangement of safety management work for all other departments to jointly fulfill the task in accordance with the *Work Safety Law*, *Fire Control Law* and *Special Equipment Safety Law*. The systems currently in effect is updated in line with relevant national rules and regulations for observation in doing the safety management work. During the reporting period, the Safety Committee meeting and regular safety meetings were held with the topics centered on the major aspects including hierarchical risk management, hidden hazard identification and treatment, fire control, special equipment safety and contractor management, with an aim to systematically streamline and improve the safety systems and operation regulations for realizing division of responsibilities and overall closed-loop safety management.

Safety Risk Identification & Tiered Risk Management

The risk identification and assessment work is carried out in a normal way. Risks including fire hazards, explosion, electric shock, mechanical injury, falling accident, special equipment failure are classified into four levels for management (red, orange, yellow, blue). The key risks are managed under special supervision with specially assigned person to ensure their utter elimination. Through adoption of multi-faceted measures including application of engineering technologies, and improvement of management systems, and personal safety protection facilities, the risks can now be brought under control at any time thanks to the availability of safety prevention and control approaches.

Hidden Risk Identification, Control and On-site Management

A multifarious hidden risk identification mechanism is in practice. The routine inspection is coupled with special check, comprehensive check, and pre-holiday check. Once a hidden risk is identified, it is brought under closed-loop management by following the following procedure: Registration → Rectification → Reinspection → Clearance. Major risks are labelled for rectification under supervision within a specified time limit. 109 different kinds of risks were identified in 2025 with a rectification completion rate of 100%. Moreover, the management for special operations is also intensified. Special work permits are mandatory for use of open fire, work in confined space or at high places and temporary use of electricity. Doing such work is subject to normalized examination and approval and the protection measures need to be in place. Meanwhile, the operators are required to do such work with permits and under supervision on site.

Fire Safety Management

Fire extinguishers, hydrants, emergency lighting, fire evacuation indicator sign, alarm systems, etc. are patrolled, inspected, regularly maintained and tested to make sure they are complete, intact and effective. Classified patrol inspection is implemented for key zones including warehouse, power distribution rooms, hazardous chemicals depot and kitchen.

Safety Management of Equipment Facilities and Special equipment

Full life cycle management is exercised for equipment and facilities, especially the special equipment like cranes, forklifts, pressure vessels to make sure they are regularly inspected, maintained and properly used. Huizhong sticks to the principle that the operators must hold certificates and defective or faulty equipment are not allowed to be put into operation.

Management of relevant parties and contractors

The contractors are incorporated into the company's safety systems and they are required to act according to the same standards, same requirements and face up to the same performance assessment. During the reporting period, the matters relating to review of contractor access, qualifications, brief of safety requirements, on-site supervision and work permit were all under strict management and no contractor-related liability safety accidents were reported.

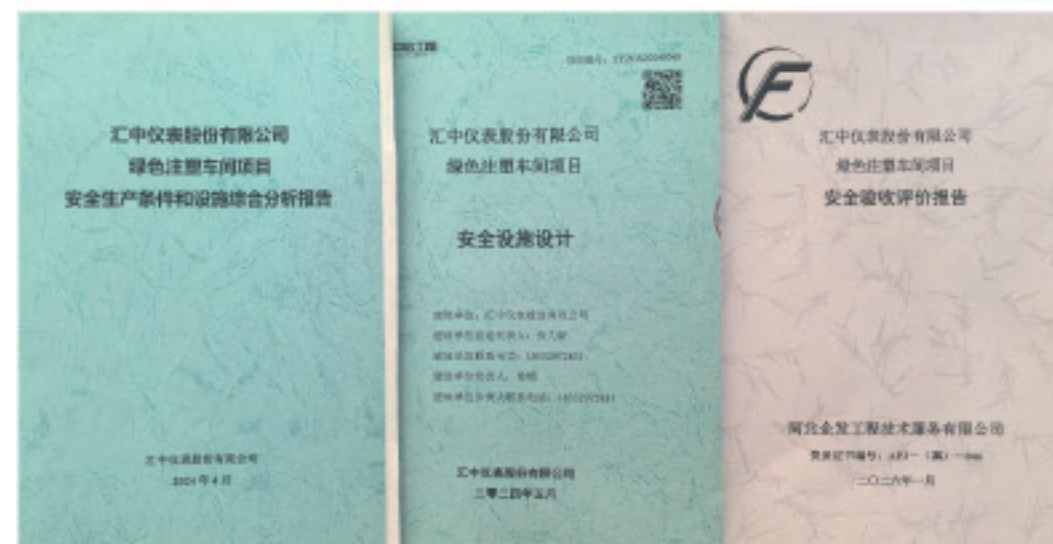
Safety education & Improvement of capacities

