

2024 Environmental, Social and Governance ESG Report
HUAGONG TECH COMPANY LIMITED

2024



HUAGONG TECH COMPANY LIMITED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Notes on the Preparation of the Report

Scope of the Report

This is the third environmental, social and governance (ESG) report publicly released by HUAGONG TECH COMPANY LIMITED. (collectively referred to as “HGTECH”, “the Company” or “we”), covering HGTECH and its major holding subsidiaries. Unless otherwise stated, the scope is consistent with the scope of the consolidated financial statements in the annual report of HUAGONG TECH COMPANY LIMITED. (stock code: 000988).

Timeframe

This is an annual report and the report covers the period from January 1, 2024 to December 31, 2024, and some of the text goes beyond this to increase the completeness of the report.

Basis of Preparation

This report has been prepared in accordance with “Shenzhen Stock Exchange Self-Regulatory Guidelines No.1 for Listed Companies – Corporate Governance of Main Board Listed Companies” released by the Shenzhen Stock Exchange, and referenced “Shenzhen Stock Exchange Self-Regulatory Guidelines No.17 for Listed Companies – Sustainability Report (Interim)” “Shenzhen Stock Exchange Self-Regulatory Guidelines No.3 for Listed Companies–Sustainability Report Preparation” , T/CERDS2-2022 “Corporate ESG Disclosure Guidelines” , Global Reporting Initiative Standard.

Data description

The data and cases in this report come from the records or financial reports of HUAGONG TECH COMPANY LIMITED. and its major holding subsidiaries in actual operation.



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HGTECH

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Chairman's Message



HUAGONG TECH COMPANY LIMITED
Chairman Xinqiang Ma

At present, artificial intelligence is accelerating the reshaping of all aspects of human work and life, HUAGONG TECH COMPANY LIMITED adheres to the beautiful mission of “innovation fuels a better world” , integrates ESG into the development of the enterprise, and strives to create economic value while practicing the responsibility to the society, the environment and the future.

Sound governance is the cornerstone for enterprises to go through the cycle. The Company has strengthened the “Nine Rules of Military Justice” to build a clean and honest company; made efforts to build a full-cycle compliance management and strengthened the “Three Lines of Defense” ; and continued to explore the synergistic operation of the multi-dimensional management mechanism of compliance, internal control and law to ensure a scientific and effective corporate governance structure. At present, the Company has formed a three-tier ESG governance structure of “decision-making level, management level and executive level” , and the Company maintains regular communication with stakeholders, accurately identifies ESG core issues related to the Company, and tracks performance in daily management. In 2024, the Company was rated by the State-owned Assets Supervision and Administration Commission of the State Council as a benchmark enterprise under the “Science Reform Action” .

The vitality of corporate innovation originates from people and should be returned to them. We have always regarded our employees, clients and communities as the key to sustainable development. We continue to improve our diversified and flexible training system, help our employees grow professionally, emphasize their physical and mental health, and work hard to create a fair and harmonious working environment, so as to let the value contributors stand in the center of the stage, and to give them a greater sense of fulfillment; through “industry + education” , relying on Hubei Engineers Association, the company continues to support rural education, industrial development in old areas, and cultivate outstanding young engineers; the Company adheres to the corporate philosophy of “client-centered” , and the satisfaction rate of major clients at home and abroad has been increasing year by year, so as to make science and technology truly serve the needs.

Driving the responsibility to the ground by scientific and technological innovation. HUAGONG TECH COMPANY LIMITED adheres to the innovation concept of “technology-driven with market guidance” , vertically builds a two-tier and four-tiered R&D structure between HGTECH CENTRAL RESEARCH INSTITUTE and holding subsidiaries, continuously optimizes and coordinates R&D resources of the whole group, and increases R&D investment by 23.73% in the whole year, and actively explores AI+, new energy, 6G and other cutting-edge fields in the face of major industrial demands and forward-looking technologies. In 2024, we won the second prize of the National Science and Technology Progress Award, the first prize of the Machinery Industry Science and Technology Award, and other honors. We know that only by embracing science and technology can we win the long-term trust of our shareholders, the market and the society.

Guarding a green future: harmonizing technology and the environment. Guided by the “dual carbon goals” , the Company prioritizes green technologies and intelligent manufacturing, continuously increasing investments in energy conservation and emissions reduction. We refine production processes, enhance efficiency in Three Wastes disposal and energy utilization, and drive low-carbon transformation across supply and industrial chains. In 2024, subsidiaries were recognized as National-Level Green Factories and Provincial-Level Green Factories, contributing to the accelerated development of a green, low-carbon, and circular economic system.

Artificial intelligence is revolutionizing industries worldwide. HUAGONG TECH COMPANY LIMITED remains committed to our culture of open, professional, and efficient, collaborating with global partners to advance sustainable development through continuous technological innovation. Together, we strive to build a smarter, more sustainable world."

马新强



SINCE
1999

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About HGTECH

HUAGONG TECH COMPANY LIMITED

000988
STOCK CODE

Company Profile

HUAGONG TECH COMPANY LIMITED (hereinafter referred to as "HGTECH" stock code: 000988) was founded in 1999 in the heart of Optics Valley of China, originated from the Huazhong University of Science and Technology (HUST). Listed on the Shenzhen Stock Exchange in 2000, the Company is a high-tech enterprise group integrating R&D, production, sales, and services, and was recognized as a National Innovative Enterprise in 2015. Since its establishment, the company has adhered to "laser technology and its applications" as its core business, focusing on in-depth exploration of new technologies, markets, and fields. Anchored in the two major sectors of new energy vehicles and digital empowerment, it has maintained steady and progressive development momentum. HGTECH aims to "participate in building a fully connected, fully perceptible, and fully intelligent world and becoming a globally influential technology leader", amid the new development paradigm where domestic and international cycles reinforce each other, the company will leverage its strengths in innovation to foster more new technologies, products, and directions, contributing to the strategy of building China into a manufacturing powerhouse.

Business Scope

Smart Manufacturing Business

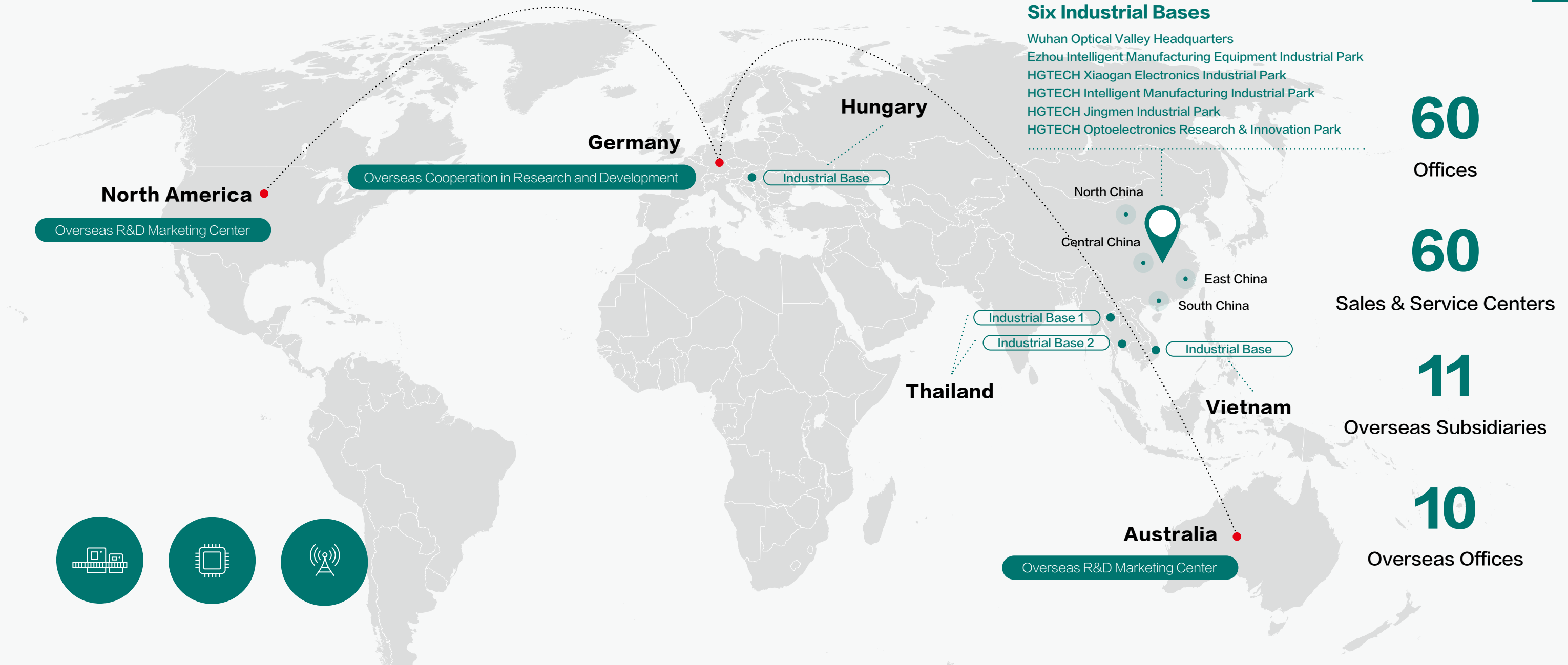
The company possesses domestically leading R&D and manufacturing technologies for laser equipment, as well as a full industrial chain advantage in the industrial laser sector. It is committed to providing extensive and comprehensive laser-based intelligent manufacturing solutions for the industrial sector, delivering integrated "laser + smart manufacturing" solutions for industries such as 3C electronics, automotive electronics and new energy, PCB microelectronics, semiconductor panels, consumer goods, agricultural machinery, and healthcare. With a comprehensive layout in laser intelligent equipment, automated production lines, and smart factory construction, the company stands as one of China's largest laser equipment manufacturers and a globally leading provider of "laser + smart manufacturing" system solutions. It is also a National Key High-Tech Enterprise, a participant in international standard-setting, and the lead organizer and contributor to national standard development.

Connection Business Unit

The company has a leading one-stop vertical integration solution in the optical communication industry, with strategic research and development and large-scale production capabilities for a full range of products from chips to devices, modules, and subsystems. The products include active optical devices, home terminals, network terminals, intelligent vehicle mounted optics, etc., widely used in important fields such as global wireless communication and AI computing power, ranking eighth in the global optical module manufacturer rankings. The company focuses on four major application scenarios: AIGC, 5G/5G-A, F5G-A, Intelligent Connected Vehicle, committed to building an intelligent optical network world, serving the world's top Internet service/data application providers (AI computing), NEM (network equipment manufacturers), and telecom operators; The intelligent terminal business strives to build a world-class enterprise that integrates personal and home intelligent communication terminals.

Sensing Business Unit

The company continues to solidify its global leadership in thermal management and multi-functional sensor technologies for new energy vehicles. With proprietary core technologies in the manufacturing and packaging processes of sensitive ceramic chips for sensors, it drives intelligent upgrades across the entire new energy industrial chain. The company provides world-leading multi-dimensional sensing and control solutions for sectors including new energy and smart connected vehicles, photovoltaic energy storage, smart homes, smart grids, and smart cities.



Regional Distribution

The headquarter of HGTECH is located in Wuhan East Lake High-tech Development Zone, and the company has set up, namely Wuhan Optical Valley Headquarters, Ezhou Intelligent Manufacturing Equipment Industrial Park, HGTECH Xiaogan Electronics Industrial Park, HGTECH Intelligent Manufacturing Industrial Park, HGTECH Jingmen Industrial Park, and HGTECH Optoelectronics Research & Innovation Park, and more than 60 offices in the four major regions of Central China, South China, East China, and North China, and more than 60 sales and service centers, forming a global marketing network layout with 11 overseas subsidiaries, and 10 overseas offices.

Corporate Honors & Awards 2024

- National Science and Technology Progress Award Second Prize;
- benchmark enterprise under the “Science Reform Action” ;
- National Manufacturing Single Champion;
- Machinery Industry Science and Technology Award First Prize;
- Disclosed Information Quality: Nine Consecutive Years of “Grade A” Excellence (by Shenzhen Stock Exchange);
- CCTV’ s “Specialized, Sophisticated, Innovative” Annual Best Practices Award;
- Tianma Award for Investor Relations of Listed Companies in China;
- National Green Factory (HGLaser);
- 2024 “Strong Industrial Chain Brand” in Shipbuilding;
- Hubei Provincial Science and Technology Progress Award Second Prize;
- 2024 Hubei Top 100 Enterprises;
- 2024 Hubei Top 100 Manufacturing Enterprises;
- 2024 Wuhan Top 100 Enterprises;
- 2024 Wuhan Top 100 Manufacturing Enterprises;
- Outstanding Case for New Quality Productivity in Hubei Listed Companies;
- “Industry-Education Integration Contribution Award” from China Optics Valley.

Corporate Culture Philosophy

Mission & Vision

- Innovation fuels a better world
- Participate in building a fully connected, fully perceptible, and fully intelligent world
- Become a technology company with global presence

Cultural Spirituality and Core Values

- Open, Professional, Efficient
- Group Struggle, Exceeding Expectations
- Achieve value, share success

01. Innovation-Driven

02. Product and Service Safety and Quality

03. Supply Chain Security

04. Employees

05. Data Security and Customer Privacy Protection

06. Empowering SMEs for High-quality Development

07. Rural Revitalization

08. Social Contribution

09. Environmental Compliance Management

10. Responding to Climate Change
11. Waste Disposal

12. Energy Utilization

13. Water Utilization

14. Circular Economy

15. Communications with Stakeholders

16. Anti-Bribery and Anti-Corruption

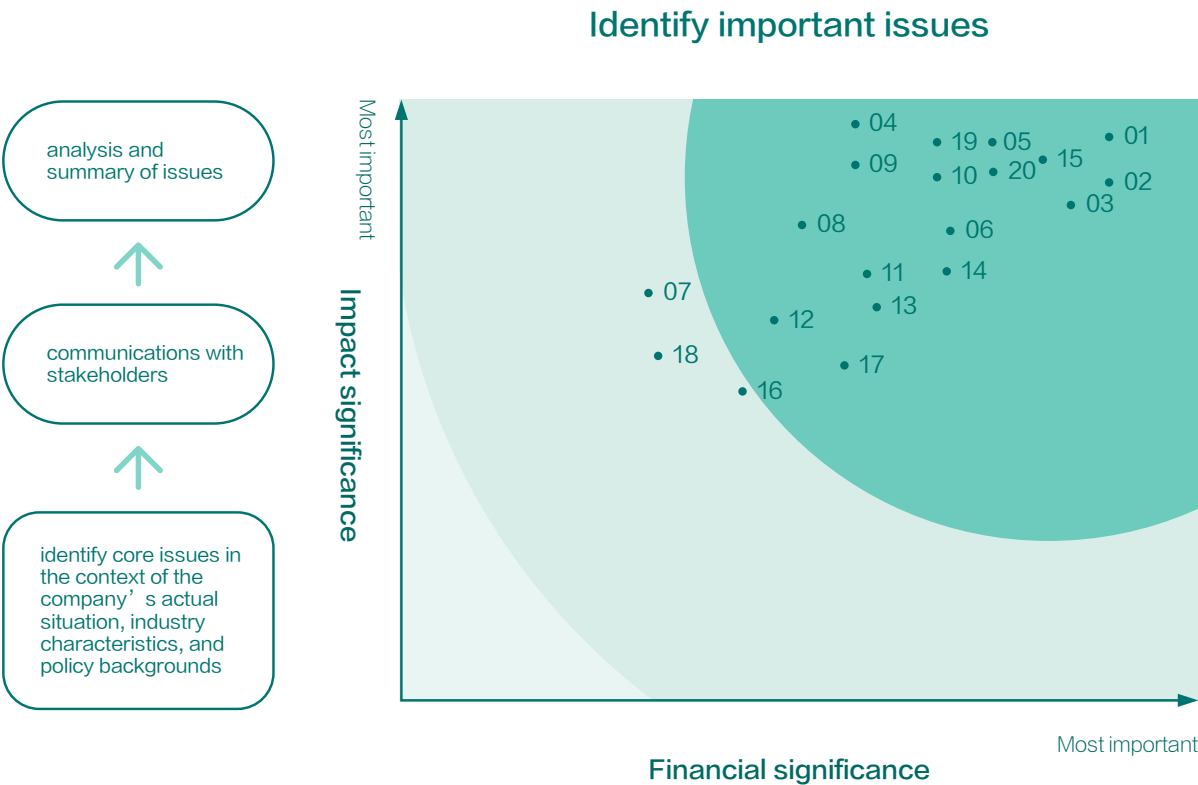
17. Anti-Unfair Competition

18. Pollutant Discharge

19. Intellectual Property Protection

20. Compliant Management

Identification of Important Issues



Concise Overview of ESG Management

While delivering cutting-edge innovative products and services, the Company actively complies with regulatory requirements from the State-owned Assets Supervision and Administration Commission and the Shenzhen Stock Exchange. Upholding the principles of ESG management, we continuously refine and optimize ESG mechanisms, advance regularized ESG governance, and integrate ESG practices deeply into daily production and operations to drive high-quality development. In 2024, HGTECH further enhanced its ESG governance framework with the goal of building ESG competitiveness aligned with corporate distinctiveness. A three-tier ESG governance structure “Decision-Making Layer - Management Layer - Execution Layer” was established to clarify responsibilities at each level. Board of Directors: Oversees strategic ESG decision-making and supervision; Legal & Compliance Department: Coordinates ESG implementation under board guidance, Business Units & Subsidiaries: Execute specific ESG works, transforming commitments into measurable actions.

