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2025 Environmental, Social and Governance (ESG) Report



Hangzhou Hua Guang Advanced Welding Materials Co., Ltd.

HUA GUANG



Company Official Wechat Account

HUA GUANG



ADVANCING INDUSTRIAL CONNECTIVITY AND
BUILDING A SHARED VALUE
CREATION ACROSS INDUSTRIAL CHAIN

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About This Report

Hangzhou Hua Guang Advanced Welding Materials Co., Ltd.(hereinafter referred to as “Hua Guang”, the “Company”, or “we”) has published annual Social Responsibility / Environmental, Social and Governance (ESG) reports since 2018. The purpose is to integrate sustainable development into corporate governance and present ESG practices and performance to stakeholders.

○ Reporting Scope

Organizational Scope: unless otherwise specified, this report covers Hangzhou Hua Guang Advanced Welding Materials Co., Ltd. and its wholly owned subsidiaries, consistent with the consolidated financial statements.

Time Scope: January 1, 2025 to December 31, 2025 (“Reporting Period”). Some content extends beyond this period.

Reporting Cycle: Annual. Last report released April 3, 2025.

○ Preparation Principles

Shanghai Stock Exchange Guidelines No.14 — Sustainability Report (Trial)
Global Reporting Initiative (GRI) Standards
UN 2030 Sustainable Development Goals

○ Data Statement

The data and case studies disclosed in this report are derived from the official documents and statistical reports of the Company and its subsidiaries. Unless otherwise specified, all monetary amounts presented in this report are denominated in Renminbi (RMB).

○ Access to the Report

As an independent Environmental, Social and Governance (ESG) report, this report is available in both Chinese and English versions for readers’ reference. The electronic version of this report can be downloaded from the Shanghai Stock Exchange website (<http://www.sse.com.cn/>) and the official website of Hangzhou Hua Guang Advanced Welding Materials Co., Ltd. (<https://www.cn-huaguang.com/-Investor.html>).

○ Feedback

If you have any questions or feedback regarding this report and its contents, please feel free to contact us through the following channels:

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Chairwoman



On behalf of the Board of Directors of Hua Guang Advanced Welding Materials Co., Ltd., I would like to extend my sincere gratitude to all stakeholders for your long-standing attention to and support for the Company’s development and its sustainable development endeavors.

At present, the global manufacturing industry is accelerating its transformation toward low-carbon and intelligent development. Guided by the philosophy of “Safeguarding Green Industry through Welding and Connecting a Sustainable Future,” Hua Guang integrates ESG principles across the entire value chain, including research and development, production, supply chain, and customer service. Through concrete actions, we actively fulfill our social responsibilities and support a low-carbon industrial ecosystem. We are pleased to officially release our ESG Report, presenting to all caring and supportive partners our reflections, practices, and explorations in sustainable development, showing our commitment to advancing green connectivity and empowering advanced manufacturing.

Strengthening Governance, Building A Strong Foundation For Sustainable Growth. We continue to optimize our corporate governance structure. We have established an effective, independent, and diverse Board of Directors, and improved the performance of Board committees and independent directors. Following the “prevention-first” principle, we reinforce the foundation of business compliance, promote the orderly implementation of internal control evaluations, and improve the “three lines of defense” risk management system. We fully leverage the independent oversight role of internal audit to ensure the Company’s high-quality and sustainable development.

Driving Innovation and Industrial Upgrading. We remain committed to our technological innovation strategy of “developing current capabilities, preparing for future technologies, and leading industry advancement.” We continue to integrate multiple R&D resources and work toward building a first-class R&D team. In 2025, we further deepened industry-academia-research collaboration, working with renowned universities. We have lead or participated in the formulation of six national standards and two industry association standards. We were successfully selected as a pilot enterprise for Zhejiang Province’s “Future Factory” program in 2025 and passed the evaluation for Hangzhou Smart Factory. Our Green High-Fluidity Flux-Cored Silver Brazing Filler Metal was included in the Zhejiang Province Green and Low-Carbon Technology Promotion Catalogue (2025 Edition), leveraging technological innovation to drive low-carbon industrial upgrading.

Advancing Green and Low-Carbon Development. We consistently prioritize environmental protection, steadily increase environmental investment, and strengthen climate risk management while steadily advancing carbon reduction and verification initiatives. We have completed the Phase II solar photovoltaic power generation project in Renhe, further optimizing our energy structure. We also actively participate in green electricity trading and drive photovoltaic power generation, achieving a green electricity usage ratio of 69%. We continue to advance water resource management and waste recycling efforts, improving resource utilization efficiency. Hua Guang has obtained ISO 14001 Environmental Management System certification and has been recognized as a national-level Green Factory, demonstrating our commitment to protecting the ecological environment through tangible actions.

Putting people first to Unite Development Strength. We are committed to a “people-oriented” development approach. We have conducted in-depth inspections for production safety risks and improved occupational health management. No major safety accidents or occupational disease incidents occurred throughout the year. We continue to enhance our compensation and benefits framework to better engagement and motivate our employees. Through the implementation of the “Si Hua Plan”, we have built talent development program to drive both individual growth and organizational development. In addition, we provide supportive working facilities and diverse culture and sports activities to ensure that every Hua Guang employee feels valued and supported.

Fullfill Social Responsibilities to Deliver Value to Society. We are committed to act as a responsible corporate citizen, taking proactive and responsible actions. In rural revitalization, we actively support local development initiatives and contribute to shared prosperity through targeted programs. In the field of social welfare, we give back to society with compassion through a series of programs such as event sponsorship, school donations, and volunteer services. In 2025, charitable donations exceeded RMB 900,000, and investments in rural revitalization initiatives exceeded RMB 400,000. In community development, we pursue mutual growth with local communities by promoting income growth through local procurement and enhancing regional workforce competitiveness through local employment and job training, achieving synchronized progress between corporate development and community prosperity.

Looking ahead, Hua Guang will continue to uphold its commitment to sustainable development, further strengthen ESG governance and practices, and drive development through responsibility and diligent execution. We will fulfill our mission with higher standards and strive to become a global benchmark for sustainable development in the industrial connection sector, continue to contribute Hua Guang’s strength to high-quality industry development.

Chairman of Hua Guang Advanced Welding Materials Co., Ltd.

About Hua Guang

Company Profile

Hangzhou Hua Guang Advanced Materials Co., Ltd., was established in 1995. It is a national high-tech enterprise specializing in intelligent, efficient, and green welding solutions. The Company is always committed to the research and development of brazing technologies and the manufacturing of high-quality brazing materials. Through 30 years of continuous innovation and development, it has become a leading enterprise in China's brazing materials industry.

Hua Guang serves as the Vice Chairman unit of the Brazing Materials, Equipment and Process Branch of the China Welding Association. It is also a member of the Sub-Technical Committee on Brazing of the National Technical Committee on Welding Standardization, and a standing member of the Brazing and Special Joining Committee of the Welding Institution of the Chinese Mechanical Engineering Society.

The Company operates a Zhejiang Provincial Key Enterprise Research Institute, a provincial R&D center, and a provincial technology center. It has led or participated in the formulation of 19 national standards, 8 industry standards, and 14 group standards, and has been granted a total of 48 invention patents, 79 utility model patents, 1 design patent and 1 U.S. patent. Hua Guang has received numerous honors and certifications, including "Second Prize of the National Science and Technology Progress Award", "National Key High-Tech Enterprise," "Manufacturing Single Champion Demonstration Enterprise," "National Green Factory," "Zhejiang Famous Trademark," "Zhejiang Green and Low-Carbon Factory," "Zhejiang Green Enterprise," "Zhejiang Industrial Circular Economy Demonstration Enterprise," "Zhejiang Manufacturing 'Pin Mark' certification", "Zhejiang Future Factory Pilot Enterprise," and "Hangzhou Smart Factory."

The Company offers core technological products such as environmentally friendly brazing materials, silver-saving brazing materials, vacuum brazing materials, composite brazing materials, preform brazing materials, silver paste, and solder paste. It has the capability to design and manufacture thousands of product specifications in various forms, including rods, wires, rings, strips, sheets, foils, powders, cores, flux-coated materials, and solder pastes, forming a diversified product system overing a broad and diversified product portfolio.

Looking ahead, the Company aims to become a globally leading provider of functional connection materials and related solutions. In recent years, while consolidating its leading position in medium-temperature brazing materials, the Company has actively expanded into new technologies and products such as electronic pastes, low-temperature brazing materials, and high-temperature brazing materials, achieving comprehensive coverage across major categories of brazing materials and gradually accumulating successful application solutions.

Hua Guang Welding adheres to a development strategy driven by technological innovation, carrying out industry-academia-research cooperation with leading domestic universities to steadily develop new connection materials and technologies. This approach drives the rapid development of advanced equipment manufacturing, enhances industrial connection capabilities, and achieves balanced value across the industrial chain. Upholding the Hua Guang spirit of "Integrity, Diligence, Innovation, and Dedication," the Company persists in market-oriented technological innovation and strives to develop the "HUAGUANG" brand of brazing materials into a globally recognized and preferred brand.

Company Culture

Vision

Enhance industrial connection capabilities and achieve balanced value across the industrial chain.

Values

Deliver products appreciated by customers through focus and the pursuit of craftsmanship excellence.

Corporate Spirit

- Integrity
- Diligence
- Innovation
- Dedication.

Mission

Focus on customer needs, commit to intelligent, low-carbon, and efficient welding solutions, build a collaborative industrial chain platform, and enable customer value realization.

Quality Culture

Focus, Standardization, Full Participation, Execution.



Wind ESG Rating
"Top 100 Best ESG Practices of Chinese Listed Companies 2025" Certificate



Huazheng ESG Rating
"Top 100 Best Improvement in ESG Ratings of A-share Listed Companies 2025" Certificate



"Annual Outstanding Brand" Award
at the Cooling & Heating Intelligent Manufacturing Awards Ceremony



2025 Yunfan Cup – Best Thermal Management Material Supplier for Data Centers



"Talent Attraction and Recruitment Excellence Award" of Yuhang Economic Development Zone, Zhejiang



Outstanding Contribution Award for High-Quality Development, Yuhang Economic Development Zone, Zhejiang



Demonstration Enterprise for Innovative Development in Manufacturing, Yuhang District



Zhejiang Province Future Factory Pilot Enterprise (2025)



Selected for the Zhejiang Province Green and Low-Carbon Technology Promotion Catalogue (2025 Edition)

Advancing Sustainable Development

ESG Development Policy

Hua Guang fully integrates ESG governance into its governance framework. Based on its positioning in brazing technology R&D and the manufacturing of high-quality brazing materials, the Company has established an overarching ESG strategy, from which ESG strategic pillars and objectives are derived. The Company is committed to achieving balanced and sustainable outcomes among economic performance, environmental protection, and social responsibility, supporting sustainable long-term growth.

Overarching ESG Strategy	
Sustainable Development Blueprint	Empower low-carbon development and lead intelligent manufacturing, drive high-quality development of advanced manufacturing through comprehensive low-carbon transformation, and strive to become a global benchmark for sustainable development in the industrial connection sector.
ESG Mission	Focus on innovation in green connection technologies and the transformation and upgrading of intelligent manufacturing, with low-carbon innovation, low-carbon manufacturing, and responsible governance at the core, to drive value co-creation across the industrial chain and contribute to the achievement of the “dual carbon” goals and high-quality development.
Core Positioning for Sustainable Development	Guided by the philosophy of “Building Green Manufacturing and Creating a Low-Carbon Future,” integrate ESG into every aspect of R&D, production, supply chain, and customer service, and strive to advance sustainable development practices across all factors, the entire industrial chain, and the full value chain.

ESG Strategic Pillars		
Green Environment: Low-Carbon Manufacturing and Resource Circularity	low-carbon Products	Develop environmentally friendly brazing materials that are lead-free, cadmium-free, and low-silver, driving carbon reduction throughout the product lifecycle.
	low-carbon Manufacturing	Continue building low-carbon factories and future factories, promote the establishment of the ISO 50001 Energy Management System, and reduce emission intensity.
	Resource Circularity	Strengthen the recycling and reuse of precious metals, improve standardized disposal rates of hazardous waste, and build a “zero-waste factory.”
	Climate Action	Collaborate with the industrial chain to address climate change, steadily reduce carbon emission intensity, and gradually increase the proportion of green electricity usage.
Sustainable Value Chain: Leadership and Quality Co-creation	Customer Collaboration	Provide green connection solutions to leading customers in HVAC, power and electrical equipment, electronics, and new energy vehicles, supporting their low-carbon product upgrades.
	Supply Chain Responsibility	Establish supplier admission and evaluation mechanisms, promote low-carbon transformation across upstream and downstream partners, and ensure supply chain stability and compliance.
	Quality and Safety	Uphold the quality benchmark of a manufacturing single champion enterprise, strictly implement full-process EHS management and control, and achieve 100% compliant pollutant discharge.
People-Centric Society: Employee Development and Social Responsibility	Talent Development	Improve training, incentive mechanisms, and career pathways to create a safe, healthy, and equitable workplace.
	Technological Innovation	Drive breakthroughs in low-carbon technologies through R&D investment, participate in industry standard setting, and lead the low-carbon upgrading of the brazing materials industry.
	Social Responsibility	Engage in community development, rural revitalization, and public welfare initiatives, fulfilling corporate citizenship responsibilities.

ESG Strategic Pillars		
Excellence in Governance: Standardization, Transparency, and Long-Term Value	Corporate Governance	Establish an ESG Committee under the Board of Directors, forming a hierarchical management and closed-loop execution mechanism.
	Compliance and Risk Control	Strengthen anti-corruption, business ethics, and information security to safeguard investor rights and interests.
	Performance Integration	Incorporate ESG indicators into management and departmental performance evaluations to ensure effective implementation of ESG strategies.

ESG Strategic Targets		
Target	2025 Performance	2028 Goal
Energy Consumption per Unit of Output (tce/RMB 1,000,000)	1.15	1.05
Carbon Emissions (tCO ₂ e)	44,279.61	42,964.46
Number of Green Product Technology Patents (cumulative, as of reporting period end)	45	55
EHS Compliance Rate (%)	100	100

ESG Governance System

Hua Guang has established a full-chain ESG governance system of “top-level decision-making – mid-level execution – grassroots implementation – supervision and improvement.” ESG principles are embedded into all business processes, including R&D, production, supply chain, and customer service, ensuring the effective implementation of the sustainable development strategy, supporting the achievement of “dual carbon” goals, and creating long-term value for stakeholders. The Company has established a three-tier ESG governance structure with Decision-making level composed by Board of Directors, ESG Committee composed by the management level and execution level formed by Board Office, Audit and Legal Center, and ESG Working Group. This structure ensures the effective implementation of ESG strategic priorities. ESG performance is closely integrated with business performance and strategic development, while the Company upholds the responsibility of a manufacturing single champion enterprise to promote low-carbon upgrading in the brazing materials industry and achieve coordinated development of the economy, society, and the environment.

Level	Function	Responsibilities	Communication / Reporting Frequency
Decision-making Level	Board of Directors	Holds ultimate responsibility for sustainable development strategy and information disclosure; oversees, plans, and guides the Company’s sustainability work.	Annually
Management Level	ESG Committee	Focuses on the decomposition and implementation of ESG targets; regularly evaluates key issues and progress; strengthens target achievement monitoring and risk management to ensure effective strategy execution.	Quarterly
Execution Level	Board Office; Audit and Legal Center	Leads the implementation of ESG Committee decisions; conducts ESG performance monitoring; responsible for ESG data collection, consolidation, analysis, and improvement tracking; leads the preparation of the annual ESG report.	Monthly
	ESG Working Group	Implements sustainability tasks in detail, closely aligned with ESG strategic objectives, ensuring efficient execution and outcome delivery.	Monthly

Materiality Analysis

To effectively identify, understand, and respond to stakeholder concerns regarding ESG practices, Hua Guang conducts regular and comprehensive ESG materiality assessments.

Double Materiality Assessment Process

Step 1: Background Analysis and Issue Identification		Based on the Company's ESG management level, and in accordance with the Guidelines, the Global Reporting Initiative (GRI Standards), and other mainstream domestic and international ESG standards and frameworks, as well as benchmarking against leading industry peers and ESG rating requirements, 24 material issues were identified to form an issue database.
Step 2:	Impact Materiality Assessment	Issues are categorized by positive or negative impact, and actual or potential impact, to determine evaluation dimensions. Expert scoring is used to assess the magnitude and likelihood of impacts.
	Financial Materiality Assessment	Internal financial experts and ESG specialists evaluate the likelihood of risks and opportunities and their financial impact.
Step 3: Double Materiality Analysis		Quantitative analysis is conducted on both impact and financial materiality results, and a matrix is used to present the overall priority of each issue.

Environmental Dimension	Social Dimension
1 Environmental Compliance Management	9 Employee Rights and Benefits
2 Climate Change Response	10 Talent Development
3 Energy Management	11 Occupational Health and Safety
4 Water Resource Management	12 Product Quality and Safety
5 Pollutant Emissions	13 Customer Service and Privacy Protection
6 Waste Management	14 R&D and Innovation
7 Circular Economy	15 Sustainable Supply Chain
8 Biodiversity	16 Fair Treatment of SMEs
	17 Rural Revitalization
	18 Social Contribution
Governance Dimension	
19 Corporate Governance	22 Anti-Unfair Competition
20 Compliance and Risk Management	23 Stakeholder Communication
21 Business Ethics and Anti-Corruption	24 Due Diligence



Stakeholder Engagement and Due Diligence

Hua Guang recognizes that stakeholder engagement is a critical pathway for identifying ESG risks and opportunities and improving management performance. The Company has established an open and transparent due diligence and communication mechanism, enabling in-depth understanding of stakeholder expectations and feedback on ESG issues through regular engagement.

Based on industry context and the scope of sustainability impacts, the Company has identified key stakeholder groups, including government and regulatory authorities, shareholders, customers, employees, suppliers and partners, industry associations, and communities. Stakeholder expectations and reasonable suggestions are incorporated into daily operations and decision-making processes to enhance management practices and promote the effective achievement of sustainable development goals.