Employees' awareness of safety and protective abilities are noticeably raised through diverse educational modes including "Safety Month" activities, regular meetings and warning by citing on-site cases. 25 training sessions were held in 2025 with 1052 participants. Multiple drills covering fire response, on-site incident handling, dining hall explosion emergency control, environmental emergencies and special equipment accidents, were conducted to raise employees' response and coordination abilities.

Exemplary Case

"The Green Injection Molding Workshop" — a project constructed based on the "Three Simultaneities" Principle in Conformity with Health and Work Safety Standards

In 2025, the construction of the green injection molding workshop was in full swing. To ensure the entire construction process compliant to standards with risks controllable, the safety facilities of the workshop were designed, constructed, and commissioned simultaneously with the main work of the workshop based on the "three simultaneities" principle as specified in the *Work Safety Law and Measures for the Supervision and Administration of the "Three Simultaneities" of Safety Facilities in Construction Projects*.



Annual Work Safety Performance

In 2025, Huizhong operated safely and smoothly with zero safety accidents, zero severe/fatal injuries, and zero acts in violation of regulations. The hidden risk revamping rate, training coverage, and availability and soundness of facilities all achieved the targets set for the year.



Work Safety Targets
Set for 2025:

OHS1: Fire prevention (No occurrence of fire) **Achieved**

OHS2: Zero severe/fatal injuries **Achieved**

OHS3: Zero electric shock accidents **Achieved**

What's more, the emergency management integrity systems were reformulated by Huizhong to assume its responsibilities and actively accept supervision by the competent authority in accordance with the requirements placed by the Tangshan Hi-tech Zone Emergency Management Bureau. In 2025, Huizhong obtained a Grade-C Work Safety Integrity Certificate issued by the bureau.



Rural Revitalization & Social Contribution

The company's "Huixingfu" (the abbreviated form for Huizhong Rural Revitalization and Assistance) public welfare platform was initially established in 2024. It aims to provide specific support and precise assistance to development-specific agricultural projects—an innovative rural revitalization approach rather than the traditional way of simply making cash donations. The corporate spending power for purchasing employee welfare and customer gift orders can effectively converted into the driving force for promoting sales of agricultural produce. Through implementation of the three-step mechanism of "Screening - Assistance - Upgrading", agricultural cooperatives and new-type agricultural businesses in Xinjiang, Ningxia, Hunan, Hebei, and other regions are greatly benefited in the development of agricultural projects. Through purchasing their produce to promote sales, building of brands, and integration of techniques with marketing channels, the deep-set problems of dull sales, no brand name, and no operative norms have been successfully tackled, making it possible for their agricultural specialties to become standardized, branded, and green.



During the reporting period, the Huixingfu platform played an ever bigger role in driving the rural revitalization work. For attaining a still better effect in project development support and assistance in promotion of sales, Huizhong conducted on-the-spot investigations in remote regions and set up support and assistance bases successively in Ruoqiang County (Xinjiang) and Tangshan Fengnan District (Hebei) by the name of "Huizhong Agricultural Support & Assistance Base" to help peasants build a stable production-sales direct connection channel and expand the market for their local specialty products. As of December 31, 2025, the platform helped peasants sell their produce worth a total of CNY 550,000.



Huizhong Instrument Co., Ltd. Agricultural Support Base



The excellent performance of "Huixingfu" has now become a benchmark case symbolizing that Huizhong unswervingly follows the ESG concept and takes active part in the activities in response to the initiative of "Ten Thousand Enterprises Revitalizing Ten Thousand Villages". "Huixingfu" is now highly acclaimed and commended by local governments and broad masses of villagers. It is selected as Xinhuanet 2025 Outstanding Rural Revitalization Practice Case and featured in Public Welfare Times as a benchmark case for the "Ten Thousand Enterprises Revitalizing Ten Thousand Villages" initiative.