Governance

Adherence to Compliance

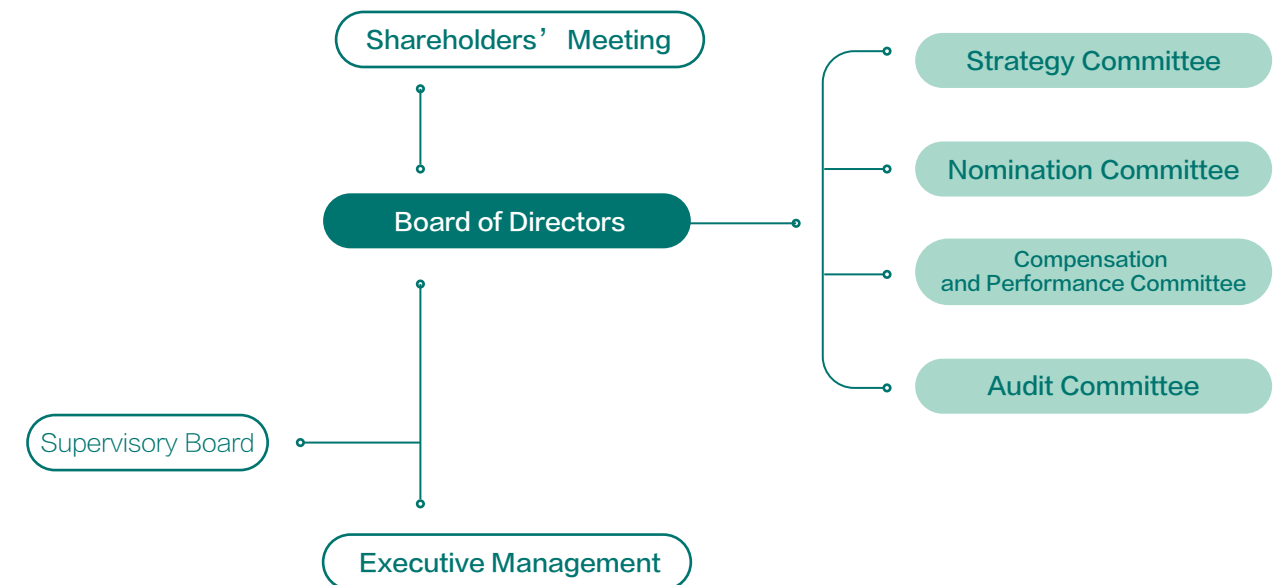
Sound governance and compliance form the fundamental guarantee for sustainable corporate development. HGTECH continuously enhances its corporate governance framework, improves the compliance management system, standardizes internal controls and institutional mechanisms, actively maintains strong investor relations, and ensures robust and steady corporate growth.

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Corporate Governance Structure

The Company strictly complies with the Company Law of the People's Republic of China, the Corporate Governance Guidelines for Listed Companies, and the Listing Rules of the Shenzhen Stock Exchange, along with other applicable laws, regulations, and regulatory requirements. We have established a modern corporate governance structure comprising four key bodies—the Shareholders' Meeting, Board of Directors, Supervisory Board, and Executive Management—ensuring a well-defined, standardized, and efficient governance mechanism. The Board of Directors has established four specialized committees: Strategy Committee, Nomination Committee, Compensation and Performance Committee, Audit Committee. Each committee operates with clearly defined responsibilities, functioning independently while ensuring the fairness, transparency, and scientific rigor of corporate governance decisions.

HGTECH Governance Structure Organizational Chart



The Shareholders' Meeting, Board of Directors, and Supervisory Board are responsible for deliberating major corporate development matters. In 2024, the Company successfully completed the transition of its Board and Supervisory Board. The meeting activities were as follows

Supervisory Board

Held **7** times, deliberated **13** proposals

Shareholders' Meeting

Held **4** times, deliberated **22** proposals

Board of Directors

Held **12** times, deliberated **43** proposals

Composition and Key Responsibilities of Governance Bodies

Shareholders’ Meeting

The supreme authority of the Company, deciding on corporate business policies and investment plans in accordance with laws, electing and replacing Directors and Supervisors not represented by employees, reviewing and approving reports from the Board of Directors and Supervisory Board.

9 Directors (including 3 Independent Directors), serving as the company’s decision-making body, conducting fair and science-based appointments following Nomination Committee procedures, convening Shareholders’ Meetings and implementing their resolutions, overseeing corporate disclosure matters.

Board of Directors

Supervisory Board

5 Supervisors (including 2 employee-elected Supervisors and 3 female Supervisors), acting in the interests of all shareholders; exercising statutory powers to supervise performance of the Board and senior management, financial affairs, internal controls, risk management, and disclosures; safeguarding the lawful rights of the company, shareholders, employees, and stakeholders.



covering: environmental controls, operational controls, IT system controls, internal audit mechanisms. Through continuous implementation, analysis, and optimization of this system, the Company has: effectively mitigated operational risks, achieved all internal control objectives.

In 2024, the company engaged Daxin Certified Public Accountants (Special General Partnership) as its internal control audit institution to evaluate the effectiveness of internal controls across all functional departments at headquarters and subsidiaries. The audit scope covered 95.32% of the company’s total consolidated assets and 99.26% of total consolidated operating revenue, with no material deficiencies identified in internal control design or implementation during the year.

The company publishes its annual Internal Control Self-Assessment Report concurrently with its annual report on the Shenzhen Stock Exchange website. Beyond external and internal audits, the company has established a comprehensive risk governance framework where the Strategic and Risk Management Committee conducts feasibility studies and provides risk recommendations for major business strategies, investments, financing plans, capital operations and asset management projects. Additionally, independent directors and the employee-represented Supervisory Board provide multi-level oversight of the company’s operational decisions and management activities, ensuring robust risk management and corporate governance throughout the organization.

Information Disclosure and Standardized Operations

The company places great emphasis on information disclosure and communication with shareholders and creditors, strictly complying with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, and the Information Disclosure Management Measures for Listed Companies, among other laws and regulations. We actively disseminate information to investors through various channels including meetings, publications and online platforms, such as annual general meetings, regularly published annual reports, semi-annual reports and quarterly reports, as well as interim announcements, prospectuses and press releases. All company information is available through the Shenzhen Stock Exchange website, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, and the Juchao Information Network (<http://www.cninfo.com.cn>). The company discloses periodic reports and interim announcements in accordance with requirements, ensuring the content is truthful, accurate and complete without material errors, and has never encountered any questioning from regulatory authorities or media regarding our disclosures.

In 2024, the company released 100 announcements and disclosure documents, organized 4 large-scale on-site investor communication events, participated in over 300 various exchange activities, and engaged with more than 2,000 investors cumulatively. The company was awarded the highest “A” rating in the 2023–2024 Information Disclosure Assessment of Shenzhen Stock Exchange-listed companies, marking the ninth consecutive year of receiving this honor, which demonstrates recognition from regulatory authorities and widespread investor approval while setting an exemplary standard in the market. During the year, the company was honored with several prestigious awards including the “Best Board of Directors Award” from the China Association for Public Companies’ Tianma Awards, the “Best Value Communication Award” and “Best Value Communication IR Team of the Year” from Jiemin Finance, as well as the “Outstanding IR Team for Investor Relations among Listed Companies” from Panorama Network.



Internal Control & Risk Management

The Company places high importance on internal control systems and risk management. During the reporting period, in accordance with the Basic Standards for Enterprise Internal Control and related guidelines, we proactively updated and refined our internal control framework. We have established a scientifically designed, efficient, and operationally effective internal control system that integrates risk management processes across all business operations, a dual-layer monitoring structure comprising the audit committee and internal audit department supervises and evaluates internal controls,

Compliance Construction

The company continuously improves the four-level compliance organizational structure, coordinates and integrates the resources of the group headquarters, subsidiaries, and external lawyers, and promotes the continuous improvement of the compliance management system.

The company consistently advances its reform initiatives, including the “Science Reform Action” within a legal governance framework, adhering to the principles of “risk orientation, serving the bigger picture, comprehensive coverage, and focusing on key areas” to strengthen legal review processes. We have enhanced contract management systems to establish full lifecycle oversight and issued critical compliance manuals such as the Guidelines for Preventing Job-Related Crimes, Ten Compliance Rules for Managers, Legal Compliance Risk Alerts for Technology Enterprises, and Common Overseas Compliance Risks Chinese Enterprises Should Know. Targeting key personnel, critical processes, and high-risk scenarios, we conducted six compliance audits covering contracts, litigation cases, and trade secrets, ensuring timely corrective actions. Through innovative “Business-Legal Workshops,” we aligned legal and operational priorities, while 15 training sessions directly empowered over 2000 employees. By collaborating with 30+ domestic and international law firms and updating standardized contract templates for sales, procurement, infrastructure, and technology cooperation, we are building a robust compliance ecosystem.



During the reporting period, the company maintained frequent and in-depth communication with institutional investors through both online and offline channels to keep them updated on corporate developments. We sustained close engagement with regulatory bodies and financial media while significantly enhancing interactions with retail investors. This included active participation in the Shenzhen Stock Exchange’s “Visiting Listed Companies” program, hosting earnings briefings accessible to all investors, and establishing a dedicated investor hotline to facilitate more direct and effective dialogue. These comprehensive efforts have enabled investors to develop objective, thorough and nuanced understanding of the company, fostering long-term stable relationships built on transparent communication.

Shareholder Returns

The company actively implements the CSRC’s key requirements of “strengthening investor-oriented corporate culture and enhancing the investment value of listed companies.” Adhering to the principle of creating sustained value for shareholders while maintaining corporate sustainability, we have continuously improved our scientific, consistent, and stable dividend decision-making and oversight mechanisms. In strict compliance with the profit distribution policies and approval procedures stipulated in the Company’s Articles of Association, we ensure full protection of minority investors’ legitimate rights and interests, rewarding their trust and expectations. Since listing, the company has maintained consecutive years of dividend distributions, with cumulative cash dividends reaching approximately RMB 1.087 billion. The gradually increasing payout ratio demonstrates our commitment to delivering positive returns to investors and underscores the company’s long-term investment value.

In line with our commitment to sustainable growth and rewarding investor confidence, HGTECH’s 2024 profit distribution plan was approved at the Ninth Session of the Ninth Board of Directors after comprehensive evaluation of the company’s financial performance, operational requirements, and shareholder return considerations. The proposed allocation will distribute a cash dividend of RMB 2.00 per 10 shares (tax-inclusive) based on the year-end total share capital of 1,005,502,707 shares, with no stock dividends or capital reserve conversions. The total cash payout amounts to RMB 201,100,541.40, while retaining RMB 252,621,205.34 in undistributed profits for the subsequent fiscal year, with implementation contingent upon formal ratification at the upcoming annual shareholders’ meeting.

Investor Relationship Management

Investor Communication Channels



handling on investor hotline

600+ calls



providing responses on the interactive Q&A platform

265 responses
reply rate 100%

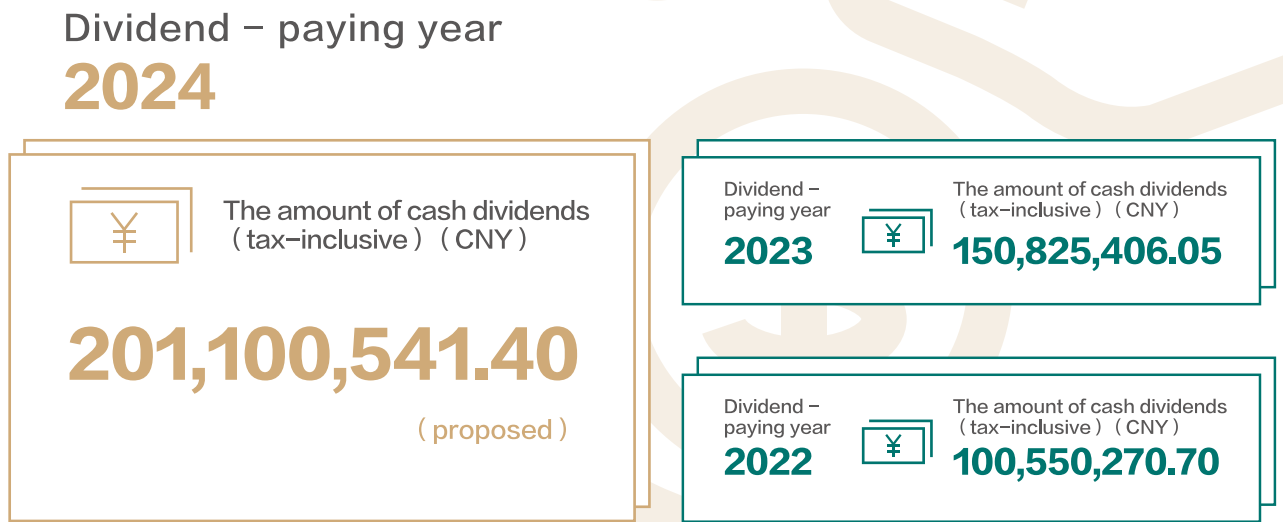


participating in investor exchange meetings

300+

In 2024, amid a complex and volatile market environment where capital markets experienced significant fluctuations due to multiple factors, investor anxiety mounted and market sentiment remained subdued. Recognizing these challenges, the company’s Board of Directors placed paramount importance on investor relations management, directing the organization to promptly address market concerns with accurate and comprehensive responses. Through proactive communication of the company’s long-term value proposition and strategic development roadmap, we effectively stabilized market sentiment and reinforced investor confidence during this period of uncertainty.

The cash dividend distribution situation of the company’s common shares in the recent three years



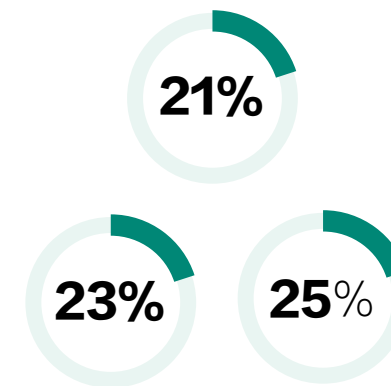
03



Innovation

Empowering hundreds of industries

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



In 2024, the net profit attributable to the parent company of the company increased by 21.17%, the R&D investment increased by 23.73%, and the overseas sales revenue increased by 25.57%. We have won five national honors and established one new joint innovation platform, and have been included in the “Excellent Practice Cases of Listed Companies with New Productive Forces in Hubei”.

“Innovation-Driven” Development Strategy

HGTECH adheres to taking Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guidance, and always keeps in mind the instructions put forward by General Secretary Xi when he inspected HGTECH, which are “For scientific and technological innovation, first, it depends on investment, and second, it depends on talents.” The company adheres to the development strategy of “innovation-driven”, closely focuses on achieving high-level self-reliance and strength in science and technology, and persists in developing high-end manufacturing and service-oriented manufacturing. It has overcome a number of core technologies such as pressure sensors, high-speed optical chips, and silicon optical chips, and the localization rate of ultrafast lasers such as picosecond and femtosecond lasers has significantly increased. In 2024, the company won more than 20 awards, including the Second Prize of the National Science and Technology Progress Award, the First Prize of the Machinery Industry Science and Technology Award, and the “Innovation Award for Laser Industrial Equipment” of the Seventh Hongguang Award, etc., which have helped China’s energy optoelectronics and information optoelectronics industries move forward.