Stakeholder	Expectations and Demands	Response and Communication
Shareholders / Investors	<ul style="list-style-type: none"> Corporate governance; compliant operations; risk management; anti-corruption and business ethics; investor rights protection; R&D and innovation; business performance and development planning 	<ul style="list-style-type: none"> Shareholders' meetings; financial reports; performance reports; roadshows
Customers	<ul style="list-style-type: none"> R&D and innovation; product quality and safety; customer service and rights; low-carbon products 	<ul style="list-style-type: none"> Customer meetings; customer satisfaction surveys; global service network; exhibitions, forums, and conferences
Suppliers	<ul style="list-style-type: none"> Compliant operations; R&D and innovation; sustainable supply chain; industry communication and cooperation 	<ul style="list-style-type: none"> Procurement activities; websites and social media; forums, conferences, training and evaluations; site visits and on-site research; supplier satisfaction surveys
Employees	<ul style="list-style-type: none"> Occupational health and safety; employee development and training; employee rights protection; compliant operations 	<ul style="list-style-type: none"> Trade unions and employee representative congresses; employee forums; training; activities; performance evaluation and promotion; satisfaction surveys; WeChat culture groups
Government / Regulators	<ul style="list-style-type: none"> Compliant operations; anti-corruption and business ethics; low-carbon products; environmental management systems; climate change response 	<ul style="list-style-type: none"> Inspections; official correspondence; special investigations and on-site meetings; policy implementation; information disclosure; websites and social media
Public and Communities	<ul style="list-style-type: none"> Resource and energy management; pollutant and waste management; compliant operations; anti-corruption and business ethics; social welfare; product safety and quality 	<ul style="list-style-type: none"> Public welfare projects; community volunteer activities
Industry Experts and Scholars	<ul style="list-style-type: none"> Frontier technologies; industry challenges; R&D and innovation; promotion of new products and technologies; basic research 	<ul style="list-style-type: none"> Industry forums; industry-academia-research cooperation

Three Decades of Technological Innovation, Intelligent Manufacturing for the Future

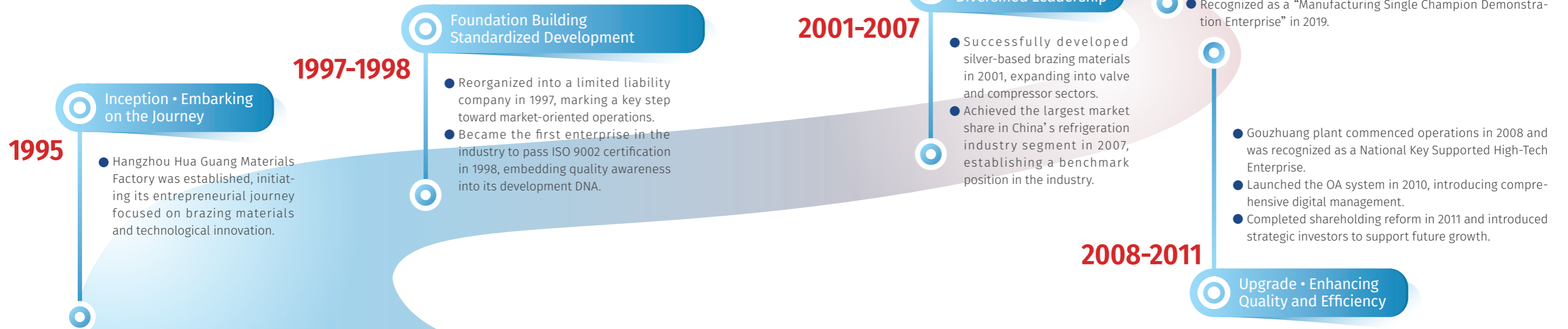
On December 5, 2025, Hua Guang grandly held a series of events in Hangzhou to celebrate its 30th anniversary. The Company gathered with representatives from all sectors of society to witness its achievements over three decades of innovative development and to jointly look ahead to a renewed journey toward the future.



30th Anniversary Celebration of Hua Guang

▶ Thirty Years of Technological Innovation for a Long-term Sustainable growth

Reflecting on the 30-year journey of Hua Guang, it is a remarkable chapter of perseverance and achievement. These three decades represent dedication, innovation, and the collective wisdom and hard work of countless Hua Guang employees. Every step reflects their courage, determination, and relentless pursuit of progress.



Major Milestones in Hua Guang's 30-Year Development

Strengthening the Foundation Through R&D System Development

R&D Innovation System

The Company adheres to the technological innovation strategy of “Develop one generation, reserve one generation, and lead one generation,” positioning technological R&D as the core engine for cultivating and developing “new quality productive forces.” Hua Guang has established an R&D innovation system centered on its research institute, integrating multi-level platforms such as the Zhejiang Provincial Key Enterprise Research Institute, provincial enterprise technology center, provincial R&D center, and provincial postdoctoral research workstation. This system enables full-process innovation management, from project selection and initiation to implementation and acceptance.

The Company has built a high-level R&D team and invited multiple professor-level experts and scholars to form an expert advisory committee, providing forward-looking guidance for the implementation of its technological innovation strategy. As of the end of the reporting period, the Company’s R&D team comprised 99 personnel. In addition, the Company has introduced advanced equipment and established technologically advanced engineering laboratories and pilot-scale workshops, providing a professional R&D environment for researchers.

Based on its overall development plan, the Company formulates annual R&D plans, clarifying the direction and objectives of technological innovation for the following year. It has also established a clear R&D investment budgeting mechanism, allocating funds annually based on R&D plans and incorporating budget execution into the annual performance evaluation of the research institute and responsible personnel. The Company requires that R&D investment intensity be maintained at no less than 3%, ensuring sufficient resources for continuous technological innovation. During the reporting period, the Company’s R&D investment amounted to RMB 85.2952 million, accounting for 3.34% of operating revenue.

In addition, the Company continues to improve its innovation incentive mechanisms by implementing the Reward Application Process for Government Projects and Intellectual Property Applications, providing incentives for successfully completed R&D projects, patent authorizations, and high-quality academic publications. It also organizes annual events such as the Science and Technology Festival to promote internal collaboration and technical exchange, continue to stimulate employees’ enthusiasm for innovation.



The 6th Science and Technology Festival of Hua Guang

Industry-Academia-Research Integration

The Company actively promotes collaborative innovation through industry-academia-research integration, establishing in-depth partnerships with well-known domestic and international universities and research institutions to steadily strengthen its R&D capabilities and advance cutting-edge industry technologies. Hua Guang has established cooperative relationships with institutions such as Harbin Institute of Technology, Zhejiang University of Technology, North China University of Technology, China Jiliang University, and Zhengzhou Research Institute of Mechanical Engineering. It has jointly established platforms including the “Metal New Materials and Processing & Welding Technology R&D Center” and the “New Welding Materials R&D Center.” At the same time, the Company partners with research institutions such as the National Key Laboratory of High-Performance New Welding Materials, conducting technical exchanges and collaborative R&D to consolidate its leading position in both theoretical and applied aspects of brazing material manufacturing technologies. During the reporting period, the Company signed an industry-academia-research cooperation project with China Jiliang University and participated in the formulation of 6 national standards and 2 group standards.

Industry Collaboration

The Company recognizes the importance of industry exchange and collaboration for the high-quality development of the brazing materials industry. It maintains an open and collaborative approach, actively organizing and participating in various industry exchange activities to promote the transformation and industrial application of technological achievements.



Case

Hosting the Green Connection and Manufacturing 2025 Summit Forum

In December 2025, the Company hosted the 9th China (Hangzhou) Green Connection and Manufacturing 2025 Summit Forum. The forum brought together more than 300 renowned experts, scholars, and corporate representatives to discuss trends in green connection technology innovation, explore pathways for integrating intelligent manufacturing, and promote the advancement of green connection and intelligent manufacturing industries.



Green Connection and Manufacturing 2025 Summit Forum

Intellectual Property Protection

The Company fully recognizes the importance of intellectual property (IP) for technological innovation and core competitiveness, and has established a comprehensive IP management system. It strictly complies with relevant laws and regulations, including the Patent Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China, and the Copyright Law of the People’s Republic of China, and has formulated and implemented the Intellectual Property Management System to standardize patent and IP-related work. Hua Guang has established an Intellectual Property Management Center responsible for planning future project, patent, and standards layouts, and actively carries out IP protection activities such as patent applications and trademark registrations. In addition, the Company conducts regular IP protection training to steadily enhance employees’ awareness and professional capabilities in IP protection, thereby strengthening internal safeguards for protecting innovation achievements.

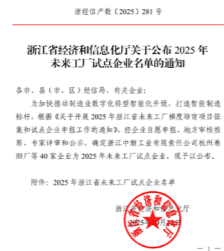
Technological Breakthroughs and Intelligent Manufacturing Upgrades

The Company continues to deepen technological innovation and has achieved multiple achievements. During the reporting period, its scientific research achievements were included in the Zhejiang Province Green and Low-Carbon Technology Promotion Catalogue (2025 Edition). The Company was also selected as a Zhejiang Province Future Factory pilot enterprise and passed the Hangzhou Smart Factory evaluation.



High-Tech Enterprise Certification

浙江省经济和信息化厅文件

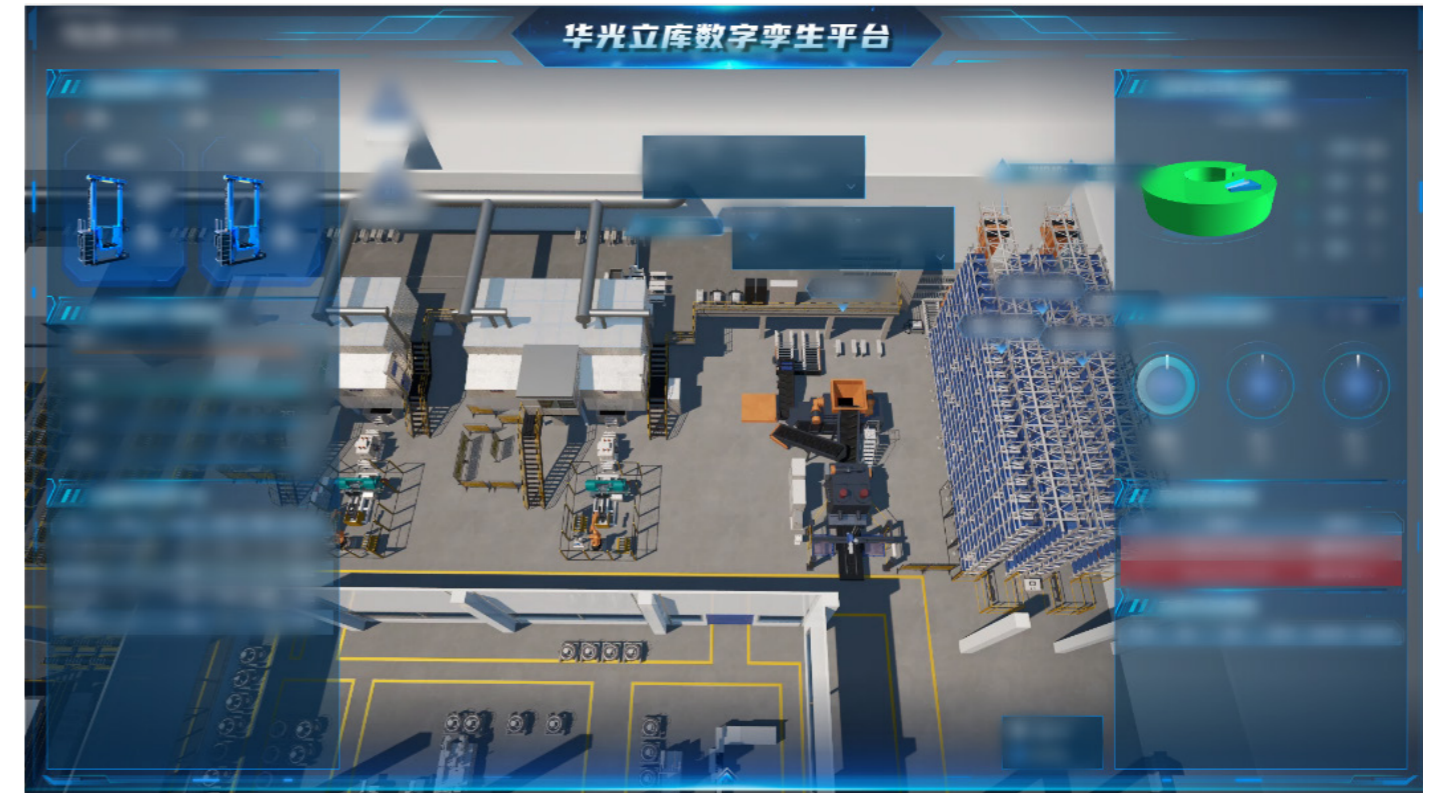


Zhejiang Province Future Factory Pilot Enterprise

附件 2025年浙江省未来工厂试点企业名单

序号	申报企业	项目名称	所属区域
1	浙江中烟工业有限责任公司杭州卷烟厂	杭州卷烟厂利群未来工厂	杭州市上城区
2	云安信息技术有限公司	云安信通 ICT 产品未来工厂	杭州市萧山区
3	杭州华光焊接新材料股份有限公司	华光新材料焊材未来工厂	杭州市余杭区
4	华立科技股份有限公司	华立科技数智电力终端未来工厂	杭州市余杭区
5	杭州壹视护理用品股份有限公司	壹视护理一次性卫生用品未来工厂	杭州市临平区
6	杭州汽轮机集团股份有限公司	杭汽轮机汽轮机未来工厂	杭州市临平区
7	浙江西子富沃德电气有限公司	西子富沃德智能电机未来工厂	杭州市临安区
8	宁波三星智能电气有限公司	三星智能电气智能电表未来工厂	宁波市北仑区
9	浙江野马电池股份有限公司	野马电池碱性锌锰电池未来工厂	宁波市镇海区
10	寰宇东方国际集装箱（宁波）有限公司	寰宇东方集装箱未来工厂	宁波市鄞州区

- 2 -

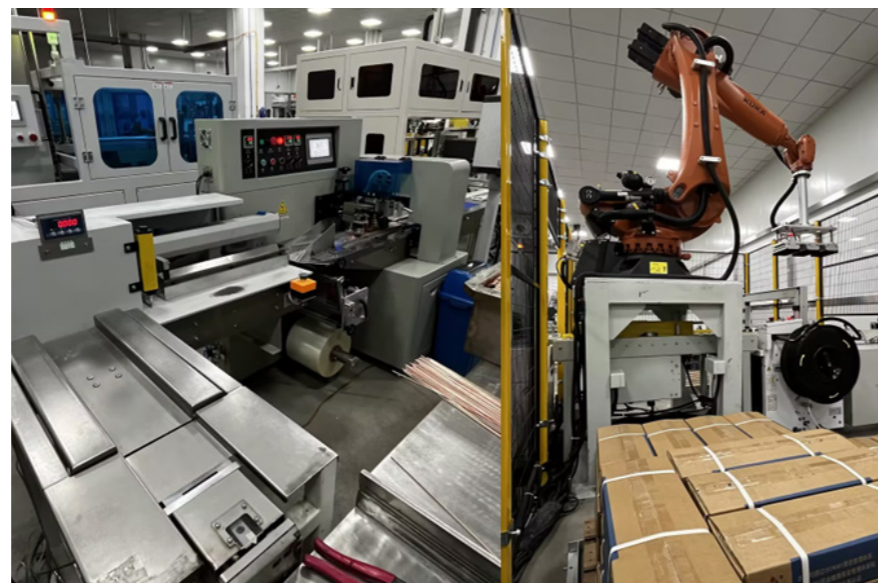


Digital twin system established with full connectivity of production line equipment

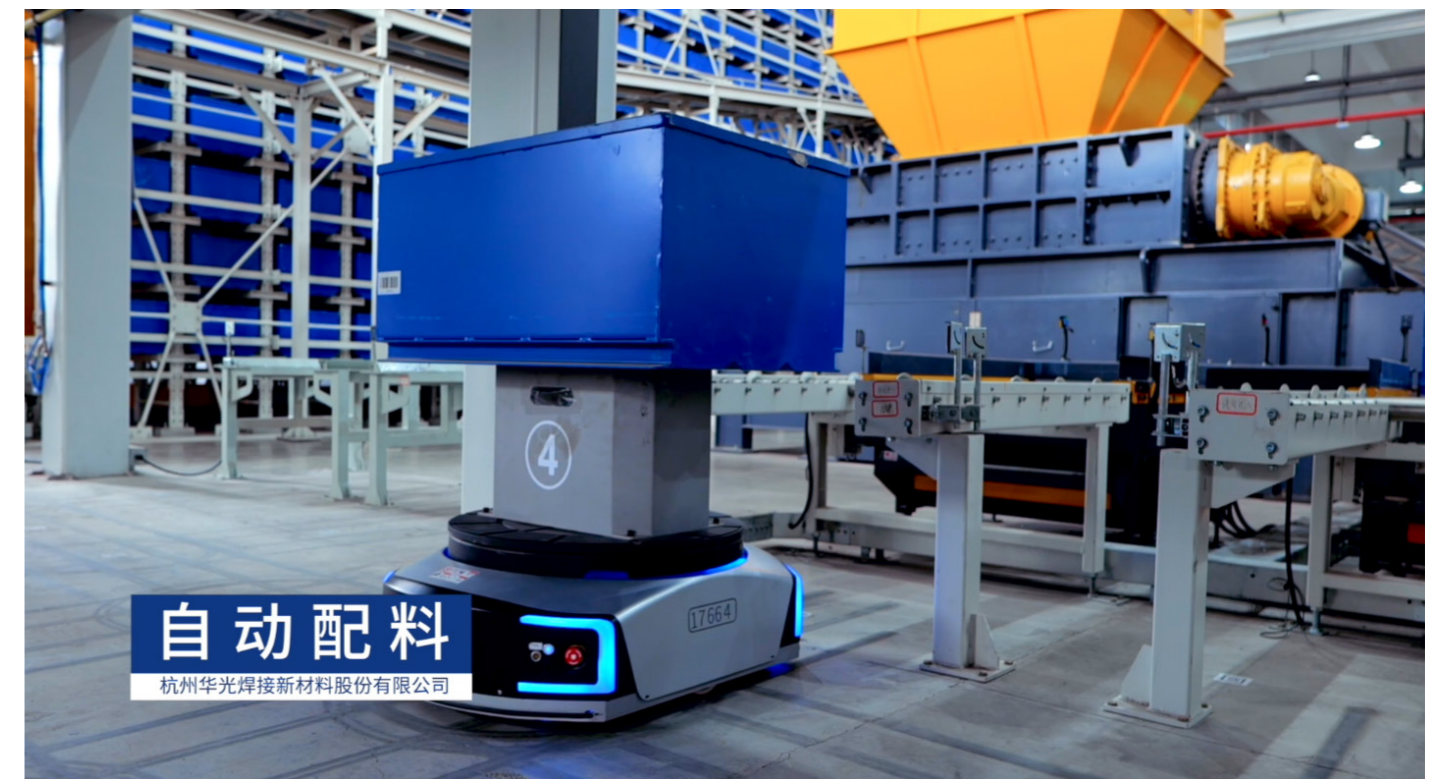
The Company continues to advance intelligent manufacturing, focusing on production automation and equipment digitalization to enhance overall production capabilities. During the reporting period, phased achievements were made in areas such as material handling, warehouse management, and production line control, effectively reducing reliance on manual labor and laying a solid hardware foundation for building an intelligent production system.