2023	Sweet potato	
	Tan sheep	CNY 147050
2024	Wolfberry	Sweet potato
	Vine tea	CNY 52126.5
2025	Rice	Fruit
	Foodstuff	CNY 356521

Accumulated Total:
CNY 555697.5



Besides, during the reporting period, social responsibility activities including going to townships to send warmth and regards and collective blood donation were regularly organized.

Key Performance Indicators (2023-2025)

Indicator	Unit	2023	2024	2025
 Governance Aspects 				
Current net profit	CNY 10,000	10429.58	5772.47	6620.99
Total cash dividends	CNY 10,000	3187.43	1784.14	2000.41
Dividend payout ratio	%	30.56	30.91	30.21
 Service Aspects 				
Number of customer complaints	Times	113	100	123
Percentage of complaints handled	%	100	100	100
Average handling time	Days	12	11	12
Customer satisfaction with handling results	%	97.3	97	97.6
 Environmental Safety Aspects 				
Carbon footprint per Functional Unit All products	t/CO ₂ e	0.074	0.0731	0.0721
Industrial ultrasonic water meter	t/CO ₂ e	0.126910965	0.124736739	0.12705564
Domestic household ultrasonic water meter	t/CO ₂ e	0.007577786	0.00797639	0.007341706
Overseas household ultrasonic water meter	t/CO ₂ e	0.010195465	0.008966649	0.008357804
Ultrasonic heat meter for apartment use	t/CO ₂ e	0.148552424	0.143156322	0.140590612
Household-use ultrasonic heat meter	t/CO ₂ e	0.006144873	0.006014106	0.006072962
Ultrasonic flow meter	t/CO ₂ e	0.144339271	0.148027106	0.143558395
Environmental ecosystem-related monetary penalties imposed by administrative organs	CNY 10,000	0	0	0
Total capital input on environmental protection	CNY 10,000	12.5	10.8	45
Investment on Occupational health & safety	CNY 10,000	104.5	40	53
Total environmental investment-operating revenue ratio	%	0.12	0.19	0.68
OHS investment/operating revenue ratio	%	1.00	0.69	0.80
Number of environmental training sessions	Times	18	20	5
Number of trainees	Times	208	226	227
Training duration	Hours	9	10	2.5
Intensity of waste gas emission	t/ CNY 10,000	0.000009	0.00001	0.0000098
Particulate matter (PM)	kg	247	251	242
Volatile organic carbon (VOCs)	kg	214	210	203

Indicator	Unit	2023	2024	2025
Other waste characteristic pollutants	kg	0	0	0
Amount of harmful waste generated	t	9.21	8.62	7.7
Harmful waste disposal volume	t	9.31	6.02	10.7
Density of harmful waste produced	t/ CNY 10,000	0.00019	0.0002	0.00017
Amount of waste recycled for reuse	t	0	0	0
Total GHG emissions	t/CO ₂ e	3401.74	2530.57	2408.07
Electric power-related GHG emissions	t/CO ₂ e	3383.681	2530.01	2390.82
Total energy consumption	10,000kwh	593.316	471.594	450.588
Intensity of total energy consumption	10,000kwh/ CNY 10,000	0.0124	0.0112	0.0099
Consumption of fossil fuel	Nm ³	8354.3	7662	8462.3
Hidden peril identification & rectification rate	%	100	100	100
Number of emergency response drills conducted	Times	22	22	20
Work safety liability insurance premium	CNY 10,000	0	0	0
Work safety liability insurance coverage rate	%	0	0	0
Number of work-related deaths toll	Person	0	0	0
Number of newly added occupational disease incidents	Cases	0	0	0
Number of occupational health & safety (OH&C) Training sessions	Times	39	36	30
OH&C coverage	%	100	100	100
Number of persons enrolled for training on OH&C	Person-time	1316	1839	1275
Average per-capita training duration	Hours	20	18	14
 Social Aspects 				
Total number of employees	Person	502	495	476
Division by gender Male	Person	330	327	316
Division by gender Female	Person	172	168	160
Division by age Under 30	Person	153	140	124
Division by age 30-50	Person	342	346	344
Division by age over 50	Person	7	9	8
Employee Training frequency	Times	217	325	380
Appropriations for labor union & education	CNY 10,000	108.18	111.56	113.88
Employee training coverage rate	%	100	100	100
Incidence rate of occupational disease	%	0	0	0
Work-related death toll	Person	0	0	0