The Second Innovation Day of HGTECH

– “New Quality Cup” Selection Activity of Specialized, Refined, Characteristic and Innovative R&D Achievements

On June 28, 2024, we held the Second Innovation Day of HGTECH – the “New Quality Cup” Selection Activity of Specialized, Refined, Characteristic and Innovative R&D Achievements. At the event site, the achievements of the HGTECH CENTRAL RESEARCH INSTITUTE of HGTECH since its physical operation for one and a half years were centrally displayed, and awards were presented to the winning projects of the selection of specialized, refined, characteristic and innovative R&D achievements. Among them, the New Energy High-voltage WPTC Heater Project of HGGaoli won the first prize, the 3C Composite Laser Precision Welding Series Equipment of HGLaser Precision Business Group won the second prize, and the Huagong Zhulong – Steel Structure Digital Intelligent Manufacturing Platform of HGCyber won the third prize.

Innovation Excellence – 2024 Highlights



- National Science and Technology Progress Award (Second Prize)
- First Prize in Mechanical Industry Science and Technology Award
- National Manufacturing “Single Champion” Enterprise
- National Green Factory Certification
- Hubei Provincial Green Factory Certification
- “Specialized & Innovative · Annual Breakthrough” Recognition
- Top 10 Technological Innovation Products of 2024
- 2023 Outstanding Smart Manufacturing Application Award (China)
- “AAA-Rated” Intelligent Manufacturing System Solution Provider
- AAA Credit Enterprise (China Electronic Components Association)
- “Technological Innovation Award” –National “Data Factor × ” Finals (Industrial Manufacturing Track)
- 2023 Smart Manufacturing System Solution “Challenge & Tender” Project
- “Hubei Premium Quality” Certification
- Outstanding Case of New Quality Productivity Among Hubei Listed Companies
- First Prize – 1st Central China High-Value Patent Competition
- Third Prize – 1st Intelligent Manufacturing Solution Innovation Competition

- 2024 “Strong Industrial Chain Brand” (Shipbuilding Industry)
- Top 10 Most Competitive Optical Device & Auxiliary Equipment Enterprises (China)
- “Laser Industrial Equipment Innovation Award” – 7th Red Light Awards (2024)
- MM AWARD 2024 for Innovative Products
- “Most Competitive Optical Communication Product” –10th ICC Stone Product Heroes List
- “2024 Innovation Product Award” & “2024 Most Influential Product Award” – 9th CFCF Optical Connectivity Conference
- “Technological Innovation Award” – 9th Packaging, Printing & Labeling Competition
- “Top 10 Innovation Award” – Hubei 6th “Workers’ Cup” Entrepreneurship & Innovation Competition

Adhere to Organized Innovation

Vertically, a R&D structure with two levels and four gradients of the Central Research Institute and core enterprises has been established to coordinate the R&D resources of the entire group. At the group level, the superior resources from both upstream and downstream of the industrial chain are integrated to promote the construction of the Central Research Institute. Focusing on national needs and industry development trends, research and development projects are launched mainly targeting “forward-looking technologies, bottleneck technologies, monopolized products, common technical problems, etc.”. Products and technologies for the next 3 to 5 years are laid out. The technology centers of each subsidiary iterate specialized, refined, characteristic and innovative products, improve processes, and launch research and development projects for items that can be quickly implemented according to customer order requirements and have high gross profit margins. At the same time, they undertake the relevant work of engineering and industrialization of the R&D achievements of the Central Research Institute.

Strategic Development of Innovation Talent

Technological innovation relies on two key drivers: investment and talent. HGTECH has intensified efforts to enhance both the quality of talent acquisition and cultivation, with a sharp focus on high-caliber expertise. Building upon its established “three-tier training” system, the company has partnered with six universities to jointly develop master’s/Ph.D. engineering candidates and cultivate exceptional engineers. Concurrently, HGTECH resolutely implements its “500 PhDs Initiative.” To date, the Company has built a technical talent pool exceeding 2,400 professionals, serving as an intellectual powerhouse for both corporate sustainable development and advancements in the optoelectronics industry.

Building Industrial and Innovation Ecosystems

Leveraging its investment platform, the company integrates high-potential players across the industrial chain to accelerate the commercialization and demonstration of technological achievements. Through equity investments, deployment of top management talent, and collaborative breakthroughs in core technologies, it has nurtured innovative enterprises like Huaray Laser, Everbright Photonics, and Yunling Optoelectronics – all mastering critical proprietary technologies. Strategic partnerships with over 30 upstream/downstream partners have co-developed 100+ localized laser equipment solutions for new energy, semiconductors, and next-gen display panels. These efforts significantly enhance the completeness and competitiveness of energy optoelectronics and information optoelectronics supply chains, establishing a product evolution cycle of “R&D → Application → Optimization → Maturation.”

HGTECH CENTRAL RESEARCH INSTITUTE: source of innovation

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

Taking the construction of the Central Research Institute as the starting point, HGTECH focuses on creating a cradle of innovation, a gathering place for high-end talents, and a platform for the concentration of innovative resources for itself. It continuously strengthens the construction of the technological innovation system, aims at the commanding heights of future technological and industrial development, and in line with the new trends in industry development, has achieved phased results in a number of core technical fields, such as semiconductor (SiC) wafer processing and detection, the manufacturing of complex shaped holes in key components of aero-engines, silicon photonics chips and optical modules, green ships, visual sorting of intelligent cutting and blanking production lines in the construction machinery industry, and the PTC controller of the thermal management system for new energy vehicles. It has also made a comprehensive layout in terms of intellectual property rights, achievement awards, and the cultivation of technology-based enterprises. Throughout the year, it applied for 421 patents, among which 192 were invention patents, and applied for 113 software copyrights.



Products and Services, Safety and Quality

In 2024, HGTECH comprehensively promoted the “grand quality concept” , covering three major dimensions: product quality, service quality, and business operation quality. Key indicators were established in terms of quality management and lean management, and the management granularity was refined to expand the profit margin. Specific measures include: improving the quality function of the headquarters, establishing a quality professional qualification evaluation system, distilling the 16-character group quality policy (accurate demand, scientific planning, prevention first, do it right the first time) through intensive training in the senior management training workshop, learning the management concept of "zero defects", reflecting on the quality loss of PONC (Price of Non-Conformance), carrying out the cultivation of the first batch of lean black belt talents, and for the first time introducing the value stream methodology to sort out key projects in the entire value chain and binding them with talent at different belt levels. Through the above measures, a quality awareness shared by all employees has been initially formed, the product market indicators have been significantly improved, and the brand value of the company has become more prominent.

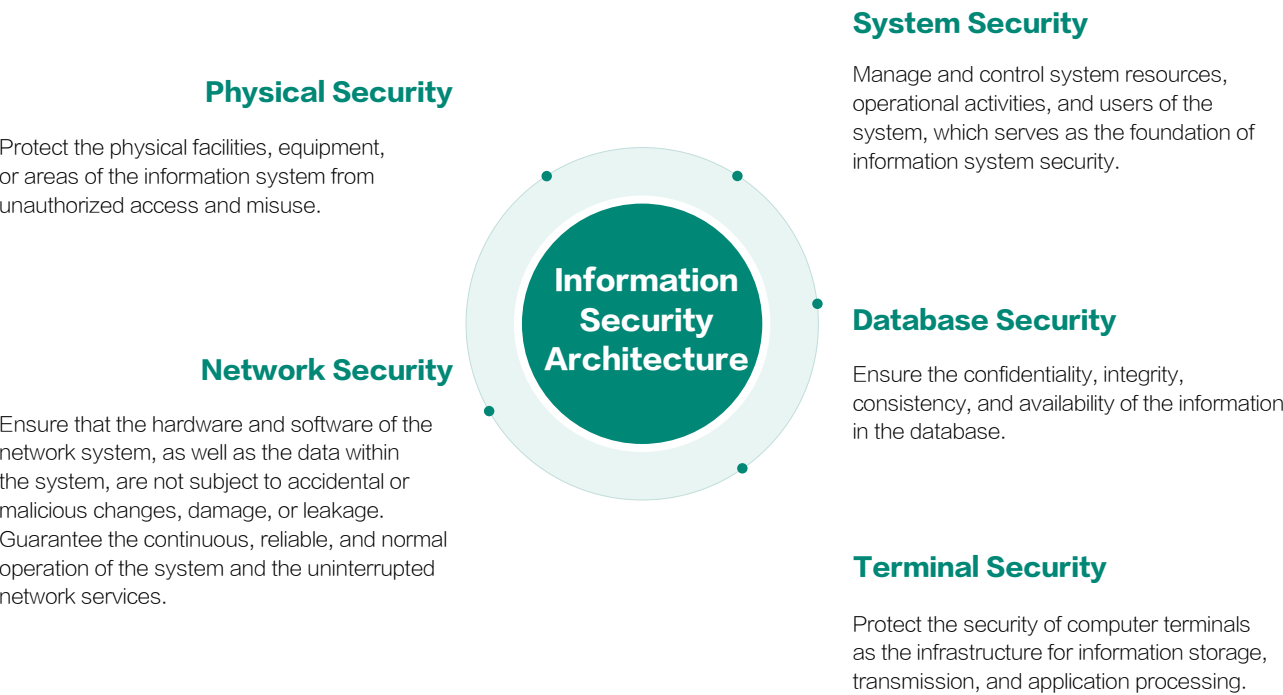
The company has always adhered to the value of “customer-centricity” and implemented it in specific work. Focusing on customers’ concerns, the company ensures the consistency of mass-produced products and makes sure that product quality meets customers’ requirements and complies with relevant standards. The company has earnestly implemented and passed the requirements of domestic and international quality management system standards such as ISO 9001, ISO 14001, TL9000 (for the telecommunications industry), and IATF 16949 (for the automotive industry). It also owns two categories of national CNAS-certified testing laboratories. Based on the production standards of different industries and international leading quality management concepts, the company has formulated and implemented relevant quality management regulations, such as the “Quality Management Manual” , the “Process for Handling Nonconforming Products” , and the “Measures for Quality Reward and Punishment Management” . A quality management system has been established, covering the entire process of products, from design, raw material procurement, production and delivery to after-sales service. Meanwhile, through measures such as production skill training, proposals for improving quality and efficiency, OCC (Operation Control Center) quality improvement activities, and performance evaluation of suppliers’ quality, the company comprehensively enhances the quality of products, services, and business operations. The company has also won the Wuhan Mayor’ s Quality Award and a series of excellent supplier awards, further demonstrating its outstanding achievements in quality management.



Data Security and Clients Privacy Protection

In the digital era, information security has become one of the core elements of enterprise operation, which is directly related to the enterprise’ s reputation, customer trust, and business continuity. HGTECH has been continuously carrying out and improving its information security work.

In order to ensure the comprehensiveness and effectiveness of customer data security, the company has established a multi-level and all-round information security architecture.



Information Security Management Measures

Network Security
<p>Construct the network according to the third-level security protection requirements, achieving high-level security standards in the five aspects of physical environment, network, host, application, and data, ensuring data integrity, confidentiality, and business continuity. Build a multi-layered protection system through technical and management means.</p> <p>Deploy firewalls, web application firewalls (WAF), threat detection and prevention systems to avoid external network attacks.</p> <p>Deploy Internet behavior management systems to regulate users’ Internet behavior, improve network security, protect corporate information security, and enhance employees’ work efficiency simultaneously.</p> <p>Deploy bastion hosts to achieve access control, auditing, and monitoring, preventing illegal access and operations.</p> <p>Deploy virtual private networks (VPNs) to enhance network security and privacy, encrypt data transmission, and ensure the security of remote access.</p> <p>Deploy access control systems to ensure compliant access and prevent security risks.</p>

Information Security Management Measures

System Security
<p>Deploy unified anti-virus software, issue strategies from the background to strengthen the operating system and ensure system-level security.</p> <p>Strengthen password management strategies.</p> <p>Regularly conduct vulnerability scanning and patch updates for the system, and promptly fix known security vulnerabilities.</p>
Data Security
<p>Use an all-in-one backup device for data backup, integrating backup, storage, and recovery functions to protect data security, quickly restore services, and ensure business continuity.</p> <p>Deploy cloud desktops to centrally manage and control R&D data, enhance data security, support remote collaboration, flexibly expand resources, and reduce operation and maintenance costs.</p> <p>Use encryption software to encrypt R&D data in real time to ensure data confidentiality, integrity, and availability.</p>
Management Security
<p>Improve information security management systems and processes. Through regular security audits, risk assessments, and other activities, ensure the effective implementation and continuous improvement of information security measures.</p> <p>Implement strict access control strategies to ensure that only authorized users can access sensitive information.</p> <p>Regularly review the account permissions of application systems and promptly clean up unnecessary permission settings.</p>
Employee Awareness of Security
<p>Regularly conduct information security training for employees to improve their security awareness and prevention capabilities.</p> <p>Educate employees to identify common network attack methods, such as phishing emails and malware, and learn how to prevent them.</p>
Client Information Security
<p>Data Encryption: Encrypt customer information during storage and transmission to prevent the illegal acquisition or tampering of information during the storage and transmission processes.</p> <p>Access Control: Implement strict access control strategies to ensure that only authorized personnel can access customer information. At the same time, regularly review and update access permissions.</p> <p>Security Audit: Regularly conduct security audits of the use of customer information to ensure that the use of customer information complies with laws, regulations, and company policies.</p>

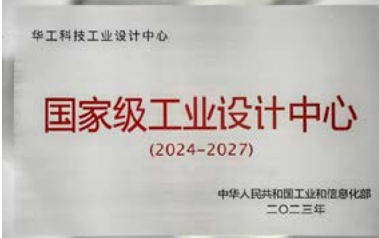
Intellectual Property Protection

As a listed company and an innovative enterprise, HGTECH integrates the work of intellectual property rights protection into the whole process of enterprise management as an important part of the company’ s development. It has formulated the “HGTECH Intellectual Property Rights Management Measures” and its implementation rules, and effectively implements laws and regulations such as the “Patent Law” and the “Trademark Law” . In combination with the actual development situation of the enterprise, it continuously improves and perfects the intellectual property rights management mechanism. The company strengthens the R&D management throughout the entire life cycle, promotes the improvement of the quality of intellectual property rights and scientific and technological achievements, and comprehensively incorporates intellectual property rights management into the whole process of implementing major special projects and key products. It forms an overall protection system for intellectual property rights covering various forms such as patents, technical secrets, and software copyrights, and establishes a working mechanism for patent risk early warning and response. For the key products of core holding companies, a variety of methods such as trademarks, patents, and standards are used for comprehensive, standardized and all-round protection, weaving an intellectual property rights protection network for specialized, refined, characteristic and innovative products. The company strengthens the construction of the intellectual property rights management team and regularly organizes training, the content of which involves trade secrets, trademark use, copyright, etc., comprehensively improving the capabilities of creating, applying, protecting and managing intellectual property rights. At the same time, legal means are used to carry out rights protection activities to avoid the risk of technology leakage caused by product counterfeiting incidents and the loss of technical personnel, and effectively safeguard the legitimate rights and interests of the company.

While strictly protecting its own intellectual property rights, the company also exercises strict self-management to ensure that it does not infringe upon the intellectual property rights of others. During the research, development, and technological transformation of new technologies, new processes, and new products, the company makes full use of intellectual property documents to formulate correct research directions and technical routes, raises the starting point of research and development, and avoids duplicate development or intellectual property infringement disputes.

In 2024, centering on market and customer needs, by guiding the research, development, and innovation of key new products and new technologies, the company applied for a total of 421 patents throughout the year, among which 192 were invention patents. It also applied for 113 software copyrights, and released 5 national standards and 10 industry standards for which it took the lead or participated in the formulation and revision.

HGTECH has 13 national-level talent and intelligence platforms, including a national-recognized enterprise technology center, a national-level industrial design center, a national CNAS laboratory, and a post-doctoral research workstation. The company has been successively recognized as a national innovative enterprise and a national high-tech enterprise, and has successively won honorary titles such as a national-level “Specialized, Refined, Characteristic and Innovative Little Giant” enterprise, a “Single Champion in Manufacturing” awarded by the Ministry of Industry and Information Technology, and a national intellectual property demonstration enterprise.