Automated high-bay warehouse replacing traditional material storage yards



Robotic palletizing replacing manual operations



AGV automated transport replacing traditional manual forklifts

Deepening Environmental Management

01

Supporting the United Nations Sustainable Development Goals:



Strictly Upholding the Compliance Baseline

Environmental Management System Development

Hua Guang follows the environmental management policy of “complying with laws and regulations, meeting emission standards, conserving resources, advocating green practices, protecting the environment, and pursuing continuous improvement,” and integrates the concept of sustainable development into the core of its corporate strategy. The Company continues to improve its environmental protection management and has established an environmental management structure with clear responsibilities and efficient operations. As the highest decision-making body, the Board of Directors is responsible for the overall supervision of the formulation and implementation of environmental strategies, and regularly reviews the achievement of environmental targets and major environmental issues. The EHS Management Department is responsible for the overall coordination of the Company’s day-to-day environmental operations, covering key matters such as full-lifecycle environmental monitoring, emergency management of unexpected incidents, intensive utilization of water and energy resources, operation and maintenance of pollution control facilities, compliant emission control and full-process waste management. All functional departments and subsidiaries strictly fulfill their primary environmental protection responsibilities, implementing layered accountability and tiered control in accordance with their respective duties to ensure that all environmental indicators are effectively decomposed, fully executed, and closed-loop implemented, thereby ensuring compliant, orderly, and risk-controllable environmental management.

The Company strictly complies with laws, regulations, and administrative measures such as the Environmental Protection Law of the People’s Republic of China and the Administrative Measures for the Legal Disclosure of Enterprise Environmental Information, and adheres to lawful and compliant operations and lawfully disclosure of environmental issues. The Company has formulated and implemented relevant management systems and procedural documents such as the Quality, Environment, Occupational Health and Safety Management System Manual, thereby establishing a long-term environmental management mechanism and achieving full-process closed-loop control from source prevention to end-of-pipe treatment. During the reporting period, the Company did not experience any major environmental emergencies, nor was it subject to any administrative penalties due to environmental incidents.

The Company continues to deepen the development of its environmental management system and drive management standardization and internationalization. As of the end of 2025, both the Company and its subsidiary Fujing Welding had successfully passed ISO 14001 Environmental Management System certification and annual audits, and the certified entities accounted for 100% of the Company’s total operating revenue.

The Company strictly implements the “three simultaneities” system for environmental protection in construction projects. For all new, modified, and expanded projects, the Company conducts environmental impact assessments in accordance with the law. At the same time, pollution prevention and control facilities are designed, constructed, and put into operation simultaneously with the principal project. Upon project completion, acceptance procedures are promptly completed, pollutant discharge permits are obtained to ensure compliant emissions, and all pollution prevention measures are strictly implemented and effectively executed. Environmental indicators are regularly monitored, and pollutants are discharged and disposed of in compliance with applicable requirements. In 2025, the Company’s total environmental protection investment reached RMB 2.9804 million, reinforcing the foundation for green manufacturing and promoting environmental management from “compliance” to “operational excellence.”

At the same time, the Company has established and improved its emergency response system for environmental incidents, and formulated and implemented procedural documents such as the Emergency Preparedness and Response Control Procedure and the Emergency Response Plan for Environmental Incidents to standardize emergency response processes and handling measures. In addition, the Company scientifically formulates environmental emergency drill plans and organizes their implementation on a regular basis. Through practical drills covering multiple scenarios such as typhoon and flood prevention, and hazardous waste leakage, the Company strengthens employees’ emergency response capabilities and continues to improve its capacity to handle sudden environmental incidents.



Emergency drill for flood and typhoon prevention



Emergency drill for chemical leakage

Environmental Protection Training

The Company continues to drive the development of an environmental and low-carbon culture. Through systematic environmental protection training and awareness activities, it effectively enhances employees’ environmental awareness and practical capabilities, further strengthening the Company’s overall ability to respond to environmental risks. In terms of environmental training, the Company organizes environmental training on “required knowledge and skills” as well as specialized training on environmental law and regulation and energy management, covering all employees. The training focuses on strengthening understanding of environmental laws and regulations, standardized pollutant disposal, and practical energy-saving and consumption-reduction measures, thereby enhancing environmental literacy and compliance awareness across the workforce. In terms of environmental communication, the Company actively fosters a positive atmosphere of “everyone talks about environmental protection and low carbon is visible everywhere” by posting environmental slogans in offices, workshops, and other public areas, and by advocating energy-saving behaviors, thereby embedding the concept of green development into daily awareness and action.

Addressing Climate Change

Climate Governance

Hua Guang has always regarded addressing climate change as an important responsibility in promoting high-quality and sustainable development. By establishing a governance system with clear responsibilities and efficient coordination, the Company integrates climate action into strategic decision-making and daily operations. As the highest decision-making body, the Board of Directors is responsible for overseeing the formulation and implementation of climate-related strategies, and regularly reviews climate-related risks and opportunities, target progress, and key performance indicators to ensure that climate factors are embedded throughout the Company’s overall development strategy and major investment decisions.

At the execution level, the Company has established a working mechanism in which strategic coordination and operational execution support one another. The ESG Project Team is responsible for coordinating the strategic assessment of climate risks and opportunities, integrating ESG factors into the Company’s strategic planning, production and operations, and industrial investment decisions, and continuously optimizing the business management system to ensure the implementation of sustainable development goals. The EHS Management Department focuses on specific execution, taking green operations as its core and promoting green management throughout product design, manufacturing, and application, while embedding the concept of sustainable development into daily operations and employee behavior.

To ensure the standardization and long-term effectiveness of its climate response efforts, the Company has formulated internal management systems such as the Control Procedure for Policies, Objectives, Indicators and Plans and the Risk Management Control Procedure, incorporating climate-related requirements into the standardized processes of target management, risk control, and operational control.

Climate Risk and Opportunity Management

The Company fully recognizes the various challenges that climate change may pose to manufacturing operations and social development. It actively assumes its social responsibility in addressing climate change, carries out internal identification and management of climate-related risks and opportunities, and remains committed to enhancing its climate resilience. With reference to IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), the Company identifies environmental and climate-related risks and potential opportunities arising from climate change and fully incorporates them into its overall risk management system.

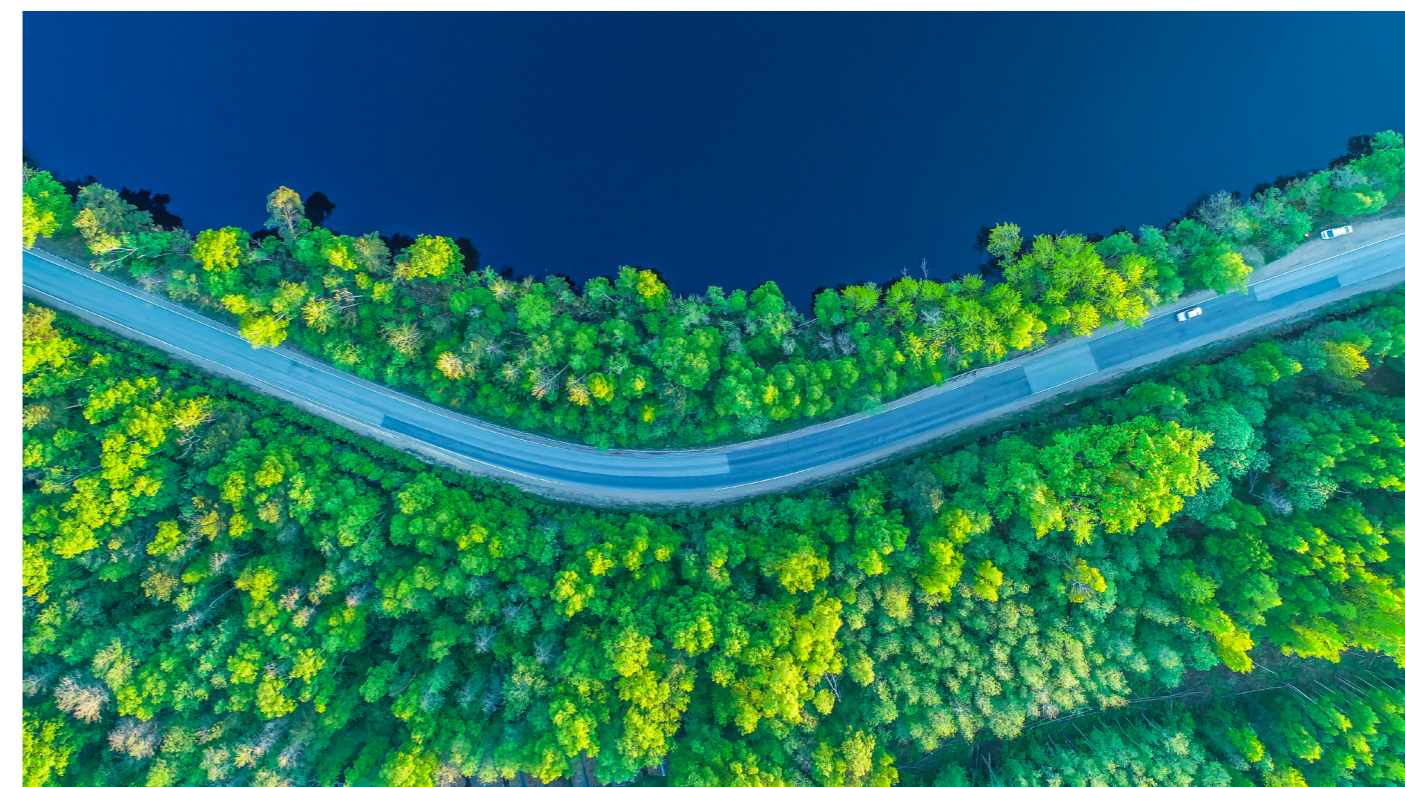
Risk Type	Risk / Opportunity Description	Time Horizon	Response Measures
Physical Risk			
Acute Risk	Extreme heat: Changes in climate patterns may lead to more frequent extreme heat events, posing potential health threats to production workers who operate continuously in high-temperature environments.	<ul style="list-style-type: none"> • Short term • Medium term • Long term 	Continue to improve employees' working environment through innovation and transformation in production processes, thereby effectively reducing the adverse impact of temperature changes on production operations.
	Flood disasters: Flooding caused by climate change may result in water accumulation in factory areas, disrupting normal operations and directly threatening the safety of production facilities and materials.	<ul style="list-style-type: none"> • Short term • Medium term • Long term 	Establish an emergency command team to coordinate emergency rescue work for flood prevention, flood control, and typhoon prevention; regularly undertake flood and typhoon prevention drills to enhance emergency coordination capabilities and improve employees' emergency response under severe weather conditions.
Chronic Risk	Global warming: Resource shortages caused by global warming may interrupt the supply of water, electricity, and other energy sources, thereby affecting the Company's normal production and operations.	<ul style="list-style-type: none"> • Long term 	Implement energy management; advance electricity-saving measures in production and office operations; advance innovation in energy-saving and emission-reduction processes and energy recycling to effectively reduce operating costs.
Transition Risk			
Reputational Risk	The Company's performance in addressing climate change is receiving increasing attention from stakeholders. Failure to actively respond to stakeholder expectations may affect the Company's reputation.	<ul style="list-style-type: none"> • Medium term • Long term 	While actively taking climate action, disclose to stakeholders in an open and transparent manner the Company's measures and future plans for addressing climate change.
Opportunities			
Green products and services	Leveraging the Company's R&D capabilities, continue to provide downstream customers with green welding and connection products and technical services that contribute to energy saving and emission reduction, thereby expanding market opportunities.	<ul style="list-style-type: none"> • Medium term • Long term 	Respond to downstream customers' demand for greener, more flexible, more efficient, and more material-saving brazing materials by continuously developing new products and technologies, enhancing customer loyalty, and maintaining industry leadership.
Energy efficiency	As global carbon reduction goals advance, renewable energy application scenarios and technologies are becoming increasingly widespread, and renewable energy is expected to become more accessible and cost-effective in the future.	<ul style="list-style-type: none"> • Medium term • Long term 	Actively drive the use of various renewable energy sources in production and operations to achieve energy cost savings.
Adaptation	Low-carbon development has become a broad social consensus, requiring enterprises to have rapid response and adaptation capabilities in order to manage climate risks more effectively and seize climate opportunities.	<ul style="list-style-type: none"> • Short term • Medium term • Long term 	Actively formulate carbon neutrality plans, advance the replacement of traditional energy with renewable energy, adopt energy efficiency improvement measures, build a sustainable value chain, and continue to enhance the Company's integrated solutions and service capabilities.

The Company has incorporated climate change risk management into its overall risk control system and established a systematic process for risk identification, analysis, and response. Through regular climate risk identification and assessment, the Company reviews various risks and evaluates their potential impacts to form a risk register. For identified key risks, targeted response strategies are formulated and translated into specific action plans, which are then integrated into daily operational management. At the same time, a dynamic monitoring and feedback mechanism has been established to continue to track implementation results and ensure the effectiveness and adaptability of climate risk management.

Targets and Indicators

The Company attaches great importance to carbon emissions management and continues to undertake carbon emissions verification. By establishing and improving a carbon emissions data monitoring, statistical, and accounting system covering the entire value chain, the Company ensures the accuracy, completeness, and transparency of carbon data. Supported by regular third-party independent verification and rigorous internal audit mechanisms, the Company has identified its carbon emissions baseline, providing solid data support for scientifically setting emission reduction targets and effectively implementing emission reduction measures. During the reporting period, the Company's total greenhouse gas emissions amounted to 12,095.92 tonnes of carbon dioxide equivalent. At the same time, the Company set a 2026 emission reduction target of reducing greenhouse gas emissions (Scope 1 and Scope 2) by 1.5% compared with 2025, thereby promoting continuous improvement in operational energy efficiency.

Indicator	Unit	2025	2024	2023
Direct (Scope 1) greenhouse gas emissions	tCO ₂ e	212.15	212.53	158.79
Indirect (Scope 2) greenhouse gas emissions	tCO ₂ e	11,883.77	12,296.18	13,115.00
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	12,095.92	12,508.71	13,273.79
Other indirect (Scope 3) greenhouse gas emissions	tCO ₂ e	32,183.69	30,509.11	23,929.74
Greenhouse gas emissions reduced	tCO ₂ e	980.11	133.60	117.00



Improving Resource Efficiency

Water Resources Management

Hua Guang attaches great importance to the efficient use and protection of water resources. In strict compliance with relevant laws, regulations, and administrative measures such as the Water Law of the People's Republic of China, the Company has established a full-process water resource control mechanism, deepened recycling and reuse practices, and is committed to achieving harmony between economic and ecological benefits.

In terms of water resources management system development, the Company has established a water-saving leading group as the highest decision-making and coordinating body for water resource management, fully responsible for organizing, coordinating, and supervising water-saving efforts within the Company. The Company has formulated the Water Use Management System, clarifying the water use management responsibilities and operating standards of each department and workshop. Each year, the EHS Management Department formulates departmental water-saving target plans and regularly compiles, analyzes, and discloses information on water use and water conservation. Each department further breaks down these targets to individual water-use units and establishes statistical ledgers for water use. By assessing performance against water usage target, the Company ensures that water-saving responsibilities are implemented at every level and that management objectives are effectively achieved.

The Company's main source of water is municipal tap water, which is primarily used in production process for cooling tower make-up and product cleaning and everyday usage. All water withdrawal activities strictly comply with relevant national and local laws and regulations to ensure legality and compliance. To effectively fulfill its responsibility for water source protection, the Company strictly controls wastewater discharge. Wastewater generated in the production process is first pre-treated at the self-built wastewater treatment station within the plant and is then discharged into the municipal sewage pipe network after meeting the required standards. Domestic sewage is discharged directly into the municipal sewer network. The Company's wastewater discharge outlets have been incorporated into the online monitoring system of the environmental protection authorities, and a dedicated monitoring room has been established to conduct 24-hour real-time monitoring of key indicators such as chemical oxygen demand (COD), ammonia nitrogen, total phosphorus, and PH, thereby ensuring stable and compliant wastewater discharge and effectively reducing impacts on downstream water environments and ecological safety of water sources.