Indicator	Unit	2023	2024	2025
Work-related death toll per 10,000 business income	Person/CNY 10,000	0	0	0
Number of recordable work-related injuries	Times	0	0	0
Recordable work-related injuries per one million working hours	%	0	0	0
Work-related mortality per one million working hours	%	0	0	0
Rate of work-related injuries (excl. deaths) with severe consequence (per one million working hours)	%	0	0	0
Number of lost work days due to work-related injuries	Days	0	0	0
Input of insurance premiums for occupational diseases	CNY 10,000	48.3	45.3	42.6
Occupational disease insurance coverage rate	%	100	100	100
 Headcount of Employees by Educational Level				
Doctor	Person	0	0	0
Master	Person	45	46	43
Undergraduate	Person	255	273	266
College graduate	Person	145	132	125
Technical secondary school or below	Person	57	44	42
Number of employees with disabilities	Person	0	0	0
Number of employees who need to undergo regular performance evaluation and career development assessment	Person	100	100	100
Number of employees transferred or accepting the offer of a position within the company	Person	25	14	26
Percentage of the employees transferred or assigned job positions within the company	%	4.98	2.83	5.46
Proportion of employees participating in autonomous organization activities	%	100	100	100
Number of employees participating in employee satisfaction survey	Person	502	495	476
Percentage of employees participating in employee satisfaction survey	%	100	100	100
Number of labor dispute cases	Person	0	0	1
Total employee turnover rate	%	9.87	8.15	13.8

Indicator	Unit	2023	2024	2025
 Headcount of Employees by nationality				
Han	Person	478	470	452
Manchu	Person	17	19	18
Hui	Person	6	5	5
Mongolian	Person	1	1	1
Others	Person	0	0	0
 Headcount of Employees by Region				
Hebei Province	Person	464	459	438
Others	Person	38	36	38
 Employee Turnover Rate by Age				
30	%	52	52	60
30-50	%	48	48	38
Over 50	%	0	0	2
 Employee Turnover Rate by Gender				
Male	%	82	88	83
Female	%	19	12	16
 Employee Turnover Rate by Region				
Hebei Province	%	78	82	85
Other provincial/regions	%	22	17	14

Future Outlook

In 2026, Huizhong will operate with the core ESG philosophy as its development basis. In the upcoming year, Huizhong will continue to play a leading role among its domestic counterparts engaging in the ultrasonic flow measurement trade with its endeavors directed towards: making green innovation; building a sustainable development ecosystem; promoting green and low-carbon development and technical innovation by leveraging the advantages of the main business; and deeply integrating compliant governance with business growth. While keeping expanding business development in depth, efforts will be made to speed up globalization of the independent brand of Huizhong. Furthermore, Huizhong will further improve the ESG system, the responsibility management and implementation mechanism, so as to realize coordinated promotion of the enterprise value, social value and environmental value and do our part for the high-quality development during the 15th Five-Year Plan period.

2026

Reader Feedback

Dear readers:

Thank you for taking time out of your busy schedule to read our company's "2025 Environmental, Social & Governance (ESG) Report". In order to continuously improve report compilation work and raise our ability and level in performing social responsibilities, it would be much appreciated if you could provide your valuable opinions and suggestions to help us improve our work.

Contact Us:

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1.Stakeholder/Interested party to which you belong (Tick off one or more)

- ☐ Government
- ☐ Customer
- ☐ Employee
- ☐ Partner
- ☐ Environmental organization
- ☐ Community & the Public
- ☐ Others

2.Overall evaluation of the report

- ☐ Excellent
- ☐ Good
- ☐ Average

3.Evaluation on clarity, accuracy and completeness of reported information, data and indicators

- ☐ Excellent
- ☐ Good
- ☐ Average

4.Evaluation of Huizhong's overall ESG performance

- ☐ Excellent
- ☐ Good
- ☐ Average

5.Comments/suggestions on report compilation and Huizhong's social responsibility performance