Promote Intelligent Transformation and Digital Transformation

Relying on the ties of industry-university-research-application, guided by the “national strategic needs and industrial development needs” , HGTECH has developed nearly a hundred sets of domestic laser equipment for industries such as new energy, semiconductors, new-generation display panels, ships and bridges, and aerospace. It has “upgraded the intelligence level” for industrial development from three aspects: “equipment intelligence, production line automation, and factory intelligence” . Adhering to the creation of “world debut, industry-leading, specialized, refined, characteristic and innovative products” , the company builds its foundation with precision, pursues strength with uniqueness, and empowers itself with innovation. It plays a role in strengthening, supplementing and stabilizing the industrial chain, and solves the “bottleneck” problems.

Up to now, the customers of HGTECH’ s intelligent manufacturing business have covered key industries of the national economy such as ships, energy equipment, construction machinery, steel structures, and new energy materials. It has provided intelligent manufacturing-related services including top-level design planning, production line planning and implementation, general integration of warehousing and logistics, and digital products for more than 700 enterprises, and has won a number of national-level honors, including 9 intelligent factories with a value of over 100 million yuan. It has helped many intelligent factories such as Jining Energy Xineng Shipbuilding, Zoomlion Heavy Industry Co., Ltd., Taiyuan Heavy Industry Co., Ltd., Weichai Lovol Heavy Industry Co., Ltd., and Shunte Electric Co., Ltd. to achieve digital and intelligent transformation and upgrading.



Weichai Lovol: Project of Intelligent Warehouse and Automatic Distribution for High-Horsepower Tractors



Zijin Lithium Yuan : Project of the Automated Stereoscopic Warehouse



Taiyuan Heavy Industry: The First Intelligent Cutting and Distribution Center in the Heavy Industry Sector in China



Shunte Electric: Digital Production Line Project of the Smart Factory for Transformers

Win–Win



Hand in hand with partners to move forward

The company has always adhered to the business principle of integrity as the foundation. It attaches great importance to the collaborative relationships with suppliers and customers, fully respects and protects the legitimate rights and interests of suppliers and customers. Guided by the principles of integrity, fairness, and justice, it jointly creates a good cooperative ecosystem and atmosphere, constantly pursues the goal of mutual benefit and win-win results, and achieves mutual benefit and win-win outcomes.

04

Supply Chain Security

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

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

Supplier Admission

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

The list of supplier admission qualifications includes

Basic Qualifications

Business license / credit certificate / authorized agency license

Professional Qualifications

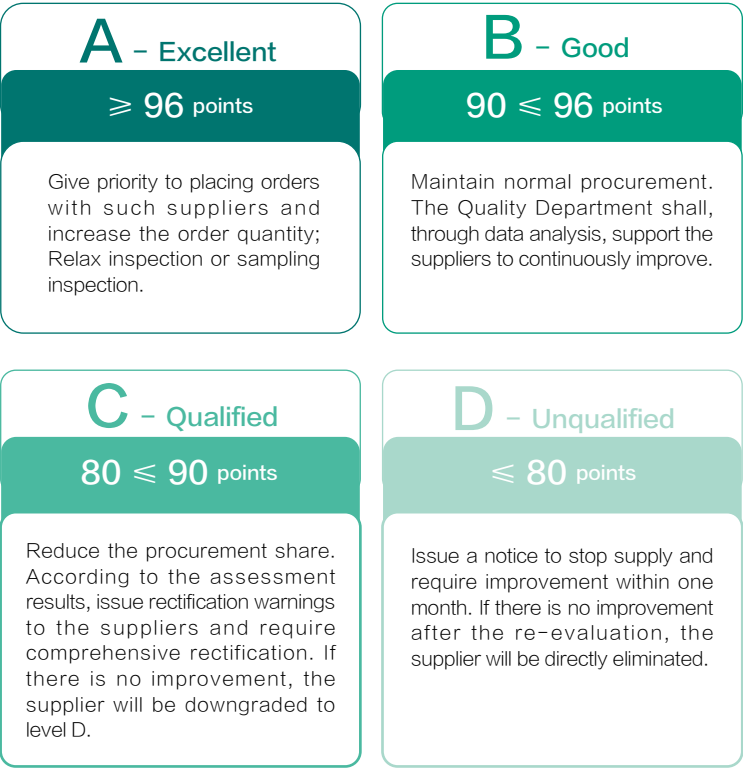
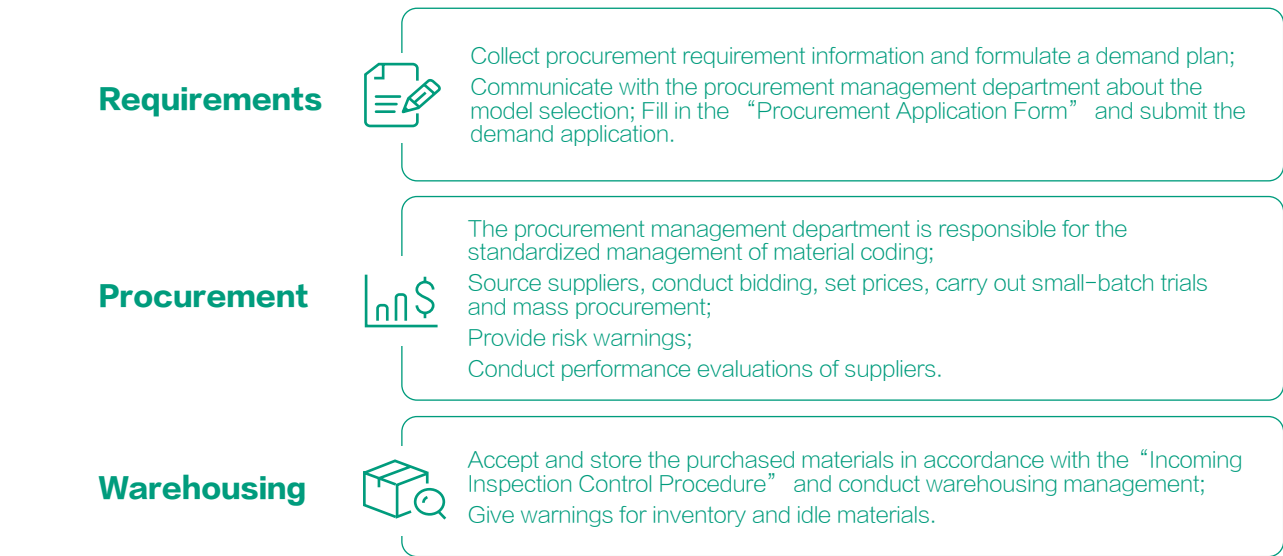
Product quality certification report / industry admission certificate (such as special equipment qualification) / quality management system certificate

Additional Verifications

Social responsibility compliance certificate / environmental management system certification / etc

Procurement Process

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



Supplier Assessment

The company has formulated the “Measures for the Management of Supplier Performance Assessment” . Through measures such as inspections, performance evaluations, and capability assessments, it conducts objective and comprehensive evaluations of suppliers from multiple dimensions, including supplier scale, product quality, order delivery time, after-sales service, etc. Four supplier grades, namely A, B, C, and D, are formed to achieve the survival of the fittest among partners and suppliers. A list of the company’ s excellent core partners and suppliers is established to create a sound ecological environment for the company.

- Improve Supply Chain Management Capabilities

 - Improve the supplier admission and evaluation system, strictly control the situation where technical personnel of product lines designate suppliers, and achieve the whole-life cycle management of suppliers.
 - Optimize the supply chain process, enhance the collaborative efficiency of the supply chain, take into account both joint and coordinated management and differentiated competition, and establish a more efficient, flexible and competitive supply chain management system.
 - Strengthen risk control and management, enhance the awareness of integrity and self-discipline, and ensure the legality and compliance of operations.

Empowering SMEs for High-Quality Development

In 2024, the company organized over 20 management coaching sessions for selected upstream enterprises through initiatives such as Monthly Quality Campaigns, Quarterly Quality Initiatives, and on-site audits. These efforts solved quality problems and secured an annual customer satisfaction rating above 95 points.

Collaborative development of industry, academia, research and utilization

The company has always been committed to the in-depth integrated development of industry, university and research. Focusing on strategic innovation projects and the research and development of core technologies, it actively builds cooperation bridges with universities, scientific research institutions and industry customers by means of establishing joint laboratories, making equity investments, dispatching excellent management personnel, and jointly breaking through key core technologies. It efficiently integrates and makes full use of social resources, promotes the transformation of scientific and technological achievements into practical applications, and contributes to the overall progress and innovation of the industry.

In 2024, HGTECH jointly established the Semiconductor Laser Equipment Industry Innovation Joint Laboratory with Huazhong University of Science and Technology, Optics Valley Laboratory, Jiufengshan Laboratory, Huaray Laser, and Changfei Advanced Semiconductor to promote the in – depth integration of industry, university, research, and application, and accelerate the transformation and application of scientific and technological achievements in the field of semiconductor laser equipment. The company also signed strategic cooperation agreements with 21 units, including Wuhan University of Technology, Optics Valley Laboratory, Jiufengshan Laboratory, Hikvision, and Inovance Technology, to focus on industrial directions and promote technological and industrial upgrades.

In the aspect of industry exchanges, the company regularly visits suppliers and major customers, and actively participates in various industry exhibitions and forums. Through in – depth exchanges and sharing, it keeps up with the industry development trend, grasps the frontier technical dynamics, and looks for potential cooperation opportunities, providing valuable industry insights and technical support for the company’ s development.



Protect Clients’ Rights and Interests

Three “Alls”

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

Create Value for Clients

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

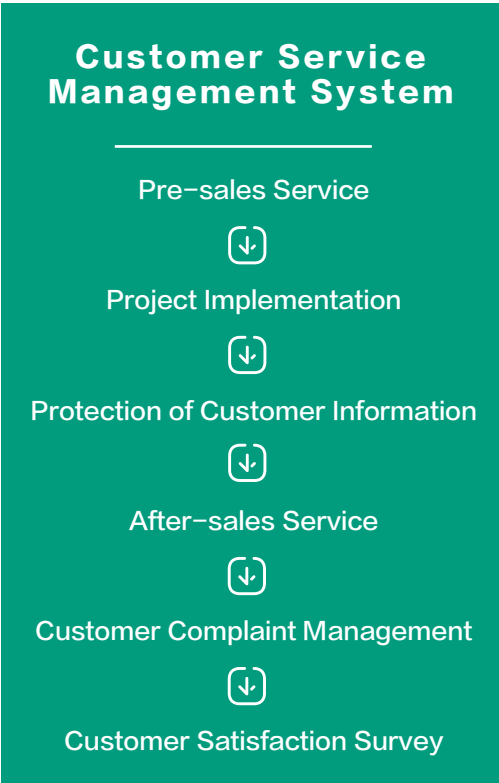
Customer Service throughout the Whole Life Cycle

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

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

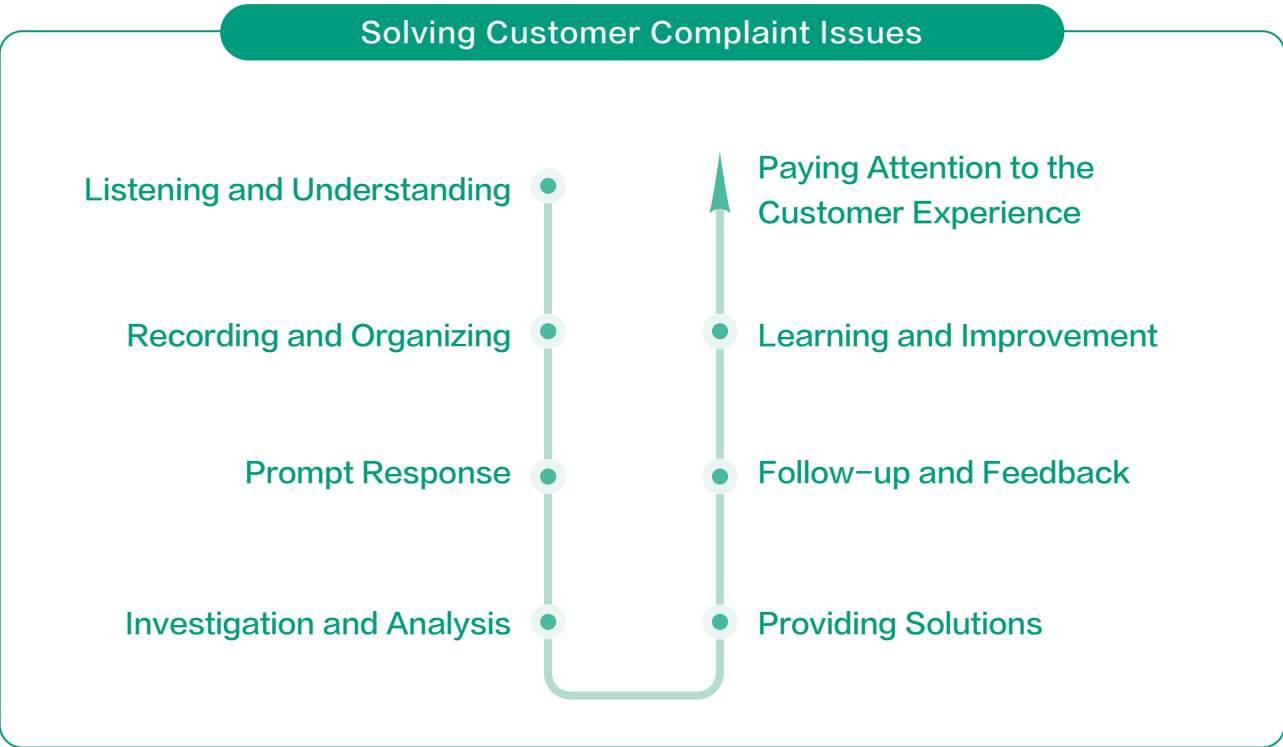
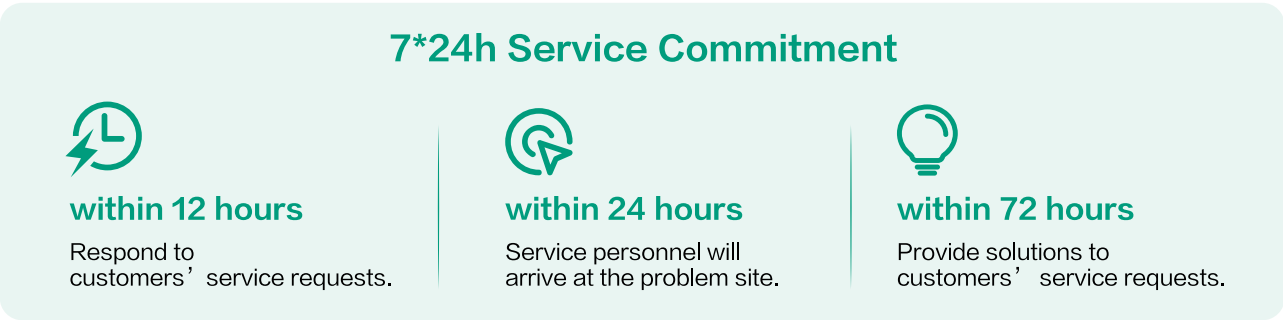
Customer Research

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



Customer Complaints and Feedback

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

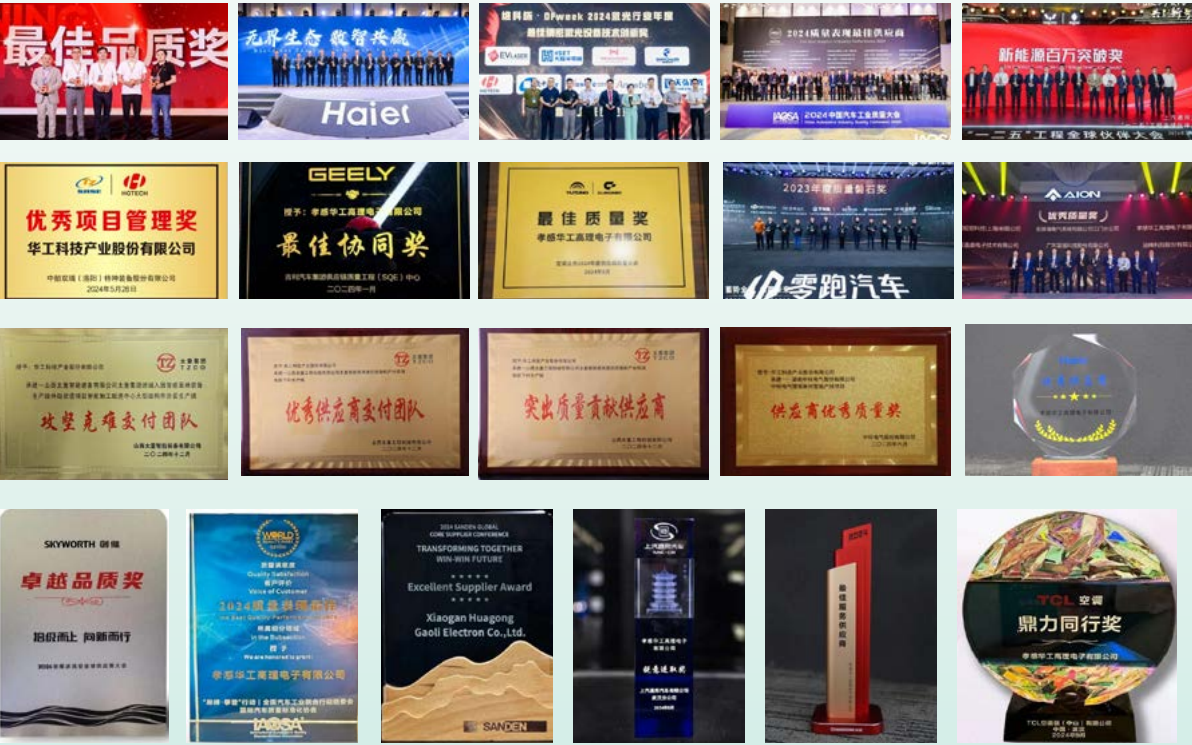


Solving customer complaint issues requires a proactive attitude, efficient communication and problem-solving abilities. The key is to focus on customers’ needs, put customers at the center, and strive to provide solutions that satisfy customers.