To advance the recycling and reuse of water resources, the Company is actively constructing a reclaimed water reuse system. It plans to reuse treated reclaimed water in production workshops as a substitute for tap water in product cleaning and other processes, thereby significantly reducing the consumption of fresh municipal water. At the same time, the Company continues to optimize the cooling tower circulation system, strengthen the recycling of cooling water, and carry out water-saving upgrades to cleaning line equipment. A self-circulating cleaning line system has been established, through which the cleaning water from the final stage of the cleaning line is recycled to the first stage for reuse. The Company has implemented reclaimed water reuse, with a total of 8,362 tons of reclaimed water reused during the reporting period. Focusing on source reduction, the Company is also actively promoting the development of no-clean processes in an effort to reduce water demand in production through technological innovation.

During the reporting period, the Company actively advanced water-saving action plans such as construction of the reclaimed water reuse system, development of no-clean processes, reuse of water on cleaning lines, and replacement of smart remote-reading water meters. During the reporting period, the Company's recycled water volume reached 42,989.8 tonnes, and the water recycling rate reached 24.83%.



Reclaimed water reuse system

Energy Management

Hua Guang implements comprehensive and refined energy management. By improving institutional systems, strengthening organizational support, clarifying target control, and advancing energy-saving upgrades, the Company continuously improves energy efficiency, strictly controls unnecessary consumption, and steadily transitions toward a low-carbon, efficient, and sustainable energy utilization model.

The Company strictly complies with relevant laws, regulations, and industry standards, and has formulated and implemented a series of management systems and procedural documents such as the Energy Management System Manual, clarifying the direction and basis for energy management. At the same time, it has established and improved its energy management system and, as of the end of the reporting period, had successfully obtained ISO 50001 Energy Management System certification and passed the annual audit.

To further enhance refined management, the Company established an Energy Section, added the position of Energy Engineer who is responsible for coordinating the supervision and inspection of energy use and carbon asset management, thereby providing an organizational foundation for achieving energy-saving and carbon-reduction targets.

In accordance with relevant procedural documents, the Company formulates annual energy baseline targets and management plans, defines energy performance parameters and baselines, and sets management targets for reducing comprehensive energy consumption by 2%–5%. When significant changes occur in major energy use, the Company updates and adjusts energy baselines in a timely manner and completes the approval procedures to ensure dynamic optimization of the system. During the reporting period, the Company fully met its targets for annual comprehensive energy consumption, comprehensive energy consumption per unit of output, and comprehensive energy consumption per unit of output value.

In terms of specific measures for energy saving and carbon reduction, the Company actively drives the transition to a cleaner energy structure and vigorously advances the replacement of traditional energy with clean energy such as solar power. Among these efforts, the newly installed solar photovoltaic power generation equipment at Renhe Phase II was connected to the grid and put into operation, generating a cumulative annual on-grid power output of 4,580 kWh. At the same time, the Company continues to tap into energy-saving potential through renovation projects such as replacing conventional lighting with energy-efficient LED lighting and implementing waste heat recovery. During the reporting period, the Company's renewable energy consumption reached 2,017.08 tonnes of standard coal equivalent, and the proportion of green electricity used reached 68.70%.

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Controlling Pollutant Emissions

The Company strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, as well as the requirements of pollutant discharge permits. It has formulated pollutant emission management systems such as the Pollution Control Procedure and the Wastewater and Waste Gas Treatment Management System to ensure that emissions comply with national and local environmental standards. At the same time, the Company attaches great importance to the standardized operation of environmental protection facilities. Through technological upgrades and process optimization, it effectively reduces pollutant emissions generated during production, and regularly maintains and inspects environmental protection equipment to ensure stable operation and effective maintenance. As of the end of the reporting period, the Company had not been subject to any major administrative penalties or criminal liability for pollutant emissions.

The Company places great emphasis on compliant pollutant discharge. All operating plants have lawfully obtained pollutant discharge permits and, in accordance with permit requirements, have established a dual verification mechanism combining self-monitoring and third-party testing. The Company regularly conducts comprehensive monitoring to ensure the authenticity and accuracy of data, and strictly discloses the results as required, proactively accepting public supervision.



Online monitoring equipment

Atmospheric Pollutant Management

Hua Guang strictly complies with legal requirements such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution to ensure compliant waste gas emissions. Waste gas generated during the Company's operations mainly includes particulate matter, sulfuric acid mist, and non-methane total hydrocarbons. The Company has formulated relevant emission concentration targets in accordance with the Emission Limits of Air Pollutants for the Foundry Industry and the Integrated Emission Standard of Air Pollutants, and ensures compliant emissions through effective waste gas treatment measures.

Waste Gas Treatment Measures

- For production processes that generate waste gas pollutants, a gas collection hood is installed above each medium-frequency furnace, with long flexible curtains arranged around it. Except for the feeding side, the flexible curtains on all other sides extend to the bottom of the medium-frequency furnace, and the slag tank is also enclosed within the curtain range. Open operations are avoided as much as possible to reduce fugitive emissions.
- Waste gas is discharged in an organized manner through exhaust stacks that fulfill industry height requirements, and compliance is ensured prior to discharge.
- For gases and dust contained in collected waste gas, the part that contains residual value is recycled and reused.

Wastewater Management

The Company strictly complies with national standards such as the Integrated Wastewater Discharge Standard, the Water Quality Standard for Sewage Discharged into Urban Sewers, and the Indirect Discharge Limits for Nitrogen and Phosphorus Pollutants in Wastewater from Industrial Enterprises. It has established discharge concentration targets for key pollutants such as chemical oxygen demand (COD), PH, suspended solids, and total copper. The Company adopts refined management measures for product cleaning wastewater, analytical testing wastewater, and domestic sewage. Wastewater that meets standards after treatment is discharged to the Liangzhu Wastewater Treatment Plant. At the same time, the Company actively implements measures such as rainwater-sewage separation and compliant wastewater discharge, and conducts daily sampling and testing of external wastewater discharge to ensure compliance.

In addition, the Company has built a wastewater treatment station equipped with a reclaimed water treatment process. Through the treatment process of "workshop wastewater – raw water tank at the wastewater station – pretreatment system – reclaimed water reuse system," filtered high-quality water is supplied back to workshop production lines for reuse. During the reporting period, the Company achieved 8,362 tonnes of reused water.

During the reporting period, the Company achieved

8,362 tonnes of reused water.

Waste Management

The Company attaches great importance to waste management. In strict compliance with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, it has formulated internal systems such as the Waste Management System and the Hazardous Waste Management System. These are managed by the EHS Management Department to ensure comprehensive coverage of all processes including office operations, production, transportation, and inventory management. Based on the nature and type of waste, the Company accurately classifies it into hazardous waste, recyclable waste, and general waste, and adopts corresponding disposal measures for each category.

With respect to non-hazardous waste management, the Company has set up dedicated collection points and assigned professional management personnel to supervise and guide waste disposal, prevent mixing of different types of waste, and avoid cross-contamination. In the waste treatment process, the Company strictly follows environmental protection requirements and entrusts qualified third-party institutions to handle non-hazardous waste, thereby minimizing environmental impact. During the reporting period, the total amount of non-hazardous waste generated reached 89.76 tonnes, achieving the target of 100% compliant disposal.

For hazardous waste management, the Company implements specialized management and standardizes the full process of generation, collection, storage, transfer, and disposal to ensure compliance with environmental protection and safety standards. The Company has a dedicated hazardous waste storage warehouse, maintains detailed hazardous waste ledgers, and conducts regular checks to ensure consistency among accounts, materials, and labels. In accordance with relevant regulations, the EHS Management Department promptly transfers hazardous waste to qualified disposal entities for safe and effective disposal. During the reporting period, 100% of the Company's hazardous solid waste was disposed of legally and in compliance with applicable requirements, achieving the relevant target.

During the reporting period, the total amount of non-hazardous waste generated reached

89.76 tonnes

achieving the target of

100% compliant disposal

During the reporting period, the Company's hazardous solid waste was disposed of legally

100%

Promoting Circular Development

Hua Guang integrates the concept of the circular economy throughout the entire product lifecycle. Guided by the principles of "reduction, reuse, and recovery," the Company has established a closed-loop management system covering raw material procurement, production processes, packaging and logistics, and waste recycling. During the reporting period, the Company continued to improve resource efficiency and reduce its environmental footprint through institutional improvement, technological innovation, and digital upgrading.

The Company has established a governance structure for raw materials and packaging management involving coordinated participation from multiple departments, including procurement, quality, warehousing, production, EHS, and finance, thereby forming a closed-loop control mechanism with clear division of responsibilities from source to end-of-life. At the institutional level, the Company has formulated and strictly implemented management policies such as the Supplier Management Policy, the Supplier Performance Evaluation and Assessment Procedure, the Raw Material Standard Inspection Guidelines, and the Raw Material Warehouse Material Management Policy, ensuring quality, safety, and environmental compliance in all links including procurement, acceptance, storage, requisition, and packaging use. During the reporting period, the Company revised the Supplier Performance Evaluation and Assessment Procedure to increase the weighting of suppliers' performance in packaging recycling and scrap buyback, thereby guiding the supply chain to jointly participate in circular economy development.

Raw Material Management

- Control inventory levels and implement first-in, first-out material management to reduce resource waste caused by slow-moving inventory.
- Implement lightweight design and structural optimization to reduce packaging material usage per unit, and drive the use of renewable resources such as bio-based materials and recycled plastics to replace traditional packaging materials.
- Establish an internal process for recycling and reusing scrap materials. Based on system formulas, calculate the input quantity and proportion of virgin materials for each product type, and after testing and quality assessment, reintroduce them into production.
- Establish a scrap buyback mechanism with key customers to realize reverse logistics and drive the circular flow of resources throughout the upstream and downstream industrial chain.

Packaging Management

- Implement lightweight design and structural optimization to reduce packaging material usage per unit, and drive the use of renewable resources such as bio-based materials and recycled plastics to replace traditional packaging materials.
- Drive standardized plastic turnover boxes and establish a customer recycling mechanism. During the reporting period, approximately 39,200 welding wire spools were recovered from customers and, after cleaning and repair, were reused for packaging, effectively controlling packaging costs and reducing waste generation.

Production Process Optimization

- Source reduction is achieved through multiple technological innovations:
 - The surplus metal briquetting and block-forming no-remelting project uses self-developed equipment to directly compress surplus materials into blocks and feed them into the continuous casting process, reducing the smelting and cutting stages.
 - The strip continuous casting project introduced a horizontal thin-strip continuous casting furnace to replace the traditional casting process, eliminating sawing and shot blasting processes and significantly improving material utilization efficiency.
 - Optimization of the solder sheet cleaning process reduced the use of volatile cleaning agents, while an online filtration system was added to the solder strip cleaning line, extending the cleaning solution replacement cycle from daily to semi-monthly and significantly reducing chemical consumption and emissions.

At the same time, the Company has advanced the development of an intelligent warehousing and logistics system to provide digital support for the circular economy. Through the integrated application of the raw materials automated high-bay warehouse, silver ingot and wire drawing flat warehouses, line-side flat warehouses, and finished goods automated high-bay warehouse, combined with systems such as WMS, MES, and AGV, the Company has achieved first-in, first-out material management and full-process traceability. Circular economy processes such as scrap reuse, packaging material recovery, and reintroduction of surplus materials are incorporated into a unified digital management platform, ensuring quality control and clear flow tracking of circular materials, and achieving precise full-process control from resource recovery to reinvestment in production.

Protecting Biodiversity

Hua Guang strictly complies with national and local laws, regulations, and policy requirements related to biodiversity protection in its operating locations. At the project siting stage, the Company adheres to the principle of ecological priority and conducts comprehensive environmental impact assessments in compliance with applicable regulations, resolutely avoiding ecological redline zones where development is prohibited, ecologically sensitive areas, and nature reserves, thereby preventing disturbance to important habitats at the source. In daily operations, the Company incorporates the reduction of ecological impact into its environmental management objectives. By establishing a rigorous environmental management system, it ensures that production activities do not cause irreversible damage to surrounding wildlife or their habitats, thereby effectively fulfilling its responsibility as a protector of the ecosystem.

For new, modified, and expanded projects, the Company strictly conducts environmental impact assessments in accordance with laws and regulations, including ecological impact assessments. The Company entrusts professional institutions to investigate the biodiversity conditions in operating areas and surrounding regions, identifying baseline flora and fauna resources and distribution characteristics. Based on detailed environmental impact assessment findings, the Company scientifically formulates biodiversity risk control strategies, deploys environmental monitoring equipment and protective facilities in a targeted manner, and implements dynamic monitoring and early warning mechanisms to effectively identify and manage potential risks, thereby ensuring ecological safety throughout project construction and operation.

The Company adheres to technology-driven green development and is committed to reducing the impact of its products on ecosystems throughout the product lifecycle through process optimization and product upgrades. The Company actively develops and advances environmentally friendly brazing materials to reduce hazardous substance emissions from the source of the industrial chain and lower the risks of contamination to soil, water bodies, and the biological chain. In the manufacturing process, the Company continues to improve its processes, enhances resource and energy efficiency, reduces waste generation and emissions, and alleviates pressure on the surrounding ecological environment. At the same time, the Company actively builds a green supply chain and guides upstream and downstream partners to jointly pay attention to ecological impacts, working together to drive biodiversity protection across the entire industrial chain.



Fulfilling Social Responsibility

02

Supporting the United Nations Sustainable Development Goals:



Safeguarding Occupational Health

Governance

Hua Guang consistently adheres to the occupational health management policy of “people-oriented, caring for the physical and mental health of employees, obeying laws and disciplines, steadily reducing safety risks; scientific management, prevention first, and continuous improvement,” and places employees’ occupational health and safety rights and interests in an important position in corporate development. The Company has established a top-down occupational health management structure with clear responsibilities and efficient coordination, ensuring that occupational health responsibilities are cascaded and assigned to specific individuals.

Board of Directors	As the highest decision-making and supervisory body for occupational health management, the Board supervises the strategic deployment and implementation effectiveness of occupational health work across the Company.
Work Safety Committee	Coordinates occupational health management in a comprehensive manner, studies and deploys key occupational health protection tasks, and guides and coordinates departments and subsidiaries in advancing occupational health work.
EHS Management Department	As the department responsible for the daily execution and supervision of occupational health management, it leads routine work such as occupational health risk identification, occupational disease prevention and control, health monitoring, and safety training; tracks the effectiveness of occupational health management throughout the process; promptly rectifies various hazards; and ensures the standardized operation of the system.
Work Safety Leadership Group	Assists the EHS Management Department in organizing and coordinating departments to implement specific occupational health work, and promotes the implementation of occupational health protection measures at every position and in every process.
Departments and Subsidiaries	Fulfill the primary occupational health and safety responsibilities of their respective units, implement occupational health and safety protection measures in light of departmental and job characteristics, organize employee health training, and identify job-specific safety risks.

Upholding high standards, the Company has established and improved its occupational health and safety management system. During the reporting period, the Company and its subsidiary Fujing Welding passed ISO 45001 Occupational Health and Safety Management System certification and annual audits. The certified entities accounted for 100% of the Company’s operating revenue. In terms of system development, focusing on the core of occupational health protection, the Company formulated a series of special policies, including the Occupational Disease Hazard Prevention and Control Responsibility Policy, the Occupational Disease Hazard Warning and Notification Procedure, and the Occupational Disease Prevention and Control Publicity, Education and Training Policy. These policies cover key areas such as occupational disease hazard prevention and control, work-related injury handling, health monitoring, and job protection, and clarify full-process requirements from risk identification to hazard rectification, and from health training to emergency response, thereby providing solid institutional support for occupational health protection.



ISO 45001 Occupational Health and Safety Management System certification certificates of Hua Guang and Fujing Welding

continue improving the level of occupational health and safety management and align with the latest laws, regulations, regulatory requirements, and ESG development concepts, during the reporting period the Company revised and improved the Occupational Disease Protective Equipment Management Policy, the Occupational Disease Protective Facilities Maintenance and Repair Policy, and the Occupational Disease Prevention and Control Publicity, Education and Training Policy. These revisions further refined the division of occupational health and safety responsibilities, optimized protection procedures, and strengthened risk control, ensuring that institutional content remains aligned with national policies and ESG disclosure requirements, steadily consolidating the foundation of occupational health management and effectively integrating the concept of “safeguarding employees’ occupational health” into every aspect of the Company’s management systems.

In the future, the Company will continue to deepen the integration of ESG concepts into occupational health management, continue to optimize its occupational health protection system, increase investment in health protection resources, enhance the level of occupational health protection for employees, fulfill corporate social responsibility, and achieve mutual empowerment between employee health and corporate development.

Strategy

Risk Description	Response Measures
Operational risks such as mechanical injury, electric shock, falls from height, and struck-by objects	<ul style="list-style-type: none"> ● Implement equipment safety protection devices, standardize operating procedures, and strengthen on-site supervision. ● Require the use of safety harnesses for work at height and ensure proper protection of edges and openings. ● Conduct regular safety training and warning education.
Risks of fire, explosion, and hazardous chemicals leakage	<ul style="list-style-type: none"> ● Strictly control special operations such as hot work and confined space work. ● Standardize the storage, use, and transportation of hazardous chemicals. ● Ensure adequate firefighting equipment is in place and conduct regular emergency drills.
Risks from aging equipment and facilities and failure of safety devices	<ul style="list-style-type: none"> ● Establish equipment ledgers and implement daily inspections, regular repairs, and maintenance. ● Replace aging components in a timely manner to ensure the effectiveness of safety interlocks and alarm devices.
Risks of unsafe operations and inadequate management	<ul style="list-style-type: none"> ● Improve the safety management system and strengthen on-site supervision and assessment. ● Implement the all-employee work safety responsibility system and eliminate the “three violations” behaviors.
Safety risks arising from cross-operations involving contractors	<ul style="list-style-type: none"> ● Strictly review the qualifications of outsourced units and apply unified safety management. ● Clarify the safety responsibilities of all parties and strengthen pre-job briefings and process supervision.
Chemical hazard risks such as dust and toxic and hazardous gases	<ul style="list-style-type: none"> ● Strengthen ventilation, dust removal, and purification treatment. ● Regularly monitor the concentration of hazardous factors and provide suitable anti-toxic and dust-proof protective equipment.
Physical hazard risks such as noise, high temperature, and vibration	<ul style="list-style-type: none"> ● Install sound insulation, noise reduction, cooling, and heat insulation facilities. ● Arrange working hours reasonably to reduce exposure to high-temperature and high-noise environments.
Risks from failure to carry out occupational health examinations as required	<ul style="list-style-type: none"> ● Implement pre-employment, in-service, and exit occupational health examinations, establish employee health records, and promptly intervene in abnormal situations.
Risks from missing protective facilities or inadequate maintenance	<ul style="list-style-type: none"> ● Install occupational disease protection facilities in accordance with standards, assign dedicated personnel for management, and conduct regular inspections and maintenance to ensure normal operation.
Risks from non-standard provision and use of labor protective equipment	<ul style="list-style-type: none"> ● Provide qualified protective equipment according to job requirements, train employees in correct wearing methods, and strengthen on-site supervision and inspection.
Risks from insufficient hazard notification and warning	<ul style="list-style-type: none"> ● Set up warning signs in workplaces. ● Truthfully inform employees of occupational disease hazards in labor contracts and carry out occupational health training.