Customer Satisfaction Management

The company has always attached great importance to customer feedback. It has formulated and strictly implemented the “CX08-01 Customer Satisfaction Measurement Procedure” to measure customer satisfaction, mainly using electronic questionnaires to collect data and conducting telephone interviews. After the customer satisfaction survey is completed, the company requires each subsidiary to hold a summary and analysis meeting, reflect on the measurement methods and survey results, and form a customer satisfaction report, so as to continuously improve the company’s service quality and service level and enhance its market competitiveness. In addition, the company regularly conducts training for personnel in the online and offline marketing systems, such as training courses like the “Tempering Plan”, to continuously improve their marketing capabilities and customer service capabilities and enhance the quality of customer service.

In 2024, HGTECH and its subsidiaries won awards such as the “Best Quality Award” from Ningbo Deye, the “Best Supplier in Terms of Quality Performance in 2024” from the Automotive Quality Industry Association, the “Excellence in Quality Award” from Skyworth Electric Appliance, the “Pioneering Spirit Award” from SAIC-GM-Wuling, the “Outstanding Supplier Award” from Sanden, the “NIO Quality Excellence Partner” from NIO, the “TCL Air Conditioning’s Steadfast Partner Award”, the “2023 Collective Wisdom and Effort Award” from Tianjin Fuao Denso, the “Best Quality Award” from Supor, the “Best Quality Award” from Yutong Colin, the “Best Service Supplier” from Changhong, the “2023 Outstanding Application Award for Intelligent Manufacturing in China” from E-WORK, the “New Energy Million-unit Breakthrough Award” from SAIC-GM-Wuling, the Excellent Partner Award from Haier Smart Home, the VAVE Contribution Award from Deepal Automobile, the “Rapid Response to Supply Assurance in the Fourth Quarter of 2023” award from SAIC-GM-Wuling, the “Outstanding Quality Award” from GAC Aion in 2023, the “Best Collaboration Award” from Geely Automobile in 2023, the “Quality Pinnacle Award in 2023” from Leapmotor, the “GGII Golden Ball Award – Application of the Year 2024”, the Jungo Technical Innovation Award, the “Outstanding Quality Award for Suppliers” from Zhongke Electric, the commendation of the “Difficulties-overcoming Delivery Team” by a certain intelligent equipment company in Shanxi, the commendation of the “Outstanding Project Management Award” by a certain special equipment company in Luoyang, and the commendation of the “Supplier with Outstanding Quality Contribution” by a certain intelligent equipment company in Shanxi.



05

Environment

Cultivating Green Development Momentum

HGTECH is deeply integrated into China’s national “dual carbon” strategic framework, consistently elevating green development as a cornerstone of its corporate strategy. Guided by the new development philosophy of innovation, coordination, green growth, openness, and sharing, the company advances its environmental management systems while strengthening resource circularity and energy efficiency controls. Through continuous exploration of innovative practices in low-carbon sustainable development, HGTECH remains fully committed to accelerating the achievement of the “dual carbon goals”.

Environmental Management System

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

Environmental Compliance Management

To ensure the orderly implementation of environmental management work, HGTECH has formulated a series of environmental protection systems, such as Environment and Occupational Health and Safety Management Manual, Procedures for Environmental Factors Identification, Evaluation and Control, Safe Production Responsibility System and Safety Management System, in accordance with Environmental Impact Assessment Law of the People’s Republic of China and other relevant regulations. According to the requirements of GB/T 24001/ISO 14001 Environmental Management Systems—Requirements with Guidance for Use, GB/T 45001/ISO 45001 Occupational Health and Safety Management Systems—Requirements with Guidance for Use, and AQ/T9006 Basic Specifications for Work Safety Standardization, and HGTECH adheres to the principle of safety first and environmental protection, combined with the characteristics of relevant EHS management activities involved in the company product design, development, production and service. Additionally, HGTECH establishes EHS management system and EHS Management Manual which clearly defines EHS management system policies, objectives, and operational procedures, in accordance with relevant laws, regulations and other requirements.



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

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

Response to Climate Change

National Green Factory

HGLaser, a wholly-owned subsidiary of HGTECH, was awarded “Green Factory” in the “2024 Green Manufacturing List” issued by the Ministry of Industry and Information Technology of China. HGTECH has one more national honor! HGLaser continues to adhere to the green development, implements the national “dual carbon goals”, and constantly improve the green manufacturing management system. HGLaser will leverage its leadership role to drive green collaborative development across upstream and downstream industries, facilitating a comprehensive green transformation of the manufacturing sector toward “greening, automation, and intelligence” .

HGLaser establishes an energy management system in line with GB/T23331-2020/ISO50001:2018 standard RB/T 119-2015 Energy Management Systems Certification Requirements for Machinery Enterprise, and was awarded Energy Management System Certification, Certificate of Greenhouse Gas Verification, and Certificate of Carbon Footprint of Products in 2024.

Under the Notice of the General Office of the Ministry of Industry and Information Technology on the Construction of Green Manufacturing System (MIIT Section (2016) No. 586) and the Notice of the Ministry of Industry and Information Technology on the Issuance of (Interim Measures for the Cultivation of the Green Factory Gradient and Management) (MIIT Section (2024) No. 13), the ‘Evaluation Requirements for Green Factories’ and other relevant laws and requirements, the third-party evaluation agency, Central Union (Beijing) Certification Centre Limited conducts an evaluation of the establishment, operation and effect of the green factory of Wuhan HGLaser Engineering LLC. The whole evaluation process was strictly compliant with regulatory requirements and the internal management procedures of CEC. All requirements outlined in the evaluation criteria have been comprehensively addressed in this assessment, and the evaluation process was conducted with authenticity and validity. Based on document reviews and on-site assessments, CEC confirms that the evaluated entity complies with the Green Engineering requirements. The evaluated entity achieved a score of 93.7 points in the 2023 Green Factory Evaluation Index, which meets the Green Factory Evaluation Requirements.



Provincial Green Factory

Hubei Huagong Image Technology Development LLC actively explores the construction of green factories, improves the company’s green factory organizational structure and personnel management responsibilities, establishes and improves the management system and incentive system for green factories, regularly organize green factory trainings, carry out green factory audits, and improve the management system, ensuring that the requirements for the construction of green factories are satisfied. In 2024, Hubei Huagong Image Technology Development LLC was successfully awarded the green factory certification of the provincial level in Hubei. Additionally, HGLaser was also awarded as a provincial-level green factory.



Waste-free factory

In the list of “Waste-free Factory” in Wuhan model units (the first batch of 2024) issued by Wuhan Municipal Bureau of Economy and Information Technology and Wuhan Ecology and Environment Bureau, HGLaser was rewarded the model unit of “Waste-free Factory” in Wuhan.

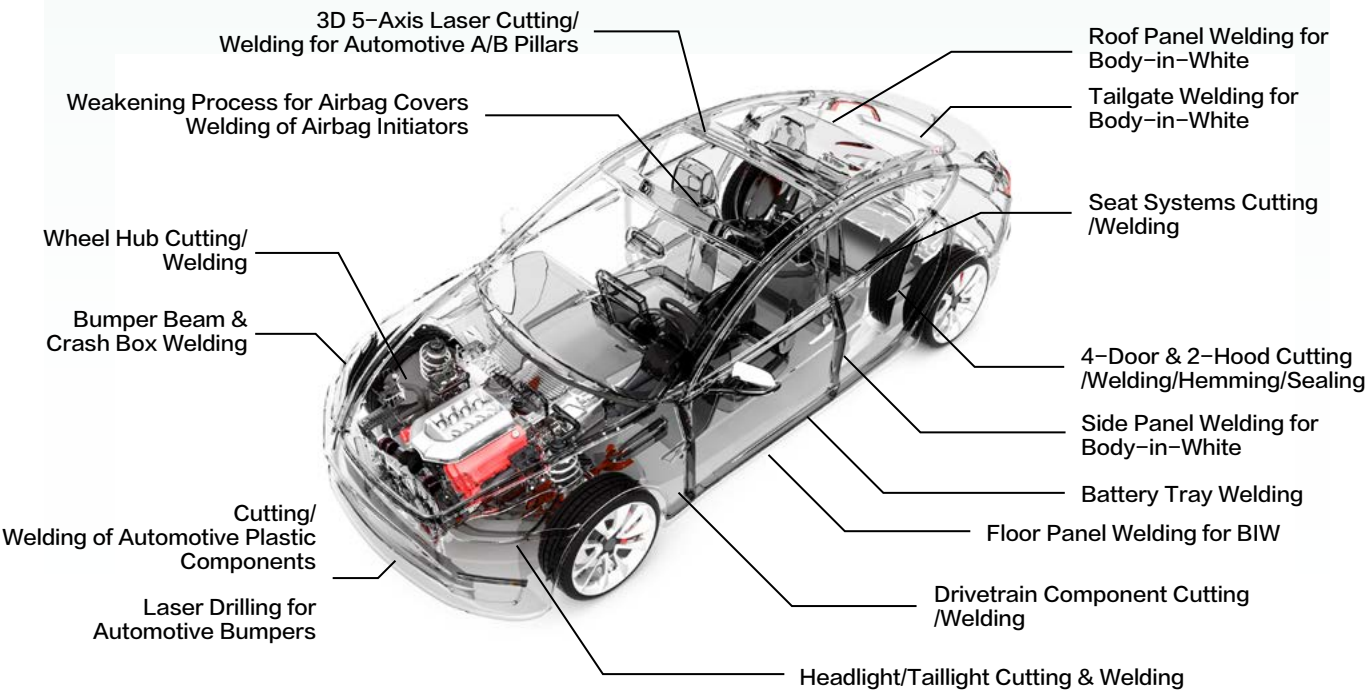
Greening Products to Achieve “Dual Carbon Goals”

HGTECH devotes itself to achieving the “dual-carbon goals” by improving processes, upgrading production equipment, building green factories, as well as researching, developing lightweight and intelligent green products and services, and improving and strengthening management. HGTECH catalyzes the green transition and upgrading of the manufacturing sector, drives green and low-carbon development, and then contributes to the Beautiful China Initiative.

Laser + Intelligent

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

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



Automotive Lightweighting

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

Application of Automotive Lightweighting



3D Five-Axis Laser Cutting Intelligent Equipment

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

PTC Heater

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

Integrated Laser Welding Equipment for Automotive Door Rings

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

New Energy Battery Pack Module and Battery Box (Tray)

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

Solar/Light/Rain/Defogging Sensor

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

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

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

Tire Mold Laser Cleaning Intelligent Equipment

Low-carbon Automation,
High-end Laser Equipment to Help Tire Industry Transformation

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

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

Laser + Intelligent •

Manufacturing Empowers the Maritime Industry’ s Low-Carbon
Exploration of the Oceans

The low-carbon requirements of the International Maritime Organization (IMO) are forcing shipyards to upgrade processes, but eco-friendly technologies often come with increased costs. For example, traditional cutting fumes account for more than 15% of total energy consumption, while laser technology inherently has a green DNA—zero emissions and low energy consumption. The laser intelligent production line, compared with the traditional flame cutting, the emission of VOCs from laser cutting is reduced by 92%, and the dust capture efficiency is ≥ 99.5% after equipped with the activated carbon + HEPA filtration system, also the sound pressure level for laser cutting is ≤ 75dB, which comply with the international environmental protection standards.

As a leading domestic supplier of intelligent manufacturing system solutions, HGTECH directly addresses the pain points of the shipbuilding industry and independently developed intelligent equipment for ship hull component manufacturing, represented by high-end laser cutting equipment, laser cleaning equipment, comprehensive scribing machines, and laser hybrid welding equipment. HGTECH also offer intelligent production lines for ship hull component manufacturing, represented by flexible intelligent material preparation lines and flexible intelligent welding lines, as well as industry digital products such as visual sorting and digital twins. We firmly believe that real “intelligent transformation and digitalization” do not simply replace manual labor, but rather leverage technology to make manufacturing more efficient, greener, and more humanity. The intellectualization of the shipbuilding industry is a marathon, and HGTECH is willing to be a “long-term partner” beside the shipyards, using hard technology to help China move from being a major shipbuilding country to a powerful shipbuilding nation.

Practices in Shipbuilding Industry



In 2024, HGTECH continues to plough into the shipbuilding industry, successfully signing projects such as “Jining Energy Xinneng Shipbuilding All-process Intelligent Factory” and “Jiangnan Shipbuilding Factory Automated Cutting Production Line for Assembled Parts” . In June 2024, the “Wuhu shipyard Weihai base intelligent cutting and blanking production line” project has successfully commenced operations. This innovative project has developed specialized processes for the shipbuilding industry including: 1.process information analysis, 2.inkjet marking, 3.bevel cutting, 4.edge chamfering, 5.automated material handling of semi-finished components. The system achieves full automation integration across all production stages: 1.part extraction from nesting diagrams, 2.steel plate marking and layout,3.automated cutting, 4.automated sorting, 5.automated beveling,6.automated edge chamfering,7.in-line buffering and palletizing via automated material handling. For the production process of inland vessels, HGTECH innovatively applies self-developed high-end laser cutting equipment, laser composite welding equipment and full-width multi-head marking and coding equipment in the project of “New Energy Ship Manufacturing Base All-process Intelligent Factory” , and adopts several self-developed new-generation information technologies such as cut-off line intelligent generation and identification technology, intelligent mixed-sleeve discharging technology, weak feature identification and positioning technology, visual AI intelligent sorting system, yard management system, intelligent central control system and digital twin system. High-precision identification and positioning technology, AI + vision intelligent sorting system, yard management system, intelligent central control system, digital twin system and many other self-researched new generation of information technology, to achieve the whole process from raw materials to the hull of the hull welding ship intelligent manufacturing, the completion of the project to achieve the production efficiency of the hull components have increased by 50%, the overall design efficiency have increased by 10%, the operating cost have reduced by 20%, the product first-pass yield rate increased to 95%, energy consumption per unit output reduced by 15%, the key equipment CNC rate of more than 95%, the rate of digital acquisition of more than 98%, intelligent system solutions hardware and software autonomy rate of more than 95%. After the completion of the project, it will form the first green, intelligent, intensive and standardized new energy shipbuilding base in China, realizing the standardized development, industrialized integration and large-scale application of inland new energy ships.



Self-Developed All-Purpose Line Marking and Printing Machine



Wuhu Shipyard Weihai Base Intelligent Cutting and Blanking Production Line



Shipbuilding Welding Production Line Solutions






Jining Energy Xinneng Shipbuilding All-process Intelligent Factory

Environmental Protection Investment

In 2024, the enterprises under HGTECH have cumulatively invested over 17 million yuan in environmental governance, mainly for the disposal of hazardous waste, the construction and operation and maintenance of waste gas treatment facilities, the improvement of on-site environmental facilities, environmental monitoring, regular monitoring of wastewater and waste, carbon emission compliance, the formulation of environmental contingency plans, environmental impact assessment and acceptance, and other environmental protection expenditures. The affiliated companies have paid environmental protection taxes in accordance with the law.

Waste Disposal

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

<div>Waste Water</div> <div></div>	<div>Management system: Wastewater Discharge Management Standards.</div> <div>Discharge category: domestic sewage, production wastewater.</div> <div>Pollution Prevention Measures: regular inspection of sewage discharge pipelines; regular sampling and monitoring; environmental pollution insurance coverage; establish a chemical wastewater depository; recycling and disposal by a qualified treatment center.</div>
<div>Waste Gas</div> <div></div>	<div>Management System: Management Measures for Exhaust Gases, Norms for Air Emissions Management.</div> <div>Emission categories: volatile gases from chemical substances, exhaust gases from cutting and welding processes, etc.</div> <div>Pollution prevention and control measures: open fume extraction equipment during production;</div>
<div>Hazardous Waste</div> <div></div>	<div>Management System: Waste Management Regulations, Waste and Discarded Materials Management Regulations</div> <div>Discharge categories: mercury-containing batteries, waste mixed hardware, waste electronic components, waste activated carbon, chemicals, etc.</div> <div>Pollution prevention and control measures: set up corresponding waste storage areas and garbage containers, and mark them; use chemical crates when turn over or transport corrosive chemical bottles.</div>

General Industrial Waste



Management System: Waste Management Regulation, Waste and Waste Management Regulations.

Emission categories: waste cartons, waste metals, waste glass products, waste plastics, etc.

Pollution prevention and control measures: for recyclable waste: sold to waste collectors or direct recycling on its own; for non-recyclable waste: managed through a sanitation service agreement between the property management company and local municipal sanitation department, ensuring centralized processing in compliance with environmental regulations.

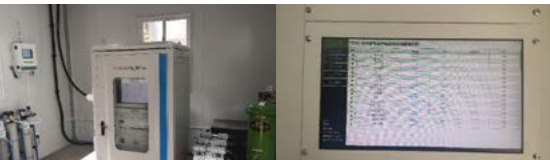
Case

Waste gas

HGImage and its subsidiaries strictly comply with national laws and regulations regarding the prevention and control of air, solid waste, noise, and water pollution. For production waste gas, it has newly installed 4 sets of advanced RTO regenerative thermal oxidation systems. These systems can efficiently and centrally collect and catalytically combust medium- to high-concentration organic waste gas with air volumes of 20,000 m³, 30,000 m³, 40,000 m³, and 55,000 m³ respectively, achieving 100% harmless discharge of waste gas in production line and reducing VOC emissions by 21.472 tons. In addition, total hydrocarbon, methane, and non-methane total hydrocarbon concentration online monitoring devices have been installed in the discharge pipelines of the RTO regenerative thermal oxidation systems to monitor in real-time whether the waste gas meets the standards after being treated by the RTO. These devices are also connected online to the data system of the Environmental Protection Bureau to achieve real-time data monitoring of the company’s waste gas emissions. The monitoring results of waste gas, wastewater, and noise are all qualified every year.



RTO Regenerative Thermal Oxidation System



Total hydrocarbon, methane, non-methane total hydrocarbon concentration online monitoring device

Hazardous Waste

HGImage and its subsidiaries have established and strictly implemented the Hazardous Waste Collection, Storage and Transfer Management System, Emergency Response Plan for Environmental Emergencies, and actively disposed hazardous wastes, such as hazardous chemicals. It also carries out chemical spillage emergency response drill and other environmental emergencies to effectively prevent hazardous waste from polluting the environment and jeopardizing the health of employees.



Chemical Spillage Emergency Response Drill

Cases of “Three Wastes” Management ●

Case 1:

In accordance with the self – monitoring requirements of pollutant discharge permit, HGImage commissioned a third-party organization, Wuhan Jinglan Testing Co., Ltd., to carry out environmental testing in 2024. The company’ s wastewater, waste gas, and noise at the factory boundary were tested, and the test results met the standards. Among them, waste gas was tested twice a year, domestic wastewater was tested once a year, and noise at the factory boundary and unorganized waste gas were tested once a year.

Case 2:

In accordance with the self-monitoring requirements of pollutant discharge permit, HGGaoli entrusted a third-party institution, Hubei Lanke Testing Technology Engineering Co., Ltd., to conduct environmental testing in 2024. The company’ s wastewater, waste gas, and noise at the factory boundary were tested, and the test results met the standards. Among them, waste gas was tested twice a year, domestic wastewater and unorganized waste gas were tested once a year, and the noise at the factory boundary was tested four times a year. The Fujioduo tin plating workshop of HGGaoli conducts organized waste gas testing twice a year and unorganized waste gas testing once a year.

Case 3:

Hubei Huagong Image Technology Development LLC conducts monitoring of waste gas, waste water and noise twice a year. In June and November 2024, it has entrusted the qualified third-party company, Hubei Meichen Testing Co., Ltd., to sample and test waste gas, wastewater and noise, and all test results are qualified.

Pollutant Discharge

In order to implement the national environmental protection policy, HGGaoli, a wholly-owned subsidiary of HGTECH, has formulated a series of sustainable development system documents, such as Carbon Emission Management System, Hazardous Waste Storage and Disposal Management System, Noise Control Management System, Management Regulations on Fixed-point Disposal of Park Garbage, Management System for Precursor (Highly Toxic) and Explosive Hazardous Chemicals, and Energy Conservation and Consumption Reduction Management System. These documents are used to conduct analysis, prediction and assessment of the impact on the ecological environment in advance. HGGaoli continuously increases its investment in energy conservation and emission reduction, phases out outdated equipment, and ensures that wastewater, waste gas, noise and solid waste are discharged in compliance with standards. At the same time, HGGaoli deeply promotes lean management, improves the production process, enhances the treatment efficiency of the three waste (wastewater, waste gas and solid waste) and the utilization efficiency of energy, and actively creates a green factory.

With strict management, HGGaoli successfully changed its sewage discharge permit to simplified management. In 2024, HGGaoli passed the renewal audit of the environmental management system and was rewarded the certificate. HGGaoli has achieved zero violations in pollutant emissions throughout the year, and there were no accidents at or above the minor injury level or environmental accidents. What HGGaoli has done has effectively promoted the sustainable development of the company and whole society, setting an example for the green development of the industry.

Rational Utilization of Resources


HGTECH has always been an active responder to environmental protection. Adhering to the two-way management model of “technological transformation and management” , it has formulated management systems such as Energy Management System and Management Specification for Resource and Energy Conservation. These systems aim to achieve the energy management goals of “refined energy management, scientific energy metering, energy conservation accountability, and visual on-site management” . By doing so, the company reduces its resource and energy consumption, improves the utilization rate of resources and energy, minimizes resource waste, cuts costs, and fully realizes the scientific, rational, and effective use of resources and energy. At the same time, it also enhances the modernization level of the company’ s energy management.

Circular Economy

In accordance with the principle of recycling, reuse, cost reduction and waste reduction, Hubei Huagong Image Technology Development LLC continues technological innovation and process optimization, and carries out the secondary reuse of PET film products after stripping. Hubei Huagong Image Technology Development LLC recycles 250 tons of PET film products annually, further effectively reducing the amount of solid waste generation.

Resource Management and Energy Saving Measures

Electricity Consumption



Lighting, Office Electricity

Office area: Use natural light as the main lighting, and turn on 2/3 (on cloudy days) or 1/3 (on sunny days) of the lighting during the day.

Corridors, locker rooms, restrooms: natural light is the main source of illumination during the day; turn on 1/2 of the lights on cloudy days when there is insufficient light.

Roads in the factory: keep lighting off during the day, and keep lighting on at night.

Each production workshop:keep lighting on according to the workforce and work part of the lights; in non-work areas, only open a (or a row of) lights; during non-working hours, only part of the lights (a or a row) to ensure that the channel lighting to facilitate personnel’ s movement .

Office appliances (such as: computers, printers, water dispensers, etc.) must follow:turn on only when needed, shut down immediately after use; computer monitors are automatically sleep after 3 minutes of inactivity; computer monitors are manually power off when leaving workstations. unplug power cords at end of day.

Electricity Consumption of Production and Power Equipment

According to centralized production, each department should avoid equipment empty run, and follow the three optimal energy – saving status labels for equipment startup frequency in the Equipment Management Procedures (i.e., use upon startup, intermittent shutdown, and keep running for long – term use) to determine when to switch on or off. When the equipment shuts down or not in use, it should be turned off and the power supply should be cut off.

Power equipment: According to the temperature and humidity of the workshop, refrigeration mainframe, boiler, humidifier, dehumidifier, wind cabinet, cooling water pump, chilled water pump, shall be adjusted to the most energy-saving way.

Air Conditioning Management

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

Water Consumption



According to the water consumption plan issued by the Municipal Water Conservation Office, the company strictly controls the clean water, water consumption and sewage discharge.

Each subsidiary equipment management department is responsible for inspecting water supply pipe network, timely discovering and repairing leakage faults, and preventing leakage and water waste. Water usage in the restrooms should be paid special attention. Close the valve in time after flushing the toilet. Only turn on the faucet halfway when washing hands and turn it off promptly after use.

Oil Usage



During the operation of various types of equipment, attention should be paid to lubricating materials used (such as the lubricating oil for air compressors) to avoid waste. The company’ s shuttle buses are electric vehicles, which helps reduce greenhouse gas emissions.

When maintaining equipment and facilities, each department should pay attention to the amount of lubricant to avoid excessive application, and waste and leakage to the ground, polluting the environment.

Office supplies



The company actively promotes office automation and networking, tries to use electronic documents and electronic mailboxes in work, and advocates revising manuscripts on electronic media to reduce paper consumption.

A designated person should be assigned to manage the daily office supplies of each department, and the system for requisitioning office supplies should be strictly implemented; except for the confidential information of the company, the paper materials should be utilized on both sides.

Streamline documents. For matters that do not necessarily require issue official documents for deployment, try to deploy them through meetings as much as possible. For matters that truly require the issuance of official documents, the printing quantity should be accurately calculated to avoid reprinting and excessive printing.

Economically use cleaning and sanitation tools. Mops, rags, waste paper baskets should be properly stored to extend the service life.

Gases Usage



Nitrogen, air pressure gas, etc.

All subsidiary equipment management departments must perform regular maintenance on gas supply systems according to the Gas Supply Equipment Maintenance Work Instructions.

Each gas-consuming department should adjust the gas pressure range and the requirements of the production process to the minimum pressure, to reduce the flow rate and save gas.

According to the requirements of equipment and process, all gas-using departments do not use nitrogen gas if they can use air pressure gas, and do not use high-purity nitrogen if they can use general nitrogen, so as to reduce the cost of gas source.

Raw materials



The company purchases main raw and auxiliary materials according to the amount of usage and existing stock.

The use of raw and auxiliary materials should strictly adhere to the principle of “first in, first out” to prevent from ineffective or deteriorating.

Each department should avoid wasting reusable raw and auxiliary materials as well as leftover materials by discarding them casually. If these materials have the potential for reuse, they should be utilized again.

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

Environmental Protection Initiatives at Overseas Bases

Examples of Practice

HGGenuine, a wholly-owned subsidiary of HGTECH, initiated the preparation of its overseas factory in Thailand, covering a total area of 5,032 square meters. By November of the same year, the production line was officially operational, focusing on the mass production of 800G/1.6T high-speed products. Since its establishment, the company has consistently paid close attention to and thoroughly researched Thailand’ s environmental policies and regulatory requirements, actively integrating these standards into daily operations. Adhering strictly to local environmental regulations, the company demonstrates a strong sense of responsibility and unwavering commitment to environmental protection. Through continuous learning, it optimizes management practices to advance sustainable development goals and contribute positively to local communities and the environment.

In compliance with Thai laws and regulations, including the Factory Act, National Environmental Quality Promotion Act, Hazardous Substances Act, Occupational Safety, Health, and Environment Act, and Wastewater Discharge Standards for Factories and Industrial Zones, the company has established a series of institutional documents focused on sustainable development and environmental protection. These include but are not limited to Safety Production Responsibility Management Regulations, Occupational Health Management System, Fire Safety Management System, Chemical Usage Safety Operating Procedures,

Safety Operations Supervision System, Resource and Energy Conservation Management Regulations, Wastewater Discharge Management Regulations, Air Emission Management Regulations, and Noise Emission Management Regulations. By rigorously implementing these systems, the company achieved zero violations of pollutant emissions throughout the year, with no environmental pollution incidents or personnel casualties, fully demonstrating its social responsibility in environmental protection and safety management.

Examples of Practice

HGGaoli, a wholly-own subsidiary of HGTECH, established Electronics (Thailand) Co., Ltd at 10th January, 2024, and invested 45 million RMB. As, since establishment HGGaoli Electronics (Thailand) Co., Ltd has developed a series of rules and regulations regarding to sustainability, including Regulations on Hazardous Waste Storage and Disposal Management, Regulations on Noise Control Management, Regulations on Designated Disposal of Site Scrap and Waste, Regulations on Controlled Substances (Toxic/ Explosive Chemicals), Regulations on Energy Conservation and Consumption Reduction Management. All documents are under ISO14001:2015&45001:2018 system and relevant law in Thailand. Throughout the year, there were zero violations in pollutant emissions, zero incidents of minor injuries or above, and zero environmental accidents.

Guardianship



Take Care of Employee and Development

HGTECH cares, respects, safeguards the legitimate rights and interests of every employee, and ensures that every employee can find a platform for growth and development. The company provides a diversely flexible training system to help employees continuously improve themselves and achieve their career goals. At the same time, HGTECH attaches great importance to physically and mentally health of employees, strives to create a friendly and harmonious working environment, so that all employees can feel the care and warmth of the company while working.

06

Employee Rights and Benefits

Employee Employment and Basic Rights

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

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

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

Employees Rights & Management Methods



Recruitment and Dismissal

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

Dismissal: The company conducts dismissal-related work with employees in accordance with local laws and regulations.



Salary and Promotion

Salary: The company adheres to equal pay for equal work, continuously optimizes the system management system, and provides employees with competitive salary. A precise incentive mechanism is set up according to different job categories, enabling those value-contributors to have a greater sense of fulfillment and fully stimulating employees' potential.

Promotion: The company implements the principles of open, fair and just promotion management. There are four basic principles in managers selection:

- having both ability and integrity, and integrity taking precedence;
- focusing on performance and conducting multi-position rotations;
- competing for employee with open procedures, keep flexible for both upward and downward mobility;
- giving more chances to young cadres with professional expertise.



Working Hours,
Overtime,
and Vacation

Working Hours: The company has formulated management systems to ensure that working hours in different locations comply with local regulations. Different shifts are set according to production needs, and employees’ rights and interests are protected as stipulated.

Overtime: The company advocates "Happy Work, Healthy Life" and opposes all forms of perfunctory overtime. There is an application for overtime work in advance if necessary. The company aims to continuously improve work efficiency by enhancing employees’ professional qualities, optimizing processes, promoting informatization, and carrying out production automation transformations, enabling employees to strike a good balance between work and life.

Vacation: In accordance with local laws and regional policies of the working locations, the company provides employees with paid annual leave, marriage leave, maternity leave for female employees, nursing leave, etc.

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

Employee Benefits

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

Consolation Benefits

- Condolences to employees in difficult situations
- Condolences to retired employees
- Condolences to sick employees
- Condolences for the death of employees’ near kin, etc.

Health Benefits

- Annual physical examination
- Supplementary commercial insurance

Statutory Benefits

- Statutory holidays
- Marriage leave
- Maternity leave and paternity leave
- Annual leave, etc.

Living Benefits

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

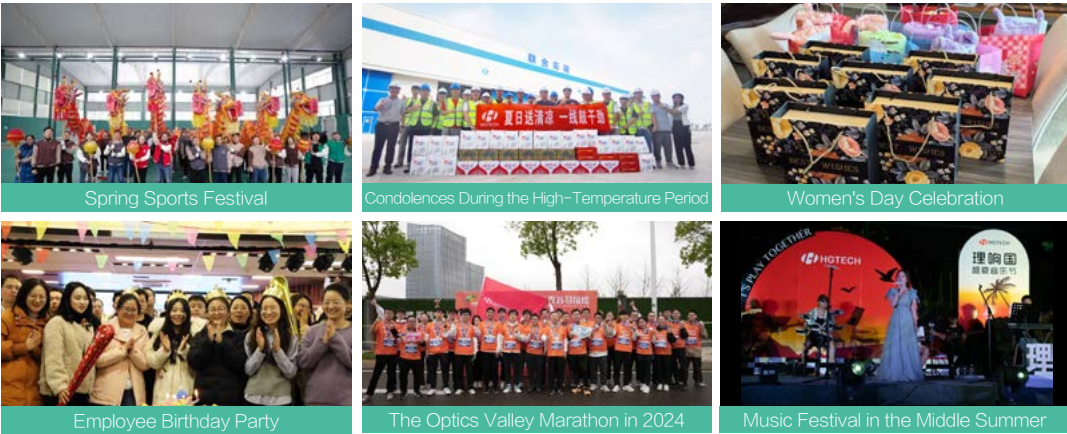
Growth Benefits

- Learning allowances
- Remuneration for in – house trainers
- Allowances for in – house trainers
- Evaluation for excellence and commendation

Employee Care

The company adheres to the work philosophy of “Happy work and Healthy life”, devotes itself to creating a comfortable working environment for employees. The company actively carries out various activities in employee care and consolation, creating a warm and harmonious workplace environment.