Impact, Risk and Opportunity Management

The Company has established a normalized occupational health and safety risk identification and assessment mechanism, and regularly conducts comprehensive analyses of production and operation sites to identify occupational health and safety risks in process flows, raw material use, chemical use, and other aspects, and classify them according to risk level. For identified risks, the Company formulates and implements corresponding control measures, while also establishing a dynamic tracking and review mechanism to regularly evaluate the effectiveness of the measures and make timely adjustments and optimizations, ensuring the continuous and effective control of all types of risks.

Safety Inspection and Hazard Rectification

In accordance with the Safety Hazard Inspection, 7S and Governance Management System and the Work Safety Inspection Policy, the Company routinely carries out safety inspections and hazard rectification. By identifying hazardous factors in the production process, implementing safety rectification measures, and timely controlling and eliminating accident hazards, the Company effectively safeguards employee safety and health.

Inspection Responsibilities	<ul style="list-style-type: none"> EHS Management Department: Responsible for the organization and management of occupational health inspections and supervision of the rectification process. Departments and production units: Conduct daily occupational health and safety inspections and hazard rectification.
Inspection Frequency	<ul style="list-style-type: none"> Company-wide comprehensive inspections: no fewer than once per month EHS Management Department: no fewer than once per week Frontline workshops and teams: daily safety self-inspections
Inspection Forms	<ul style="list-style-type: none"> Routine inspections, seasonal inspections, special inspections, holiday inspections, etc.
Inspection Content	<ul style="list-style-type: none"> Safety records and ledger completion status · Implementation of occupational health and safety training, physical examinations, issuance and use of labor protective equipment, and other related work

In the hazard management process, the Company has established a sound closed-loop control mechanism. For issues identified during inspections, the Company clarifies the responsibility party for rectification, formulates a Comprehensive Inspection Rectification Form, and requires relevant inspection departments to follow up and supervision. Relevant responsible entities must complete rectification tasks within the prescribed time limit to ensure that rectification measures are effectively implemented. For safety hazards involving a wide scope, long rectification periods, or large capital investment, the Company establishes special rectification project teams and, after full discussion, formulates dedicated rectification plans to achieve precise management. After rectification is completed, acceptance procedures are implemented to ensure that hazards are thoroughly eliminated, achieving full-process closed-loop management from inspection and rectification to acceptance. During the reporting period, the Company carried out extensive hazard identification work, identified 1,204 safety hazards of various types, and achieved a rectification completion rate of 100%. In addition, the Company established the Award for “Identifying Safety Hazards Around Us” to actively encourage employees to identify occupational health and safety hazards in their daily work. For hazards reported by employees, the Company makes timely rectifications and grants commendations, enabling every employee to become a participant in and guardian of safe production.



Commendation for the Award for “Identifying Safety Hazards Around Us”

Emergency Management

To enhance employees’ emergency response capabilities, the Company establishes emergency plans and annual drill plans, and strictly organizes special drills, on-site disposal drills, and comprehensive emergency drills according to the plans, covering key areas such as work safety, chemicals management, and natural disaster response. After each drill, the Company promptly carries out summary reviews and effectiveness evaluations, assessing personnel and materials readiness, organizational coordination, and practical results, and formulates rectification measures for identified issues. In 2025, the Company organized a total of 20 emergency drills, all of which were successfully completed, effectively testing the feasibility of emergency plans and strengthening employees’ rapid response, information transmission, and on-site disposal capabilities in emergencies.



Emergency plan for production safety accidents



Conducting various emergency drills

Fire Safety Management

The Company continues to improve its fire safety management system to strictly prevent fire accidents. To further strengthen the fire safety and park management system, the Company established a “Fire Control Safety Management Office” under the EHS Management Department to coordinate and take responsibility for fire safety work. Firefighting facilities and equipment are installed in all plants in accordance with relevant standards, and a regular inspection and maintenance mechanism has been established to ensure that equipment remains in good condition. For areas with relatively high fire risk, the Company designates key fire prevention zones, sets up clear warning signs, and strengthens daily control. The Company strictly implements the hot work permit system, ensures that firefighting facilities are maintained in accordance with regulations, and continuously improves the standardization and effectiveness of fire safety management. At the same time, the Company has established an emergency firefighting team and organizes annual fire safety training and practical drills covering all employees, continue to improve employees’ fire safety awareness and fire response capabilities.



Conducting the training activity of “Fire Safety for All, Life First”



Organizing fire safety emergency drills

Contractor Safety

The Company incorporates contractor safety management into its overall safety management system and clarifies contractor safety management requirements in accordance with the Related Party Management Policy. At the access stage, when contractors sign project agreements, they must also sign the Supplier Environment and Safety Management Agreement to clarify the safety responsibilities and management requirements of both parties. Before construction begins, the Company requires contractors to formulate practical and feasible safety measures. At the same time, safety education is provided to contractor employees, and those who have not passed the training are not permitted to enter the construction site for work. During the construction process, the Company applies approval-based management to hazardous operations such as hot work and work at height, and requires contractors to provide labor protective equipment for workers, properly install fences, protective nets, and safety warning signs, and designate dedicated personnel for on-site management, thereby effectively safeguarding the safety of contractor employees.

Safety Training

Through a systematic and tiered training system, the Company enhances employees' safety awareness and skill levels. The Company formulates and strictly implements an annual work safety training plan. All new employees must complete level 3 safety education and training before taking up their posts, and may only begin work after passing the examination. For frontline production units, daily training is organized by workshop directors or department heads, covering practical skills such as hazard identification and self-rescue and mutual rescue methods. At the same time, targeted specialized training is provided to special operations personnel and employees engaged in chemicals-related work. Through diverse forms of safety training, the Company has fostered a strong safety culture atmosphere and continue to improve the safety quality of all employees.



Conducting training on standardized work safety regulations

Safeguarding Occupational Health

The Company has always attached great importance to employees' occupational health and minimizes occupational health risks through a series of effective control measures.

Occupational Health Management Measures

Pre-control

Strictly implement the "three simultaneities" principle for construction projects to ensure that occupational disease protection facilities are designed, constructed, and put into production and use simultaneously with the principal project.
Set up warning signs in areas where occupational hazard factors may arise, with content including hazard factors, health impacts, and preventive measures.
When signing labor contracts with employees, truthfully inform them of the occupational disease hazards they may face at work, ensuring that employees fully understand the occupational disease risks of their positions.

Process Control

Regularly engage qualified occupational health technical service institutions to conduct occupational hazard testing and evaluation in workplaces, and organize routine monitoring of occupational hazard factors in all workplaces to ensure that air quality, noise levels, lighting conditions, and other factors comply with national standards and hygiene requirements.
Organize all employees to undergo pre-employment, in-service, and exit occupational health examinations, and establish health records.
For health issues identified during examinations, promptly take intervention measures to prevent deterioration.
Install effective protective facilities in workplaces where occupational hazard factors are present to ensure that the content of occupational hazard factors in the workplace complies with national occupational health standards, while assigning dedicated personnel to conduct daily inspection and maintenance of such facilities.
Provide employees with labor protective equipment suitable for their positions, and guide and supervise them in wearing it correctly to effectively safeguard their occupational health.



Occupational hazard notification signage

The Company continues to carry out occupational health training to effectively enhance employees' awareness and skills in preventing occupational hazards. New employees must complete occupational skills and occupational health training and may only take up their posts after passing the assessment. Employees in service must receive occupational health training at least once a year. Training is divided into collective training and specialized training. Collective training covers all operating personnel and includes general occupational health knowledge and emergency skills for the workplace, while specialized training is targeted at personnel in specific positions and focuses on professional knowledge and protective skills required in the work process, continue to enhance employees' occupational health management awareness and building a solid health protection line.

Indicators and Targets

During the reporting period, the Company formulated occupational health and safety management targets and continue to improve its health and safety management level by clarifying responsible entities and breaking down responsibilities for implementation across departments.

Hua Guang's 2025 Occupational Health and Safety Targets

- No major safety accidents
- No occupational disease incidents



Indicator	Unit	2025	2024	2023
Safety Investment				
Work safety investment	RMB 10,000	497.65	402.86	-
Work-related injury insurance investment	RMB 10,000	62.77	57.11	-
Employee coverage rate of work-related injury insurance	%	100	100	-
Work safety liability insurance investment	RMB	9,589.62	14,304.36	-
Employee coverage rate of work safety liability insurance	%	18.30	17.80	-
Work-Related Injury and Occupational Disease Management				
Number of work-related injuries with serious consequences (excluding fatalities)	persons	0	0	0
Number of work-related fatalities	persons	0	0	0
Incidence rate of occupational diseases	%	0	0	-
Number of recordable work-related injuries	cases	14	7	3
Recordable injury rate	/	1.52	0.86	-
Injury rate per million working hours	/	7.60	4.30	-
Lost workdays due to work-related injuries	days	587	215	-
Safety Training				
Total duration of safety training	hours	4,302	194.50	-
Average safety training duration per employee	hours	6	0.31	-

Note, data collecting scope and method was improved in 2025, safety training hours has increased from 2024

Empowering Employee Development

Employee Rights and Interests

Employee Recruitment

Hua Guang adheres to the recruitment principle of “fairness, openness, and merit-based selection,” has established a sound recruitment process, and formulates annual recruitment demand plans to carry out various recruitment activities in an orderly manner. The Company adopts multiple channels, including social recruitment, campus recruitment, talent introduction, and headhunting services, and recruits talent at different levels through both offline and online channels, providing reliable talent support for the Company’s high-quality development.

Compliant Employment

Through institutional development and management practices, the Company firmly opposes any form of discrimination, forced labor, and child labor. The Company has formulated the Anti-Discrimination Control Policy, providing all employees with fair and reasonable employment opportunities and humane treatment, and opposing any discriminatory behavior based on ethnicity, religion, gender, age, or other factors. Anti-discrimination requirements are strictly implemented throughout all stages of employment, including recruitment, hiring, and promotion. The Company has formulated the Special Protection Policy for Female Employees, requiring that female employees’ wages shall not be reduced, nor shall they be dismissed, due to pregnancy or childbirth. The Company strictly follows the principle of gender equality and supports women’s career development and personal growth. The Company strictly complies with relevant laws, regulations, and international labor conventions, and has formulated the Control System on Prohibition of Child Labor and Remedial Measures, which explicitly prohibits the employment of child labor. During recruitment, the age information of applicants is strictly verified to identify and eliminate child labor at the source. At the same time, the Company firmly opposes forced labor and ensures that all employment relationships are based on the voluntary consent of both parties.

Compensation and Benefits

Advocates the concept of “contributor-oriented” management and has formulated and implemented the Compensation Management Policy and the Performance Appraisal Management Measures. Based on job nature, the Company has established a differentiated compensation system and determines compensation levels according to employees’ positions, capabilities, performance, and other factors, ensuring that employee compensation is fair and reasonable. Employee compensation consists of base salary, monthly performance bonuses, additional allowances, year-end performance awards, and equity incentives. Certain categories of positions are also entitled to skill-based pay, project rewards, and excess sales performance rewards. At the same time, the Company adjusts compensation annually according to industry and market conditions to maintain competitive employee remuneration.

The Company organizes employees to sign the Personal Performance Commitment Letter every year, records the final appraisal results in the Summary of the Company’s Year-end Employee Appraisal, and uses the performance appraisal results as the basis for decisions on employee promotion, demotion, and year-end benefits. Employees may appeal the results of their performance evaluations. The Human Resources and Administration Center will respond within three working days upon receipt of the appeal and provide timely feedback after the matter has been handled.

The Company has formulated the Company Allowance and Benefits Policy, providing employees with extensive benefits protection. The Company strictly purchases five social insurances and one housing fund for employees in accordance with legal requirements, and on this basis provides a variety of additional benefits, including quality dormitories, staff canteens, supplementary medical insurance, and annual medical check-ups.



Staff canteen and dormitories

Performance Incentives

To further motivate employees, the Company adopts a model that combines both material and non-material incentives, continuously enhancing employees’ enthusiasm for work.

Employee Incentive Measures	
Material incentives	Talent selection incentives, incentives for key research projects, science and technology festival-related incentives, Outstanding Innovation Award, provincial/municipal honorary allowance incentives, etc.
Non-material incentives	Advanced individual commendations, Annual Rising Star Award, Hua Guang Party and Mass Pioneer Award, Advanced Collective Award, General Manager Award, Hua Guang Craftsman commendation, etc.

To retain and motivate core personnel and advance the joint growth of employees and the Company, the Company has launched an employee stock ownership plan, effectively stimulating employees’ intrinsic motivation. At the same time, in order to establish a long-term incentive mechanism, the Company closely aligns the interests of shareholders, the Company, and employees. Since 2022, the Company has repurchased shares each year through centralized bidding for use in subsequent employee stock ownership plans and equity incentives.

Democratic Communication

The Company respects employees’ rights to democratic management and collective bargaining, has established a labor union, and convenes employee representative congresses in accordance with laws and regulations. The Company always places employee demands in an important position and widely listens to employees’ voices through diversified communication channels such as employee symposiums, thematic interviews, and the Chairman’s mailbox, promptly understanding the practical difficulties employees encounter in work and life and promoting effective solutions.

The Company regards employee satisfaction surveys as a key means of proactively understanding employees’ opinions. It regularly conducts satisfaction surveys for all employees, as well as special satisfaction surveys regarding dormitories and canteens. For deficiencies identified in the surveys, the Company conducts systematic analysis and assessment, formulates corrective measures, and requires responsible departments to implement them within a specified time limit. During the reporting period, the Company conducted an employee satisfaction survey covering all employees, issuing a total of 681 questionnaires and receiving 650 responses, with employee satisfaction reaching 97.15%.



Employee satisfaction survey poster

Employee Care

The Company always practices the “people-oriented” philosophy and provides comprehensive care for employees’ physical and mental health, life, and development. In terms of material support, the Company has established a charity fund for employees in need, providing targeted financial assistance to employees’ families facing difficulties. In terms of leisure life, the Company has built supporting recreational facilities such as a sports center, gym, and book bar for employees, and extensively carries out cultural and sports activities to foster a healthy, positive, warm, and harmonious corporate atmosphere. Through a series of practical initiatives, the Company effectively enhances employees’ sense of belonging, happiness, and security, allowing every employee to feel the Company’s respect and care.



Case

Care for Retired Employees

The Company has established a sound care mechanism for retired employees, conveying respect and recognition for their contributions during employment through sustained emotional connection and welfare. The Company has organized Double Ninth Festival hiking activities for retired employees for 23 consecutive years, invites retired employees to annual gala gatherings every year, and joins them in witnessing major celebratory events, enabling retired employees to feel the Company's respect and warmth.



Inviting retired employees to participate in the anniversary celebration



Case

Xinhua Class Team-Building Activity

In May 2025, the Company organized the Xinhua Class team-building activity, arranging a series of team-building activities for trainees, encouraging them to share growth experiences, and providing multidimensional guidance ranging from business skills and professional qualities to interpersonal relationships. Through an approach that combines education with enjoyment, the activity helped trainees complete the transition from campus to the workplace.



Xinhua Class team-building activity



Case

Hosting the 30th Anniversary Family Day Event

In August 2025, the Company held its 30th Anniversary Family Day event, inviting employees and their children to visit the Company and jointly experience its transformation and achievements over the past 30 years. Through interactive activities such as fun games and calligraphy and painting exhibitions, family members shared in the Company's development achievements. The event not only conveyed the warmth of the enterprise, but also deepened employees' and their families' sense of belonging and emotional connection.



Hua Guang 30th Anniversary Family Day Event

The Company values employees' physical and mental health, and enables employees to feel the Company's care and warmth outside of work through multidimensional and normalized care initiatives.



Distribution of Dragon Boat Festival gifts



Health consultation at the Convenient Services Day

The Company places great importance on employees' cultural and recreational life. By creating platforms for showcasing talents and organizing diversified activities such as sports competitions, knowledge contests, and outdoor development programs, the Company effectively stimulates employee enthusiasm and enhances teamwork and trust.



Tug-of-war competition



Basketball game



Management team hiking event

The Company continues to improve employee living facilities and is equipped with various leisure venues to meet employees' needs for physical exercise, mental relaxation, and health management, effectively enhancing employees' sense of happiness and belonging.

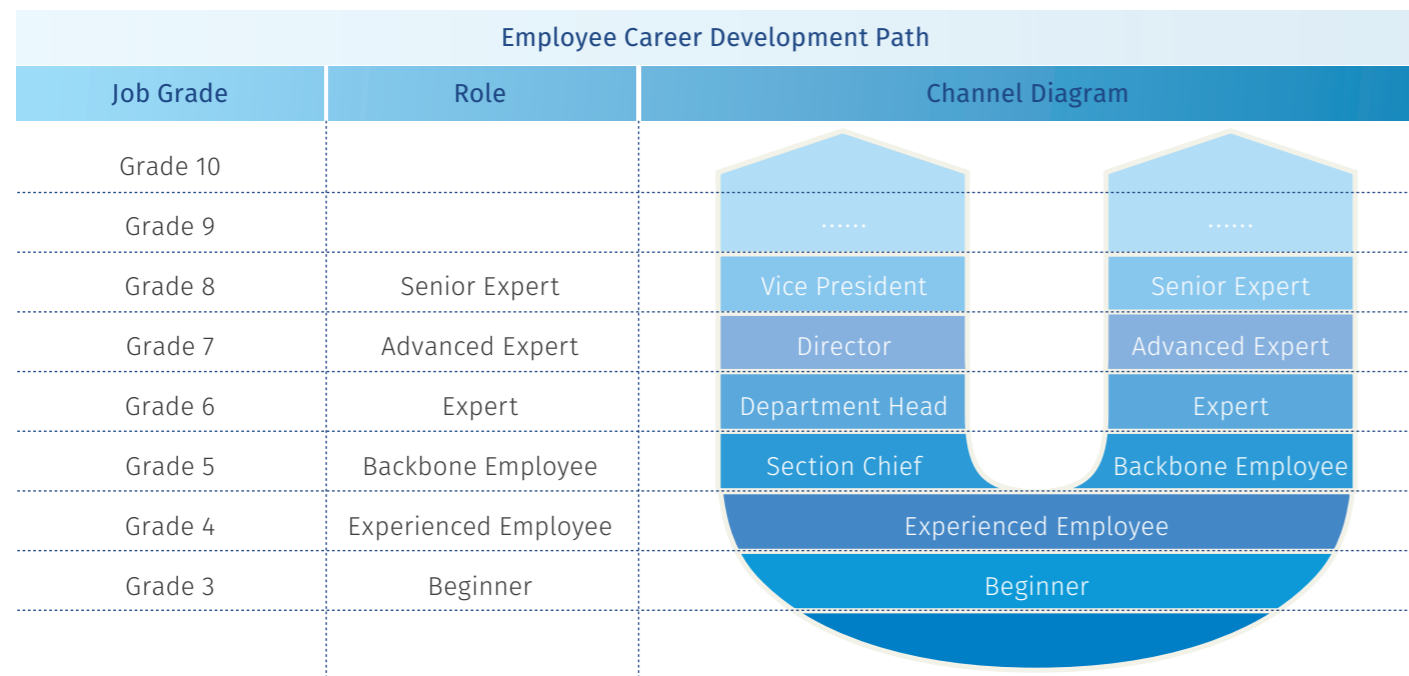


Employee Development

Career Development

The Company has formulated the Measures for Employee Position Promotion Management, providing a clear institutional basis for employee career development and ensuring that promotion evaluations are carried out in an orderly manner each year. The Company has established a career development system that combines vertical promotion with horizontal development. In terms of vertical promotion, the Company has established a "dual-track" career development system. The management track is structured in tiers of "junior management – middle management – senior management," and strictly follows cadre appointment standards to ensure that selected managers possess outstanding leadership and comprehensive qualities. The professional and technical track follows the path of "assistant – intermediate – senior – principal – senior principal," encouraging technical personnel to deepen their expertise in professional and technical fields and lead teams in tackling complex technical challenges. In terms of horizontal development, the Company has divided career paths into five occupational groups: "management group – sales group – technical group – professional group – operations group," providing employees with opportunities for lateral job rotation and supporting qualified employees in expanding their career space based on their capabilities and job requirements.

In terms of supporting measures, the Company provides all employees with fair opportunities for internal competition and lateral mobility, encourages and supports employees in participating in national, provincial, municipal, and district talent evaluations, professional title assessments, and vocational skill certifications, and provides policy interpretation and application guidance to help employees enhance their professional competence and achieve a balanced outcome for both the Company's interests and employees' professional value.

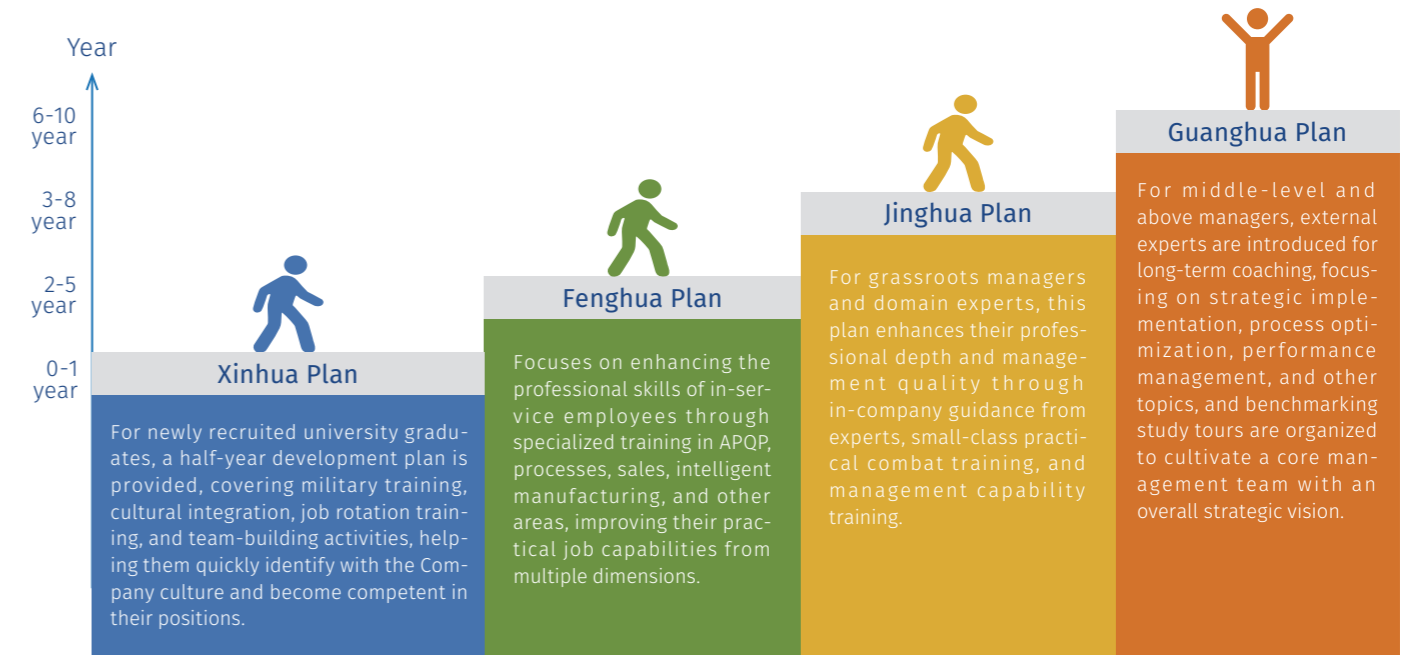


Employee Training

The Company has established a scientific and comprehensive training management system. Through measures such as needs identification, plan formulation, training implementation, effectiveness evaluation, and continuous improvement, it has formed a closed-loop training mechanism that enhances employees' professional skills and overall capability.

The Company uses methods such as analysis, surveys, talent review, and 360-degree evaluation to identify training needs at both the organizational and individual levels from multiple dimensions. Based on the analysis results, the Company formulates the Annual Training Plan, which is implemented upon approval by the General Manager. The training plan provides diversified courses for different job levels and is supported by advanced teaching facilities and an internal trainer team. During the training process, the Company evaluates training effectiveness from four dimensions: reaction, learning, behavior, and results, and promptly tracks trainee satisfaction, knowledge mastery, work behavior improvement, and achievement transformation. Based on evaluation results, the Company continues to optimize training processes, improves institutional norms, establishes an HRBP team, and drives the standardization and refinement of training to ensure that the training system dynamically adapts to the Company's development needs.

For employees at different levels, the Company has established the tiered "SiHua Plan" development system. Through theoretical instruction, on-site practical training, layered and graded development, and job rotation training, the Company has established and improved its talent development mechanism and formed a development ecosystem covering the entire employee career cycle.



Case: Mentorship-Based Coaching Model in Frontline Workshops

The Company drives a mentorship-based coaching model for frontline employees. When new employees join, the workshop director assigns experienced employees with strong skills and good teaching ability as coaches. Through hands-on instruction, follow-up guidance, and recorded feedback, new employees are helped to quickly master operational skills and meet the requirements for formal job placement.

On-site "master-apprentice" job teaching



Case

Hosting the Manufacturing Department Skills Competition

In October 2025, the Company hosted the Yuhang District Skills Competition, actively organizing employees to participate and achieve excellent results. Through using competition to promote learning and practice, the event provided employees with a platform to showcase their skills and engage in external exchanges, effectively stimulating enthusiasm among all staff to learn and compare skills, fostering a strong atmosphere of professional study and research, and powerfully promoting the cultivation of skilled talent and the innovative development of the enterprise.



2025 Manufacturing Department Skills Competition

Continuing to Contribute to Society

Rural Revitalization

Hua Guang actively participates in rural revitalization initiatives and contributes to common prosperity through practical actions. During the reporting period, the Company invested a total of RMB 402,800 in rural revitalization-related activities and steadily carried out a number of rural assistance and co-development initiatives.

Rural Revitalization Practices in 2025

The Company actively participated in the Common Prosperity Demonstration Project in the Xiajiaqiao area of Xingang Village, Liangzhu Subdistrict, Yuhang District, contributing to the improvement in quality and efficiency of public welfare initiatives for rural revitalization in the northern Liangzhu area.



The Company actively carried out Spring Festival care initiatives, visiting families in difficulty in Gangnan Village, Liangzhu, and Fengkou Village, Renhe, delivering corporate warmth and festive greetings, while also caring for children in extreme hardship in the local area.



The Company supported the Liangzhu FBB Triple Crown League for Beautiful and Harmonious Villages organized by Liangzhu Subdistrict, enriching rural cultural and sports life and contributing to the development of spiritual civilization in harmonious rural communities.



Social Welfare

The Company's senior management attaches great importance to public welfare and integrates social responsibility into its corporate development strategy. Each year, it allocates a dedicated public welfare budget and actively gives back to society through multiple channels. During the reporting period, the Company's cumulative charitable donations amounted to RMB 904,900.

During the reporting period, the Company's cumulative charitable donations amounted

904,900 RMB

Social Welfare Practices in 2025

The Company actively supported the Hangzhou Tennis Association in organizing the Mixed Doubles Tennis Championship, vigorously advocating a healthy and positive sports culture. Since 2024, the Company has sponsored this event on an ongoing basis, using sports as a bond to further enhance its brand image and social influence.



The Company has always cared about and supported regional education. Since 2021, it has made donations to Tianyuan School · Hangzhou Huilan Future Sci-Tech City School on an ongoing basis with a focus on supporting the development of aesthetic education and science education, thereby contributing through practical actions to the high-quality development of education in Yuhang.



Each year, the Company continues to carry out summer visiting activities, delivering cooling fruits and care to frontline public security police officers, traffic police officers, and fire rescue personnel who remain at their posts.



The Company actively participated in the "Zhechuan Mountain-Sea Affection" donation and caring initiative for schools in Tibetan areas. The Chairman personally traveled to Tibetan regions to deliver books and warmth to children, supporting educational equity with compassion.



The Company organized Party members to participate in a series of volunteer activities, such as the "Jingshan Ancient Trail Hiking and Mountain Cleaning Volunteer Activity" and the "Into the Mountains, Leave No Trace" mountain cleaning volunteer service activity, serving society and protecting the sound ecological landscape through practical actions.



Community Development

The Company has always integrated its own development into the broader local context and fulfills its corporate social responsibility through practical actions. The Company strengthens communication with local communities, gains an in-depth understanding of residents' needs and concerns, and provides targeted support. In terms of local procurement, the Company actively purchases local agricultural products to help residents increase their income and achieve prosperity. In terms of local employment, it actively recruits local residents and regularly carries out vocational skills training, pre-job training, and employment guidance services, to continue improving the overall quality and employability of the local workforce. As of the end of the reporting period, the number of locally employed staff reached 188, accounting for 26% of the total.

As of the end of the reporting period,
the number of locally employed staff reached **188**
accounting for the total **26%**

Community Development Practices in 2025

The Company actively practiced the model of “supporting through purchasing and promoting production through sales” by signing an agricultural products subscription agreement with Puning Village, Renhe, under the Yuren Common Prosperity Assistance Group, effectively broadening channels for increasing the collective village economy and farmers' income.



Upholding the Quality Assurance Line

Governance

Robust quality management is the foundation for maintaining market reputation and achieving steady development. Hua Guang has established a Quality and Systems Management Center, which is responsible for product quality control and quality system management. In compliance with relevant laws and regulations and benchmarking against advanced domestic and international quality standards, the Company has formulated and implemented normative documents such as the Rigid Quality Management Measures, the Hua Guang Inspection Management Policy, the Product Audit Management Policy, and the Process Inspection Guidelines, laying a solid institutional foundation for quality management.

The Company consistently fulfills its commitment to product quality and actively carries out external management system certifications and audits. During the reporting period, the Company passed the annual surveillance audits of ISO9001 Quality Management System certification and IATF 16949 Automotive Quality Management System certification, as well as ISO 10012 Measurement Management System certification, the annual audit of the Australian Watermark product certification, and Zhejiang Manufacturing certification. In addition, the Company's self-established chemical laboratory passed CNAS accreditation.

Strategy

Company has established a risk identification mechanism covering product quality and safety. Each year, it conducts assessments and analyses of quality management-related risks and formulates and implements response measures for identified risks to ensure that quality risks remain under control at all times.

Risk Description	Response Measures
Risks in production process control: Deviations in process execution and parameters, and inadequate process quality monitoring may lead to substandard product quality.	<ul style="list-style-type: none"> ● Introduce digital quality management tools to enable real-time monitoring and data collection at key production process nodes. ● Strengthen standardization of process execution and in-process inspection, shifting quality control from post-inspection to process prevention.
Supply chain source risks: Fluctuations in the quality of upstream raw and auxiliary materials and components, or inadequate supplier management, may be transmitted to end products, creating quality and safety risks.	<ul style="list-style-type: none"> ● Establish a full lifecycle supplier management mechanism covering supplier access, evaluation, and dynamic assessment; strengthen incoming material inspection and batch control; and embed quality requirements throughout the supplier cooperation process. ● Drive upstream suppliers to improve their own quality control systems and achieve coordinated prevention and control of supply chain quality risks.
Compliance and standards adaptation risks: Upgrading industry quality supervision standards and increasingly stringent product compliance requirements may lead to compliance risks if not updated in a timely manner.	<ul style="list-style-type: none"> ● Establish a full-chain product quality traceability system to ensure traceability of product origin and destination. ● Establish a rapid response mechanism for quality risks to enable precise identification and swift handling of quality issues.
Traceability and emergency response risks: Incomplete full-process traceability systems and insufficient response and recall efficiency for quality issues may expand risk impacts and harm consumer rights and brand credibility.	<ul style="list-style-type: none"> ● Comply with national and industry quality and safety laws, regulations, and standards; establish and improve internal quality management systems and operational procedures; and clarify quality responsibilities at each stage. ● Track updates to regulatory standards in real time and promptly optimize production and control processes to ensure full-process compliant operations. ● Conduct regular company-wide quality training and ESG responsibility awareness programs to strengthen overall quality and safety awareness.
Measurement and data control risks: Non-standard calibration of measuring equipment and missing process quality data may hinder accurate control of key quality points and increase blind spots in quality management.	<ul style="list-style-type: none"> ● Utilize the QMS module to conduct full-process quality data analysis, identify root causes of quality issues, establish closed-loop quality improvement, and continuously optimize production processes and control procedures. ● Conduct regular internal quality audits and risk inspections, establish early warning mechanisms, and proactively identify and mitigate potential quality risks.

Impact, Risk and Opportunity Management

Based on the characteristics of the brazing materials industry and its own technological advantages, the Company has established a quality management model driven by dual engines of “technological innovation” and “digital and intelligent manufacturing,” covering the entire product lifecycle.

Raw Materials and Suppliers	Production Process	Finished Product Shipment	After-Sales Service
<ul style="list-style-type: none"> ● Implement strict supplier access and dynamic grading systems, and conduct audits of key raw material suppliers. ● Rely on the measurement management system to carry out automated full inspection of key incoming material indicators, ensuring “zero-defect” raw material entry. 	<ul style="list-style-type: none"> ● Integrate AI-based automated inspection and special characteristic management to establish a quality monitoring network covering the entire production line. ● Use the QMS system to collect process data in real time, strictly control SPC fluctuations, and ensure stable process capability. 	<ul style="list-style-type: none"> ● Implement strict OQC full inspection processes, covering performance, reliability, and export compliance testing. ● Use unique batch coding to achieve full-dimensional traceability from raw materials to customers. 	<ul style="list-style-type: none"> ● Establish an efficient customer complaint handling mechanism to ensure all complaints are properly addressed. ● Conduct regular management reviews based on customer satisfaction data to drive optimization of quality costs and product iteration, continuously enhancing customer loyalty.

The Company has established a product quality and safety traceability system covering the entire lifecycle, achieving “traceable sources, traceable destinations, accountable responsibilities, and controllable risks.”

<p>Source Traceability: Establish qualified supplier archives; implement batch management for raw materials with one code per batch; and record all key information in the system to strictly control quality at the source.</p>	<p>Production Traceability: Assign unique QR codes to products to record production processes, equipment, personnel, process parameters, and in-process inspection status, enabling full traceability of the production process.</p>	<p>Inspection Traceability: Archive inspection data for incoming materials, in-process checks, and finished products; link inspection reports to product batches; and strictly prohibit shipment of non-conforming products.</p>	<p>Logistics and Sales Traceability: Record warehousing, outbound, transportation, and sales flow information to enable full tracking of product circulation.</p>
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The Company actively advances the digitalization of quality management. By introducing the MES system and QMS quality management modules, it has realized automatic collection, analysis, and early warning of process quality data, effectively improving process quality control capability and the efficiency of handling quality issues.

The Company conducts multi-dimensional quality training programs. For frontline employees, it provides job skills and quality awareness training; for external technical support personnel, it organizes welding technology and application training; for quality management personnel, it conducts VDA 6.3 specialized training; and for all employees, it delivers training on quality system and procedure training. Through training activities that combine theory and practice and cover multiple levels, the Company has effectively improved employees’ overall quality awareness and practical capabilities, fostering a strong culture of quality.