The company continuously cares for the health and life of employees and their families, and provides supports to employees in difficulty. During the reporting period, the company spent a total of RMB222,100 on helping employees in difficulty.



Employee Development and Training

Talent Echelon
Construction

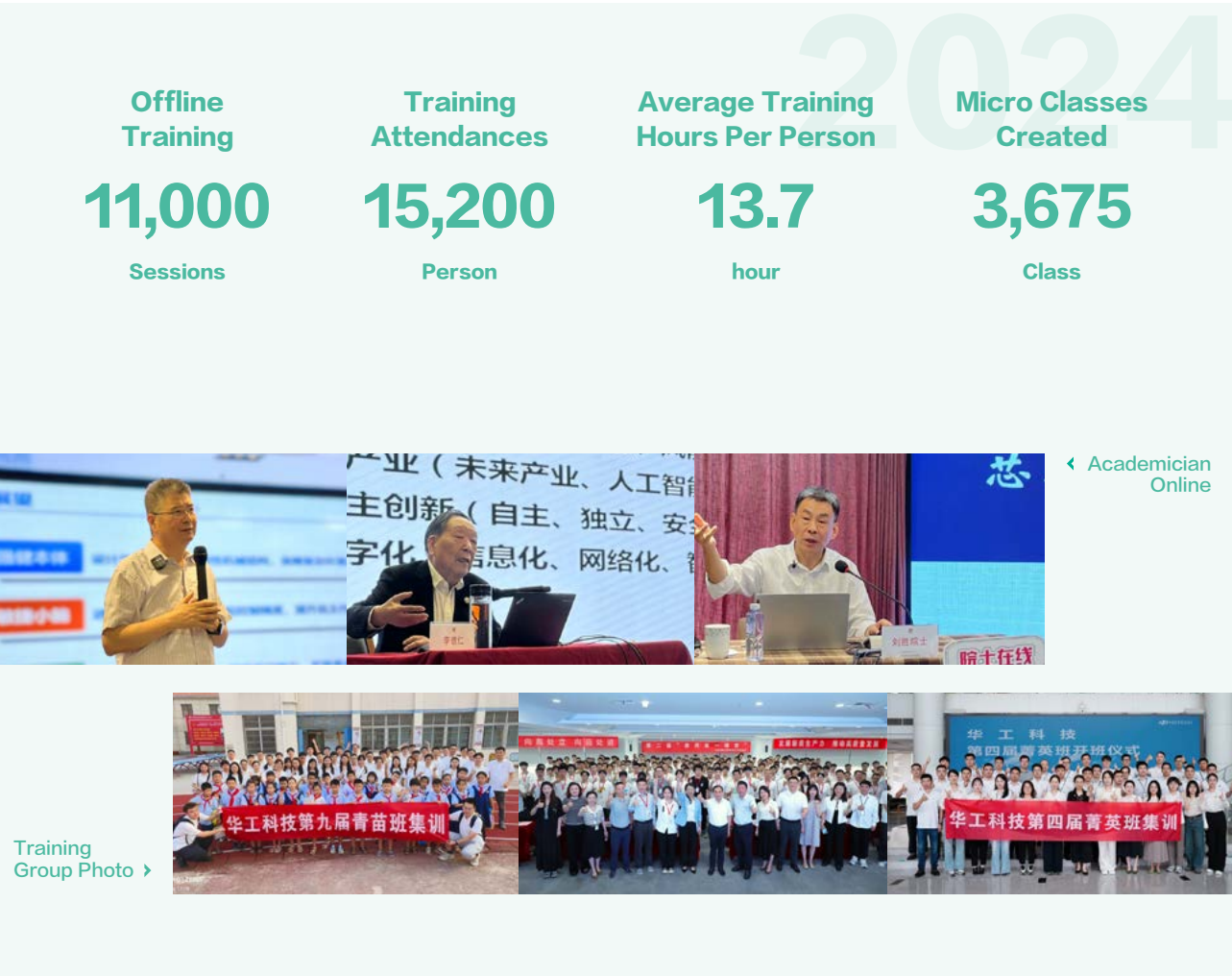
On June 28, 2022, General Secretary Xi Jinping emphasized that technological innovation depends on investment and talent during his inspection to HGTECH. HGTECH has always holds the concept of “the future of enterprise lies in innovation, the key to innovation lies in investment, and the focus of investment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

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



Multi-dimensional
Talent Cultivation
System

As the starting point —— “making the best use of everyone’ s talents and creating value together” . The company innovatively put up with many talent cultivation methods under the philosophy that “everyone can succeed” . HGTECH has actively established a three-level training system: Young Talent Training, Elite Training, Senior Management Refresher Workshop. Special talent cultivation programs have been innovatively advocated: Product Line General Manager Training Camp, Mobile Classroom for Salesman, Academician Online, Growth Plan, 91 Talent Classroom. Also HGTECH has explored and established: Reverse mentoring post-95, Younger cadre team, Online training methods, OPE Micro Academy, Online and offline training. HGTECH has been encouraging employees to learn independently and empower themselves, and building a learning organization where “everyone can learn everywhere at any time if wanted” . At the same time, HGTECH has formed a talent cultivation model with joint efforts from the government, universities, and enterprises, by focusing on the construction of HGTECH CENTRAL RESEARCH INSTITUTE, the cultivation of outstanding engineers, and the training of engineering masters and doctors.



Training Systems for Employee

Research & Development

Academician Online
IPD
Technical Night Talk
Engineering
Laser First Classroom

Marketing

Mobile Classroom for Salesman
Wolf Class
Industry Show
Sales Toolkit
Hardening Program

Managers

Executive Charging Workshop
Product Line General Manager
Training Camp
Elite Class
Youth Class

General Training

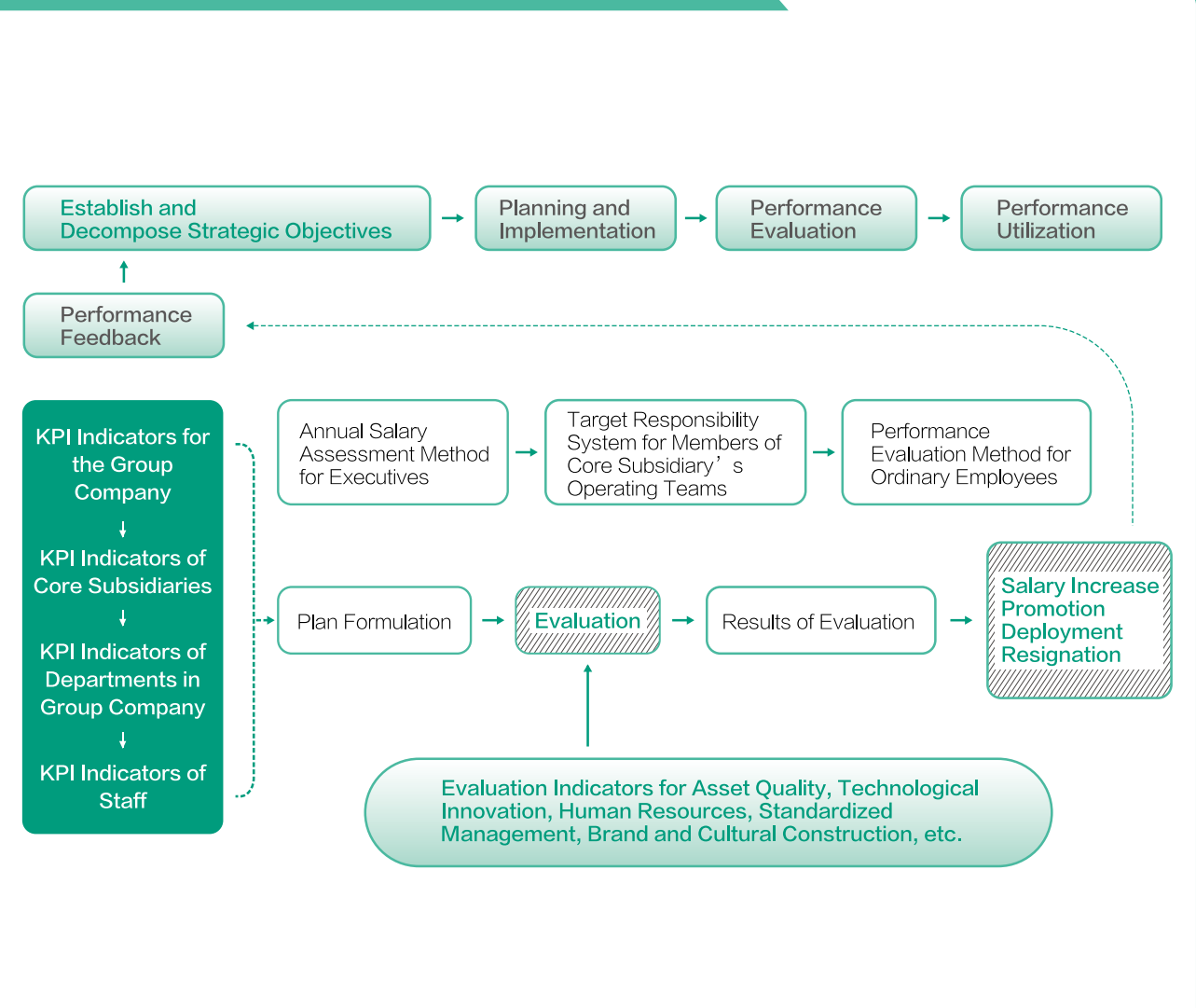
New Employee Training
Lean Office
91 Talent Classroom
Book Reading Club
Xin Xin Xiangrong



Employee Promotion and Incentives

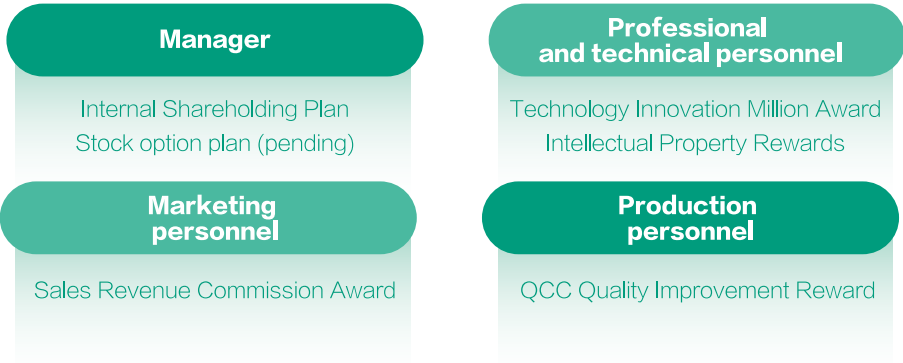
The company advocates “let value contributors have more sense of achievements, let value contributors stand in the center of the stage” , establish the precise incentive management system, make smaller accounting unit, designs more attractive material incentive and spiritual incentives, such as annual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

Company Performance Management Model



Main Incentives

Material incentives



Non-material incentives



Occupational Health and Safety

Production Safety

In terms of production safety, the company comply with relevant laws such as the Work Safety Law, Fire Safety Law. Safety policy: safety first, prevention first, comprehensive management. Requirements: full coverage, zero tolerance, and emphasis on effective. All men should be responsible for production safety. The company has clearly defined the division of responsibilities, and signed 977 safety responsibility certificates involving more than 8,300 personnel. The company has issued systems to standardize the management process of work safety, such as Accident Management System, Ten Prohibitions on Safety, Training for Work Safety Education and Labor Safety Supplies Management.

Closely focusing on the company’ s annual plan, we further improve the responsibility management system, establish safety and defense responsibility system. To enhance safety awareness and ability, the company carried out 25 safety trainings throughout the year, with a total of 5,165 training attendance. HGTECH has deeply carried out the “dual control” work of safety risk control and hidden danger investigation, adhering to the combination of special inspections and daily investigation. A total of 26 comprehensive safety inspections have been organized, more than 260 safety production hidden dangers have been investigated, and 253 have been rectified and closed, with a rectification completion rate of 97%.

Emergency Response

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



Fire Safety Drill



Firefighting Skills Competition



Safety Escort, "Rescue" Around YouSpecial Training on First Aid

Occupational Health

In order to prevent, control and eliminate occupational hazards effectively, and protect the healthy and other interests of the employees, the company has formulated the Occupational Health Management System, Occupational Health Physical Examinations and other systems in accordance with Law on the Prevention and Control of Occupational Diseases. By system standardization, training, education, and occupational health publicity, etc. HGTECH has been continuously strengthening the management and detection of occupational hazards, and its prevention and control. The main occupational diseases involved in the company are noise, dust, chemical substances, laser radiation and so on. In daily work, the company employees are equipped with personal protective equipment (such as earplugs, ear muffs, dust masks, anti-virus masks, etc.), also protective facilities such as dust removal, ventilation, soundproof walls, etc., HGTECH supervises the employees to receive and wear daily labor protection products to protect the health and safety of the employees in working. In addition, in accordance with the Technical Specification for Occupational Health Surveillance and other standards, the company has commissioned a third-party qualified medical examination organization to carry out occupational health tests for employees in occupationally hazardous positions, build up a file for monitoring, and immediately inform the results of tests.



In 2024, HGTECH was awarded the Certificate of Occupational Health and Safety Management System. Throughout the year, there is no incidents which have adverse effects on social and internal security and instability. There is no fire safety accident, explosion accident, serious security accident, and unsettling incidents seriously jeopardizing the society. HGTECH has successfully completed the annual work of production safety.

07

Giving Back



Practice Social Responsibility

HGTECH actively undertakes social responsibility, firmly integrates the fulfillment of social responsibility into the production management. Throughout the synergistic development of industrial regions, popularization science education, public welfare practice, etc., HGTECH is always giving back to the society with its own actions.

Technology Serves for Social Development

Under the guidance of Hubei Province’ s Strategy-- “Rise of Central China” , HGTECH gives full play to the driving effect of leading role: take application scenarios as the traction; strengthen the deployment of industrial forward-looking system; increase innovation investment; promotes cross-industry and cross-regional integration of innovation resources; promotes innovation and collaboration of industrial chain supply chain; drives the development of industrial clusters by extending, supplementing, and strengthening the chain. HGTECH has promoted the development of local electronics industry and advanced equipment manufacturing industry. HGTECH has become a model of Wuhan’ s high-tech industry radiating and driving the surrounding area, injecting a strong impetus for the synergistic development of regional economy.

With an investment of more than 1 billion RMB, the company has established HG Xiaogan Electronics Industrial Park and Ezhou Advanced Equipment Manufacturing Base in Xiaogan, Ezhou and Jingmen, which not only promotes the accelerated transformation of innovation achievements and the rapid development of key industrial clusters, but also expands new development space for all enterprise and the city. Jingmen New Anti-Counterfeit Packaging Material Manufacturing Base has employed the poor and disabled people in the neighboring area. It provides more suitable jobs, and contributes to the disabled people. Xiaogan Sensor Manufacturing Base has employed the disabled, and takes the lead in joining the Xiaogan Love and Help the Disabled Employment and Entrepreneurship Enterprise Union. The company takes care of the disabled from all aspects, and creates a favorable atmosphere for the whole society to help the disabled.

In addition, as a major taxpayer, HGTECH pays full taxes timely, which providing stable tax support for the local economy. The company has awarded the honor of Top Ten Taxpayers in the East Lake High-tech Development Zone for many consecutive years. Recently, HGTECH has been deeply exploring into the high-end markets in emerging fields, continuously increasing its investment in research and development, and creating a highland for gathering high-quality talents. Amid the new development paradigm where domestic and international circulations mutually reinforce each other, we will strengthen existing advantages, address weaknesses, forge new competitive edges, and catalyze the emergence of cutting-edge technologies, innovative products, and transformative directions to inject robust momentum into sustained regional economic growth.