Indicators and Targets

The Company consistently advances quality management with high standards and strict requirements, steadily improving product stability, reliability, and consistency. During the reporting period, the Company achieved a 100% batch inspection coverage rate, a 99% product sampling pass rate, and a 99.90% product ex-factory pass rate. No major product safety or quality liability incidents occurred throughout the year, and quality and safety management remained stable and orderly.

Hua Guang’s 2025 Quality Management Target

- No major product safety or quality liability incidents



Customer Service and Information Security

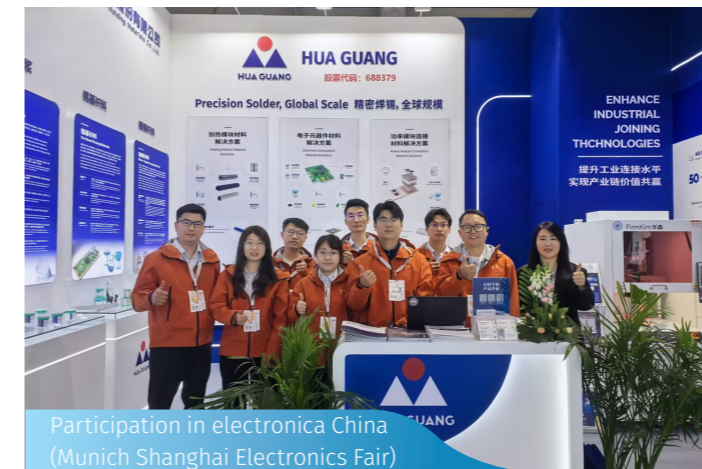
Customer Service

Hua Guang is committed to providing customers with high-quality products and comprehensive services, continuously optimizing customer experience and safeguarding customer rights through various measures. The Company has formulated internal systems such as the Customer Satisfaction Monitoring and Control Procedure and the Customer Complaint Handling Control Procedure to ensure standardized and efficient pre-sales, in-sales, and after-sales services.

The Company continues to monitor customer satisfaction. The sales department interfaces with customers and regularly understands their satisfaction with the Company’s products, technology, delivery, and after-sales services, and conducts analysis and improvement based on feedback. During the reporting period, customer feedback was collected through satisfaction surveys: 80 responses were received from domestic customers, with a satisfaction rate of 97%; 4 responses were received from international customers, with a satisfaction rate of 100%.

The Company has established a dedicated after-sales service team composed of sales, technical support, and quality management personnel. Customer complaints are received through sales channels and transmitted to relevant departments via the OA system. After analysis, rectification plans are formulated and feedback is promptly provided to customers. During the reporting period, the Company received a total of 47 customer complaints, with a resolution rate of 100%, and maintained customer trust in the Company’s brand through continuous improvement.

The Company actively participates in various exhibitions to showcase its latest products while engaging in in-depth exchanges with customers to gain valuable market insights, thereby driving continuous innovation in products and services.



Participation in electronica China (Munich Shanghai Electronics Fair)



Participation in electronica China (Munich Shanghai Electronics Fair)



Participation in China Refrigeration Expo



Participation in Thailand NEPCON Electronics Exhibition

Information Security and Customer Privacy Protection

The Company has established and improved its information security management system and has formulated and strictly implemented internal systems such as the Information Data Security Management System, the Employee Information Security Management System, and the Confidential Document Management System. The Company strengthens technical protection and compliance management. As of the end of the reporting period, it had passed the Level 3 Certification of the Multi-Level Protection Scheme (MLPS) for cybersecurity.



Cybersecurity MLPS Level 3 Certification

The Company has established a comprehensive information security and customer privacy protection mechanism. At the internal governance level, information security responsibilities are incorporated into the Employee Handbook, with clearly defined management red lines and an annual dynamic update mechanism to ensure that employees' compliance awareness remains up to date. In supply chain management, the Company requires all suppliers to sign Confidentiality Agreements, clearly defining confidentiality responsibilities and effectively safeguarding patented technologies, technical secrets, and commercial secrets. In terms of customer privacy protection, the Company strictly follows the principles of "minimum necessity" and "authorized consent," implementing full lifecycle data encryption management and hierarchical access control to reduce the risk of customer privacy leakage at the source. The Company conducts systematic information security risk assessments annually, classifies risks according to their impact levels, and formulates targeted emergency response procedures to ensure timely and effective responses to risk incidents. The Company continues to strengthen the management of confidential documents by implementing graded control based on the nature of information and consequences of leakage, assigning dedicated personnel for management, and requiring all employees to strictly follow procedures when accessing and using confidential information. At the same time, the Company regularly organizes professional training for information security management personnel to continuously enhance their awareness and professional capabilities. During the reporting period, the Company did not experience any penalties related to information security, nor any incidents of customer privacy breaches.



Building a Balanced Supply Ecosystem

Supplier Management

Full Lifecycle Supplier Management

Effective supply chain management is an important foundation for Hua Guang to achieve high-quality development and a key driver for collaborative innovation and shared growth across the industrial chain. In compliance with laws and regulations such as the Tendering and Bidding Law of the People's Republic of China, the Company has formulated and implemented a series of internal systems, including the Supplier Management Policy. The Company has established a full lifecycle supplier management system covering key stages such as supplier qualification review, performance evaluation, and exit/elimination, ensuring supplier quality while enhancing risk resilience and supply chain flexibility.

Supplier full life-cycle management model

Supplier Admission Review	<ul style="list-style-type: none"> ● Conduct qualification reviews, basic information verification, and on-site inspections of potential suppliers, and issue audit conclusions. ● Incorporate ESG factors such as management system certifications (e.g., ISO 9001, ISO 45001, ISO 14001), environmental impact assessment reports, and energy-saving and environmental protection certifications into the review to ensure suppliers fulfill the Company's sustainability requirements.
Supplier Performance Evaluation	<ul style="list-style-type: none"> ● Implement monthly and annual performance evaluations of suppliers, focusing on core dimensions such as quality performance, delivery capability, and cooperation level. ● For suppliers with unsatisfactory performance, issue formal notices requiring rectification within a specified timeframe and track the implementation of corrective measures.
Supplier Elimination	<ul style="list-style-type: none"> ● Initiate elimination procedures for suppliers rated as "unqualified" for three consecutive months in performance evaluations. ● Other triggers for elimination include major incidents related to quality, delivery, confidentiality breaches, or integrity violations; serious financial problems; or insufficient technical development capability to meet the Company's requirements. ● Prior to elimination, assess the impact, follow approval procedures, and carry out deactivation and account settlement operations.

During the reporting period, the Company actively drove the development of a supplier whitelist mechanism and formulated the Global Supplier Whitelist Management Procedures and Standards, providing clear criteria for selecting high-quality strategic suppliers that meet the standards of "long-term cooperation, shared risk, and prioritized resource allocation," thereby further enhancing overall supply chain operational efficiency and competitiveness.

Supply Chain Risk Management

Strong supply chain risk control capability is an important safeguard for stable business operations. The Company has formulated the Supplier Risk Assessment and Emergency Management System and continuously identifies and manages unstable factors in the supply chain through scientific and systematic management approaches. A supply chain crisis response team led by the supply chain management team has been established, with the Procurement Management Department serving as the central unit for risk management, responsible for annual supplier risk assessments, formulation of response plans, and supervision of implementation. In the risk analysis phase, the Company identifies potential supplier risks and conducts quantitative assessments based on the likelihood of occurrence and degree of impact, providing a basis for hierarchical risk control. In the risk rectification phase, analysis results are incorporated into the Procurement Risk Management Countermeasure Table, with targeted response strategies formulated, responsible departments and rectification deadlines clarified, and progress tracked through the Supplier Risk Management Tracking Table.

The Company continue to strengthen its proactive supply chain risk management capabilities. At the early warning level, it has established a procurement risk early warning mechanism covering areas such as policy, market conditions, natural disasters, quality, and integrity, enabling dynamic monitoring of potential risks. After each risk event, the Company prepares summary reports to review lessons learned and improve management processes. At the prevention level, the Company signs documents such as Procurement Framework Agreements, Confidentiality Agreements, and Quality Assurance Agreements with suppliers, actively deploys multiple supply sources, optimizes inventory management, and provides training to address improvement areas of suppliers, thereby ensuring a stable and efficient supply chain.

▶ Sustainable Supply Chain

○ Responsible Supply Chain

A responsible supply chain is a cornerstone for achieving long-term value and effective risk management, as well as a key measure for promoting healthy industry development and global sustainable development goals. The Company has formulated the Supplier CSR Guidelines, requiring suppliers to provide a safe working environment, safeguard employees' basic rights, and fulfill environmental responsibilities during production. All suppliers are required to comply with these guidelines, and the Company conducts periodic on-site visits to supplier factories. Through verification of wage payments, working hour records, employee rosters, and related documentation, the Company evaluates supplier compliance. For suppliers that violate the guidelines, the Company will take measures based on the severity of the situation, including termination of procurement contracts or legal action.

Key Topics of the Supplier CSR Guidelines

Labor Rights and Human Rights	<ul style="list-style-type: none"> ● Oppose employment discrimination ● Oppose forced labor ● Prohibit child labor ● Protect young workers ● Ensure reasonable and lawful working hours ● Provide compliant wages and benefits ● Respect freedom of association
Occupational Health and Safety	<ul style="list-style-type: none"> ● Prevent occupational injuries ● Prevent chemical exposure ● Emergency prevention, preparedness, and response
Environmental Impact	<ul style="list-style-type: none"> ● Manage hazardous substances ● Regulate solid waste disposal ● Manage wastewater and rainwater discharge ● Control air emissions ● Ensure environmental compliance

In addition, regarding suppliers' environmental and occupational health and safety performance during delivery and service processes, the Company requires suppliers to sign the Environmental, Occupational Health and Safety Commitment Letter. This commitment requires suppliers to ensure compliant vehicle emissions, standardized storage and transportation of hazardous materials, and proper installation of safety protection facilities at construction sites, while complying with the Company' s internal environmental and safety management systems in all activities involving direct contact with the Company. By extending management boundaries from supplier factories to the delivery end, the Company achieves full-process control over environmental and safety risks in the supply chain.



○ Conflict Minerals Management

Conflict minerals governance is an important issue in global supply chain responsibility management. The Company places great importance on the compliance and transparency of raw materials, is committed to avoiding the use of conflict minerals from high-risk regions, and drives sustainable development and social responsibility. The Company requires suppliers to sign the Conflict Minerals Control Commitment Letter, ensuring that metals used in products and packaging do not originate from conflict-affected regions and comply with regulatory requirements for key metals such as tin, tantalum, tungsten, and gold. In the event of violations, the Company will take measures including product returns, claims for liquidated damages, or contract termination, and require compensation for economic and reputational losses. Through audits and inspections of suppliers' raw material metal sources, the Company continuously optimizes its conflict minerals control system and ensures responsible supply chain practices.

○ Fair Treatment of Small and Medium-Sized Enterprises (SMEs)

The Company complies with legal requirements such as the Law of the People' s Republic of China on the Promotion of Small and Medium-sized Enterprises and treats all partners equally in cooperation. The Company has established a sound contract management system that clearly defines payment terms, amounts, and methods, ensuring timely and full payment to SMEs. During the reporting period, the Company did not have any overdue payments to SMEs.

Improving Corporate Governance

03

Supporting the United Nations Sustainable Development Goals:

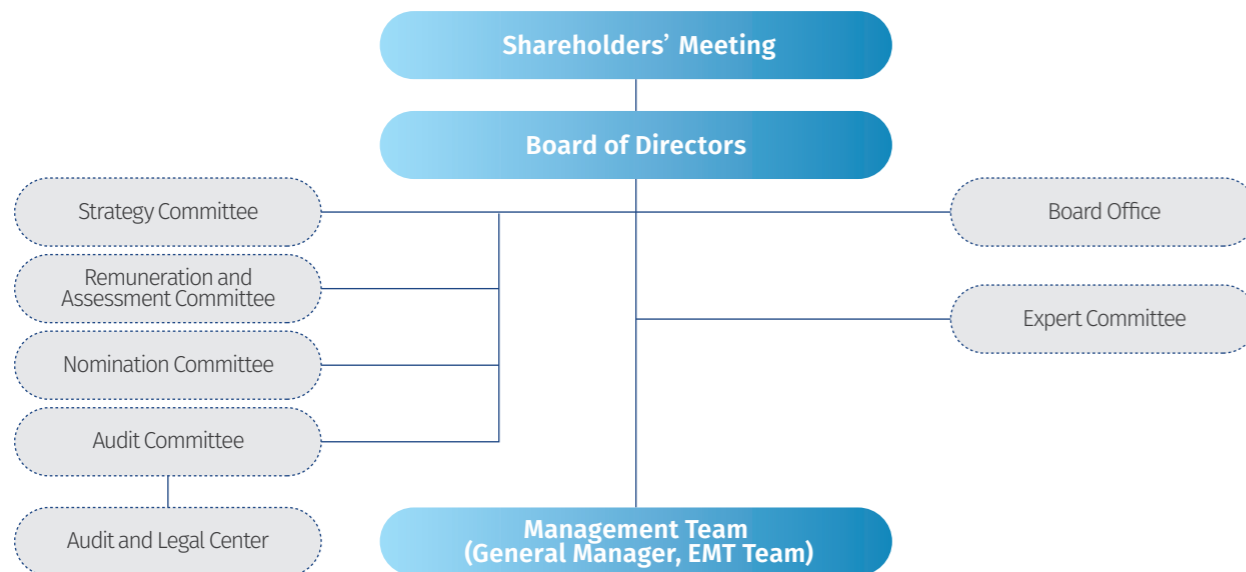


Advancing the Governance System

Governance Structure

The Company strictly complies with laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Code of Corporate Governance for Listed Companies, as well as the Articles of Association, to clarify the powers and responsibilities of each governing body and steadily improve its corporate governance standards. The Company has established a governance structure centered on the Shareholders' Meeting, the Board of Directors, and senior management, ensuring clear allocation of powers and responsibilities, standardized operations, mutual coordination, and effective checks and balances among the authority body, decision-making body, supervisory mechanisms, and management, thereby providing strong organizational support for the Company's efficient and stable operations.

Corporate Governance Structure



Governance Body	Responsibilities
Shareholders' Meeting	As the Company's highest authority, it exercises important powers in accordance with the law, including determining the Company's business policies, reviewing and approving Board reports and investment plans, and serves as an important pillar of the Company's governance system.
Board of Directors	As the Company's decision-making body, it convenes the Shareholders' Meeting, implements resolutions of the Shareholders' Meeting, determines the Company's business plans and investment proposals, and is accountable to the Shareholders' Meeting. The Board has established four specialized committees: the Strategy Committee, the Audit Committee, the Remuneration and Assessment Committee, and the Nomination Committee. Each specialized committee operates independently and efficiently in accordance with its rules of procedure.
Senior Management	Senior management consists of the General Manager, Deputy General Managers, the Financial Officer, and the Board Secretary. It is responsible for implementing Board resolutions, driving business development and internal management, and ensuring the continuous and stable development of the Company's operations.

The Company strictly regulates the procedures for the convening, proposal submission, holding, and voting of the Shareholders' Meeting in accordance with laws and regulations such as the Company Law of the People's Republic of China, as well as the Articles of Association and the Rules of Procedure for the Shareholders' Meeting. The Company has established effective communication channels with shareholders, treats all shareholders equally, ensures shareholders' rights to be informed of and participate in major corporate matters, and guarantees that shareholders are able to fully exercise their rights in accordance with the law. During the reporting period, the Company convened 5 Shareholders' Meetings and reviewed and approved 18 resolutions.

To further enhance governance effectiveness and optimize management processes, the Company abolished the Supervisory Board during the reporting period. The relevant powers originally exercised by the Supervisory Board have now been transferred to the Audit Committee of the Board of Directors.

Board of Directors

In accordance with the Articles of Association, the Rules of Procedure for the Board of Directors, and other systems, the Company has made clear provisions on the Board's appointment mechanism, composition, duties and powers, and meeting procedures, providing institutional support for the standardized performance of the Board's duties. Directors are elected or replaced by the Shareholders' Meeting for a term of three years and may be re-elected upon expiration of their term. Employee directors are elected by the employee representative congress or employee assembly. During the reporting period, the Company convened an employee representative congress, and upon approval by the attending employee representatives, added one employee director to the Board of Directors.

Board Effectiveness

The Company has established a normalized mechanism for evaluating Board effectiveness and steadily optimizes its governance structure based on assessment results. During the reporting period, the Board operated efficiently and in a standardized manner, with scientific decision-making and effective oversight: 12 Board meetings were convened, reviewing matters including business decisions, financial reports, related-party transactions, and the unlocking of the employee stock ownership plan. Directors' participation rate reached 100%, and the follow-up implementation rate of all resolutions reached 100%, fully demonstrating the standardization and effectiveness of the Board's performance of duties.

Board Independence

The Company has formulated the Administrative Measures for Independent Directors, clearly acknowledging the independence of the independent directors, proportional requirements, and full-process oversight procedures. In terms of appointment, independent directors are nominated by the Board of Directors or by shareholders individually or collectively holding more than 1% of the Company's issued shares, and are elected by the Shareholders' Meeting. The term of service of independent directors shall not exceed six years. The Company requires that independent directors account for no less than one-third of the Board, and that at least one of them be an accounting professional. In principle, independent directors may serve as independent directors in no more than three domestic listed companies to ensure they have sufficient time and energy to perform their duties. As of the end of the reporting period, the Company had 3 independent directors, accounting for 43% of the Board.

Board Diversity

The Company takes compliance as its foundation, governance as its framework, and professional competence as its core. In selecting directors, it considers diversity factors such as ethnicity, nationality, gender, age, and professional background, ensuring that Board members have diverse backgrounds and capabilities while aligning with regulatory requirements and the Company's development strategy. Through the Articles of Association and the Working Rules of the Nomination Committee of the Board of Directors, the Company has established an institutional system for diversity management.