Social Contributions

Public Benefit Science Education Outreach

As the first science and technology exhibition hall in China to display laser science and technology, laser technology application and intelligent manufacturing, HGLaser is committed to providing the public with colorful science education and training and practical activities, with the goal of “spreading laser science knowledge and promoting laser technology application” , Since its completion in June 2020 and officially open publicly in early 2021, for the national public, Laser Technology Museum carries out the “National Popularization of Science” , “Public Open Day” and other science education activities. Through interactive exhibitions, explanations, demonstrations, practical operations and other forms, visitors can gain a deeper understanding of the development of laser technology, application fields and future trends. In 2024, HGLaser Technology Museum hosted 1,500 sessions for Industry professionals (automotive, aerospace sectors), general public visitors, student groups, with almost 24,000 visitors’ attendance; delivered 142 customized science programs for domestic school groups and leading higher education institutions; conducted live-streamed science demonstrations with Optics Valley Suspended Monorail, Wuhan Open Tennis Tournament, Hubei Provincial Science Museum, to provide more interesting science experience.



Public Welfare Practices and Rural Revitalization

In order to enrich the extracurricular reading resources of rural students and broaden their knowledge horizons, the 8th Youth Class of HGTECH planned several thematic activities such as “bookmarks with love and creativity”, “waste to treasure” , “auction with love” , “salted fish exchange” in 3 months.

On March 5, 2024, at the closing ceremony of the 8th Youth Class, all the students of the 8th Youth Class donated their earnings to Wuhan Youth Development Foundation, which support the construction of the “Project Hope Library” in the central elementary school of Fenghuang Town, Xinzhou District, Wuhan City. At present, the plaque-unveiling ceremony of the “Project Hope Library” has been completed in Fenghuang Town Central Primary School, Xinzhou District, Wuhan City.

In addition, in 2024, members of the Youth League Committee of HGTECH and young volunteers formed six loving teams and went to Chongyang County in Xianning City, Jieheshi Town and Xizhai Town in Songzi City, to carry out the Ruby Public Welfare Campaign. They visited more than 25 families in need, paid a visit to and offered condolences to more than 40 school-age children. They delivered love funds, school supplies, daily necessities and living items to each child, and assigned love liaison officers in a ratio of one to two.



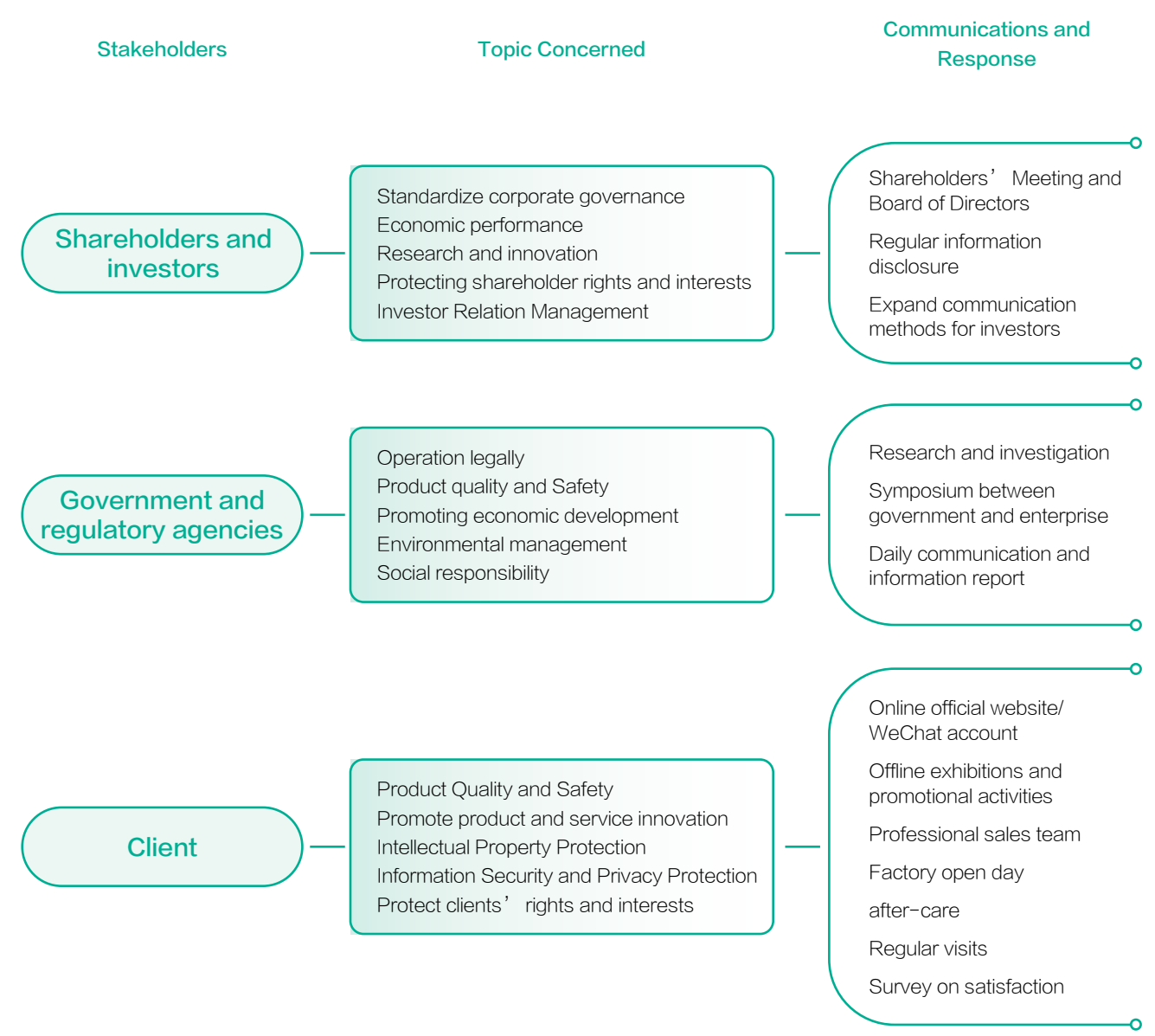
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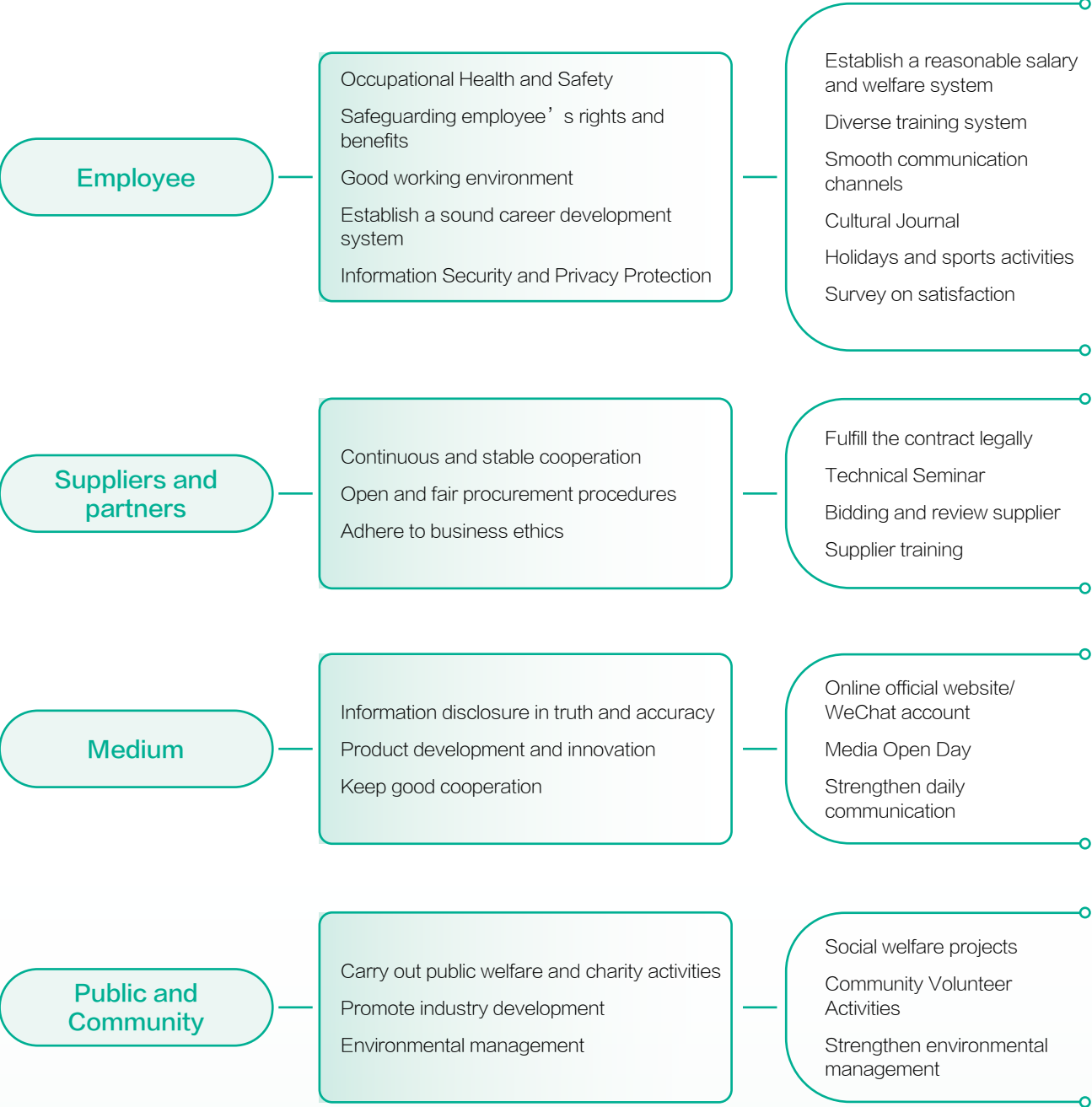


Sustainable Development

Communications with Stakeholders

Guided by the aim of “providing satisfactory products to society, creating an innovative space for employees, and generating substantial returns for shareholders” , the company takes responsibility for stakeholders such as shareholders, investors, customers, employees, and value-chain partners. HGTECH keeps regular communications with stakeholders in various ways, and collects their opinions.





Anti-Bribery and Anti-Corruption

HGTECH has established a multi-layered compliance system to combat bribery and corruption, treating this as the foundational imperative of ethical operations. The company gives full play to the leading role of the “key minority” :the managers of HGTECH and its subsidiaries sign compliance commitments for senior executives every year; conduct compliance oaths; publicly demonstrate their attitudes towards compliance management; establish systems such as the “Compliance Management System of HGTECH” and the “Administrative Measures for Penalties in Internal Audits of HGTECH” ; improve an integrity self-discipline system, highlighting the requirements for anti-bribery and anti-corruption;distribute “Integrity and Compliance Manual” and carry out training;The company prohibits employees from bribery and corruption in any behaviors, including but not limited to directly or indirectly giving and accepting:cash, gift money, marketable securities,physical items, kickbacks, expenses for tourism and entertainment, non-property interests, e.g. job opportunities.

The company publicly announces reporting hotline and email address through public channels, and issues integrity initiative letters on important festivals. The company exposes non-compliant incidents on the “Compliance Exposure Platform” and tracks the accountability and handling process. HGTECH updates the compliance evaluation criteria every year and incorporates them into the annual salary assessment of managers, HGTECH devotes to the implementation of compliance management from top to bottom.

Anti-Unfair Competition

The company adheres to those principles: honesty and trustworthiness, equal consultation, and mutual benefit win-win results. The company scrupulously abides by business ethics, complies with relevant laws and regulations, and conducts market competition in accordance with the law. The company attaches great importance to p fair competition in operation, and prohibits behaviors that violate business ethics and disrupt the market competition order, such as unfair competition.

The company fulfills the requirements of anti-unfair competition through regular training, warning cases and other ways.



Key Performance Table

Table 1: Economic Performance

Index	Unit	2022	2023	2024
Total Assets	Ten thousand yuan	1,687,847.37	1,751,509.12	2,082,432.87
Operating Revenue	Ten thousand yuan	1,201,102.88	1,030,973.30	1,170,917.55
Belonging to Shareholders of the Parent Company Net profit	Ten thousand yuan	81,830.54	100,747.60	122,074.99
Basic Earnings per share	Yuan per share	0.81	1	1.21

Table 2: Environmental Performance

Index	Unit	2024
Energy usage management		
Total electricity consumption	linear measure	110507116
Total natural gas consumption	cubic meter	538791
Water resource utilization management		
Total water consumption	cubic meter	595068
Packaging usage management		
Total amount of packaging materials	ton	3456.69
Recyclable packaging usage ratio	%	43%
Pollutant discharge management		
Total greenhouse gas emissions	ton	37506.02
Total amount of industrial wastewater discharge	ton	0
Total amount of domestic sewage discharge	ton	239189
Waste management		
The amount of hazardous waste disposal	ton	249
The amount of general industrial solid waste	ton	2022.4
Total amount of household waste	ton	1884
Environmental protection		
Annual environmental investment expenditure	Ten thousand yuan	1784.94
Number of incidents punished for violating environmental protection laws and regulations	piece	0

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

Table 3: Supply Chain Management Performance

Index	Unit	2024
Total number of suppliers	/	3108
Number of supplier training sessions	/	155
Passing rate of supplier qualification review	%	83.96%

Table 4: Product R&D and Innovation Performance

Index	Unit	2022	2023	2024
Product R&D investment	Ten thousand yuan	60,845	80,232	99,270
R&D investment growth rate	%	35.02%	31.86%	23.73%
R&D investment as a percentage of revenue	%	5.07%	7.78%	8.48%
Total number of R&D personnel	personnel	2032	2176	2483
Number of patent applications	/	370	324	421
Number of authorized patents	/	283	239	232

Table 5: Employee Management Performance

Index		Unit	2024
Total number of employees		person	8823
By Gender	Proportion of male employees	%	63.7
	Proportion of female employees	%	36.3
By Personnel Type	Total number of production personnel	person	4311
	Total number of Sales staff	person	1141
	Total number of financial staff	person	105
	Total number of technician	person	2483
	Total number of administrative personnel	person	783
By Age	Proportion of Under 30 years old employees	%	29
	Proportion of 30 to 50 years old employees	%	65.5
	Proportion of Over 50 years old employees	%	5.5

Employee Management Performance

Index		Unit	2024
By Educational Background	Proportion of employees with a master’ s degree or above	%	16.6
	Proportion of employees with a bachelor’ s degree	%	41.5
Proportion of female employees in management		%	24.9
Proportion of male employees in the management team		%	75.1
Proportion of employees under the age of 30 in the management team		%	9.7
Proportion of employees aged 30 to 50 in the management team		%	85
Proportion of employees aged 50 and above in the management team		%	5.3
Employee Rights Management			
Coverage rate of employee labor contracts		%	100
Social security coverage rate		%	100
Expenditure amount for supporting financially distressed employees		Ten thousand yuan	22.21
Employee Health and Safety			
Health check-up coverage rate		%	100
The Amount of safety accidents and environmental pollution incidents		次	0
Employee safety training coverage rate		%	100
Coverage rate of supplier employee safety training		%	100
Employee training management			
Employee training coverage rate		%	100
Average training hours for employees		hour	13.7
Proportion of senior administrators		%	100
Proportion of intermediate administrators		%	100
Proportion of ordinary employees		%	100

Benchmarking Index Table

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

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

Feedback Form

Thank you for reading 2024 Environmental, Social and Governance ESG Report of HUAGONG TECH COMPANY LIMITED
To continuously improve our ESG practices and provide more valuable information to stakeholders, we sincerely invite you to share your feedback and suggestions with us via the following channels. Your support for our ESG efforts is greatly appreciated!

Tel: 027-87180126
Fax: 027-87180139
Email: 0988@hgtech.com.cn

Address: No. 1, 6th Road, Huazhong University of Science and Technology Science Park,
East Lake High-Tech Development Zone, Wuhan City, Hubei Province
Contact Person: Office of the Board of Directors in HGTECH

1.For HGTECH, what is your identity?

- ☐ Employee
- ☐ Client
- ☐ Shareholder/Investor
- ☐ Supplier
- ☐ Government/Regulatory Department
- ☐ Media
- ☐ Other (please specify): _____

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

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

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

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

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

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

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

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

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

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

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



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