As of the end of the reporting period, the Board consisted of 7 members, including several directors with experience in welding materials, business management, accounting, and law. There were 5 female directors, accounting for 71% of the Board. The age structure is balanced, combining experience with innovation and aligning with the Company's internationalization and R&D strategy, thereby support high-quality decision-making in long-term.



Specialized Committees of the Board

The Board has established four specialized committees: the Strategy Committee, the Audit Committee, the Remuneration and Assessment Committee, and the Nomination Committee. All committee members are directors who conduct research on professional matters and provide professional recommendations for Board decision-making. During the reporting period, the Company held a total of 15 specialized committee meetings, including 7 Audit Committee meetings, 3 Remuneration and Assessment Committee meetings, and 5 Strategy Committee meetings, effectively fulfilling the responsibilities of the specialized committees.

Committee Name	Responsibilities
Strategy Committee	<ul style="list-style-type: none"> Study and make recommendations on the Company's long-term development strategy and planning. Study and make recommendations on major investment and financing plans, major capital operations, and major asset operation projects.
Audit Committee	<ul style="list-style-type: none"> Exercise the powers of the Supervisory Board as stipulated in the Company Law of the People's Republic of China. Review the Company's financial information and related disclosures. Supervise and evaluate internal and external audit work and internal controls.
Remuneration and Assessment Committee	<ul style="list-style-type: none"> Formulate assessment standards for directors and senior management and conduct assessments. Formulate and review remuneration policies and plans for directors and senior management, including remuneration determination mechanisms, decision-making procedures, payment arrangements, and clawback arrangements.
Nomination Committee	<ul style="list-style-type: none"> Formulate standards and procedures for the selection of directors and senior management. Select and review candidates for directors and senior management and their qualifications.

Executive Compensation

The Company has established a diversified executive compensation structure of "fixed compensation + performance-based compensation + long-term incentives," ensuring that executive remuneration is closely linked to both Company performance and individual contributions, while balancing short-term and long-term incentives. Executive remuneration plans are drafted by the Remuneration and Assessment Committee, reviewed by the Board of Directors, and ultimately approved by the Shareholders' Meeting. Executive remuneration consists of fixed salary, performance salary, bonuses, and long-term incentives. Long-term incentives are linked to the core management team through the employee stock ownership plan and equity incentives, with unlocking conditions tied to the Company's net profit and individual performance, thereby achieving "benefit sharing and risk sharing." The Company has also established a clawback and withholding mechanism for executive compensation to ensure strict compliance by executives with laws, regulations, and the Articles of Association, and to ensure their loyal performance of duties. The relevant proposals for this mechanism were reviewed and approved by the 5th Board meeting and 28th Shareholders' Meeting and have been formally implemented after approved by 2025 annual Stakeholder Meeting.

Conflict of Interest Management

The Company has established a full-chain conflict of interest governance mechanism covering "identification – recusal – review – supervision – disclosure." Through systems such as the Related-Party Transaction Management Policy, the Independent Director Working Policy, and the Articles of Association, the Company clarifies the criteria for identifying related-party relationships, strictly implements recusal procedures for related directors and related shareholders in voting, and sets graded review authorities according to transaction amounts, ensuring that all related-party transaction decisions are objective and fair. The Company's independent directors, Audit Committee, and Nomination Committee conduct professional and independent reviews of related-party transactions and director conflict of interest matters, forming effective oversight.

Information Disclosure and Investor Relations

The Company strictly complies with relevant laws and regulations such as the Administrative Measures for Information Disclosure by Listed Companies and has formulated the Information Disclosure Management System, clarifying the principles, content, management matters, and procedures for information disclosure. During the reporting period, the Company carried out information disclosure work in a compliant and orderly manner, with no material disclosure errors or violations, thereby providing a solid basis for rational decision-making by shareholders.

The Company attaches great importance to shareholders' rights to express opinions and participate in corporate governance. It has formulated the Investor Relations Management System, which clearly defines communication channels, methods, division of responsibilities, and feedback mechanisms for shareholder communication. The Company incorporates shareholder communication into its annual work plan and integrates it with information disclosure and investor rights protection to form a long-term mechanism. During the reporting period, the Company communicated with investors through channels including the Shareholders' Meeting, online interactive platforms, institutional research and briefing sessions, and direct contacts, responding promptly to investor concerns and effectively maintaining relationships with a broad base of investors.

Hua Guang's Investor Communication in 2025

Online Communication	<ul style="list-style-type: none"> Responded to 145 investor inquiries on the SSE e-Interaction platform. Held results briefing sessions through the SSE Roadshow Center and P5W.net.
Offline Activities	<ul style="list-style-type: none"> Actively received securities analysts, fund managers, and individual investors. Conducted institutional surveys, reverse roadshows, and other activities covering different types of shareholder groups.

Upholding Integrity

Business Ethics

Hua Guang strictly complies with laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Monopoly Law of the People's Republic of China, and has established the Anti-Monopoly and Fair Competition Management System, which clearly defines unfair competition behaviors such as false advertising, monopolistic practices, and infringement of trade secrets, and regulates the Company's activities in business development, investment and mergers, and market transactions. The Company continues to track developments in laws and regulations related to anti-unfair competition and assesses business ethics risks in the activities it undertakes. At the same time, it integrates anti-monopoly and fair competition compliance into daily management practices and continuously strengthens employees' awareness of anti-monopoly and fair competition through activities such as interpretation of anti-monopoly laws and compliance training. During the reporting period, the Company was not involved in any litigation or administrative penalties resulting from monopoly or unfair competition.

▶ Anti-Corruption and Anti-Bribery

The Company has established and operates an effective anti-corruption and anti-bribery management mechanism, forming an anti-corruption framework characterized by top-down coordination and full employee participation.

In terms of system development, the Company has formulated the Provisions on Employee Integrity and Honest Practice, which apply to all employees and business activities of the Company. These provisions clarify standards for employee integrity and define corrupt and bribery-related conduct, while also establishing procedures for handling violations. Once a violation is identified, the Company will take action according to the nature of the violation; where suspected illegal or criminal conduct is involved, the matter will be resolutely transferred to judicial authorities for investigation and accountability in accordance with the law. At the same time, the Company requires all employees to sign the Integrity Commitment Letter, further implementing integrity management responsibilities.

The Company regularly assesses corruption risks and formulates and implements corresponding solutions for identified risks. In addition, each department is required to regularly carry out integrity inspections and conduct self-examination and self-correction against the Provisions on Employee Integrity and Honest Practice, while proactively reporting any violations or abnormal situations. During the reporting period, the Company did not experience any litigation or major penalties arising from commercial bribery or corruption, and the effectiveness of its integrity risk prevention and control was significant.

The Company extends integrity requirements to supply chain management by embedding integrity covenants into the procurement contract framework, clearly prohibiting partners from providing gifts, gratuities, agency fees, rebates, or free travel invitations to Company employees and their relatives. For partners who violate these covenants, the Company reserves the right to terminate contracts and pursue legal liability, ensuring a transparent and compliant supply chain.

The Company continues to strengthen its culture of integrity through anti-corruption and anti-bribery training, continuously enhancing employees' self-discipline awareness and establishing a healthy and positive corporate culture.

▶ Whistleblowing Mechanism

The Company has established and improved a whistleblowing and supervision mechanism, opening diversified reporting channels to all employees and other stakeholders, including mail, email, telephone, and Enterprise WeChat, to ensure that reporting channels are smooth and convenient. The Audit and Legal Center, as the department primarily responsible for whistleblowing management, strictly implements procedures for the acceptance, investigation, and feedback of reports, ensuring that all reported matters are handled in a timely and standardized manner.

The Company implements whistleblower protection in accordance with laws and regulations, establishes and improves internal confidentiality mechanisms, and clearly defines confidentiality management requirements for whistleblowing information. The Company strictly protects the whistleblower's personal information, such as name and address, as well as the content of the report. The Company firmly opposes the disclosure of whistleblower information and retaliation against whistleblowers. Once verified, such conduct will be dealt with seriously to effectively protect the lawful rights and interests of whistleblowers.

Whistleblowing Channels



Telephone

0571-88777538



Email

jimeilai@cn-huaguang.com



Mailing Address

Audit and Legal Center, No. 8 Fengyun Road, Renhe Subdistrict, Yuhang District, Hangzhou

Strengthening Internal Control and Compliance

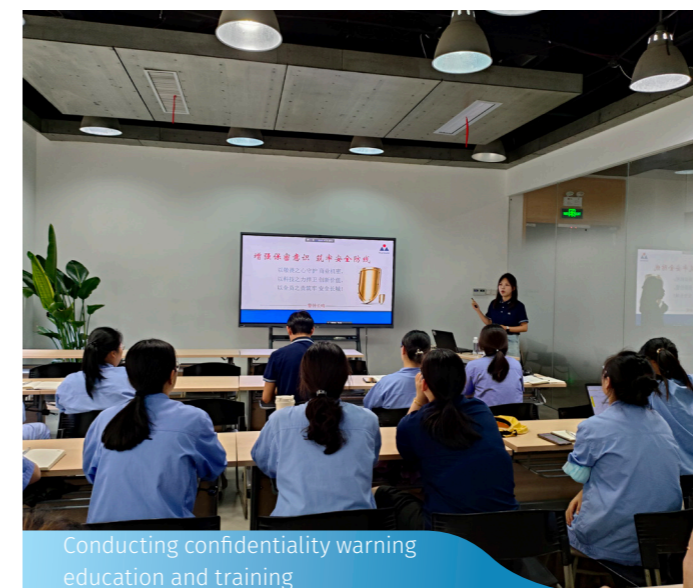
▶ Compliance Management

The Company always takes compliant operations as its bottom line and promotes the transformation of compliance management from "post-event supervision and correction" to "prior rule establishment and in-process standardized guidance," striving to build a high-standard compliance management system adapted to the needs of international development.

In terms of document standardization, the Company has integrated existing resources to build a legal document template library covering multiple business scenarios, continuously improving document quality and compliance. At the same time, it has established an information-based archive management system to realize visualized and categorized management of archived materials, providing more efficient compliance information support for business operations across departments.

For overseas business, during the reporting period the Company completed the review of the organizational structure and allocation of powers and responsibilities of overseas subsidiaries, and formulated the Statement of Powers and Responsibilities of Subsidiary Legal Representatives, Signing Directors, and Corporate Representatives, promoting the standardized implementation of governance structures for overseas subsidiaries. At the same time, the Company provides full-process compliance support for cross-border investment and transactions in overseas business, including legal due diligence, registration compliance, funding compliance, and customs compliance, to ensure that overseas business expansion complies with local laws and regulations.

In addition, the Company carried out diversified compliance training activities to strengthen compliance awareness across all employees. Through training courses such as Special Training on Legal Documentation, the Company enhances the document drafting capabilities and legal literacy of professionals. During the reporting period, the Company organized 3 cross-department legal awareness activities and 10 routine legal interpretation and training sessions, covering key areas such as integrity and compliance, labor relations, and intellectual property, with cumulative training provided to more than 400 participants.



Conducting confidentiality warning education and training



Conducting special training on legal documentation

▶ Internal Control

In accordance with the Basic Norms for Enterprise Internal Control, the Guidelines for the Application of Enterprise Internal Control, and the Guidelines for the Evaluation of Enterprise Internal Control, Hua Guang has formulated the Administrative Measures for Internal Control Evaluation to objectively and fairly evaluate the internal control status of the Company and its branches and subsidiaries, promptly identify internal control deficiencies and risks, and advances continuous improvement in internal control across all units.

The Board of Directors is the highest decision-making body for internal control evaluation, while the Internal Audit Department is responsible for organizing and guiding all units in carrying out self-evaluation of the internal control system. Based on unified, standardized, and modular internal evaluation techniques and tools, the Company assesses the effectiveness of internal control design and implementation, forms evaluation conclusions, and issues evaluation reports. The Company conducts internal control evaluations annually, covering the headquarters, branches, and subsidiaries. The evaluation content is organized around the five elements of internal environment, risk assessment, control activities, information and communication, and internal supervision.

Internal Control Evaluation Process	
Preparation Stage	<ul style="list-style-type: none"> ● Determine the internal control evaluation work plan. ● Prepare working papers for internal control evaluation. ● Hold a kick-off meeting for the internal control effectiveness evaluation.
Implementation Stage	<ul style="list-style-type: none"> ● Organize and conduct internal control effectiveness testing. ● Communicate with the evaluated units to confirm internal control deficiencies.
Summary Stage	<ul style="list-style-type: none"> ● Summarize evaluation results. ● Prepare the internal control self-evaluation report.

In addition, the Company regularly provides professional training to internal control evaluation personnel, promoting capability building in internal control evaluation and steadily improving the professionalism and standardization of the evaluation work.



Improving Risk Management

Risk Management

Hua Guang has formulated the Risk Management Control Procedure, which stipulates the management process for the identification, assessment, and response of various types of risks, clarifies the responsibilities of each department, and establishes a sound risk management system and operating mechanism. The Company has built a three lines of defense model for risk management, with each line operating efficiently and in coordination to form organizational synergy and effectively manage various internal and external risks.

Three Lines of Defense for Risk Management

● Business Departments (First Line of Defense)

- Conduct regular annual risk identification in conjunction with the Company's strategy, and carry out ad hoc risk identification according to changes in the Company's operations and production.

● Risk Analysis Group and Management Committee (Second Line of Defense)

- Conduct qualitative analysis of identified risks, determine the severity and likelihood of risk consequences, and then determine risk levels. The Company classifies all risks into five levels: extremely high risk, high risk, medium risk, low risk, and extremely low risk, and evaluates risk acceptance based on these levels.
- Based on identified risks, formulate strategic initiatives and management measures, establish corresponding risk management indicators and targets, integrate them into departmental KPIs and monthly work plans, conduct monthly reviews by the Management Committee, and establish corresponding emergency mechanisms to ensure timely response when risks occur, with regular drills and reviews.

● Audit and Legal Center (Third Line of Defense)

- Review the effectiveness of risk control measures, require relevant departments to take improvement and corrective actions when issues are identified, and re-evaluate risk response plans when major changes occur in the external environment.

Internal Audit

The Company has established an Internal Audit Department under the Audit Committee of the Board of Directors as its dedicated internal audit body. In the course of performing its duties, the Internal Audit Department independently exercises its audit supervision authority in accordance with the law and is free from interference by any other department or individual. In accordance with the Audit Law of the People's Republic of China, the Articles of Association, and other relevant regulations, the Company has formulated the Internal Audit System to guide and regulate the work of the Internal Audit Department.

The Internal Audit Department conducts comprehensive audits focusing on lawful and compliant operations, implementation of internal control systems, standardized operational management, and risk prevention and mitigation, while also promoting specialized audits such as performance audits, departure audits, and audits of raised funds management. Relying on audit reports, audit communication meetings, and other mechanisms, the Internal Audit Department conducts comprehensive inspections, supervision, and professional evaluations of audited projects and relevant departments, transforming audit results into management effectiveness and fully leveraging the dual role of audit in supervision and value enhancement.

Performance Report

Economic Performance

Indicator	Unit	2025	2024	2023
Operating revenue	RMB 10,000	255,588.51	191,782.82	141,516.41
Total profit	RMB 10,000	20,737.61	8,425.72	4,103.20
Total assets	RMB 10,000	295,987.08	237,307.13	194,910.21

Environmental Performance

Environmental Management

Indicator	Unit	2025	2024	2023
Amount of fines imposed for violations of environmental protection laws and regulations	RMB 10,000	0	0	0
Number of incidents resulting in penalties for violations of environmental protection laws and regulations	cases	0	0	0
Total environmental protection investment	RMB 10,000	298.04	147.09	205.82

Water Resources Management

Indicator	Unit	2025	2024	2023
Total water consumption	tonnes	216,128.80	180,670.80	155,481.00
Freshwater consumption	tonnes	173,139.00	150,559.00	149,836.00
Of which: municipal water	tonnes	173,139.00	150,559.00	4,716.00
Freshwater consumption per RMB 10,000 of revenue	tonnes/RMB 10,000	0.6774	-	-
Total recycled and reused water	tonnes	42,989.80	30,111.80	5,645.00
Water recycling and reuse rate	%	24.83	20.00	3.77

Energy Management

Indicator	Unit	2025	2024	2023
Total energy consumption	tonnes of standard coal equivalent	2,940.02	2,939.21	2,296.89
Electricity consumption	10,000 kWh	2,389.19	2,386.21	1,864.25
Natural gas consumption	cubic meters	11,113	12,130	13,363
Gasoline	tonnes	11.63	26.71	45.52
Waste heat energy consumption	tonnes of standard coal equivalent	37.93	35.12	32.69
Renewable energy consumption	tonnes of standard coal equivalent	2,017.08 ^{Note1}	38.32	37.47
Total energy consumption per RMB 10,000 of revenue	tce/RMB 10,000	0.0115	-	-

Note 1: In 2025, the Company promoted the use of green electricity and photovoltaic power generation projects, resulting in an increase in renewable energy consumption compared with the previous year.

Greenhouse Gas Emissions

Indicator ^{Note1}	Unit	2025	2024	2023
Direct (Scope 1) greenhouse gas emissions	tCO ₂ e	212.15	212.53	158.79
Indirect (Scope 2) greenhouse gas emissions	tCO ₂ e	11,883.77	12,296.18	13,115.00
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	12,095.92	12,508.71	13,273.79
Total greenhouse gas emissions per RMB 10,000 of revenue (Scope 1 and Scope 2)	tCO ₂ e/RMB 10,000	0.0473	-	-
Other indirect (Scope 3) greenhouse gas emissions ^{Note2}	tCO ₂ e	32,183.69	30,509.11	23,929.74
Greenhouse gas emissions reduced	tCO ₂ e	980.11	133.60	117.00

Note 1: Greenhouse gas emission calculation methods and emission factors refer to ISO 14064 Greenhouse Gases, the Ministry of Ecology and Environment's China Product Life Cycle Greenhouse Gas Emission Factor Database (2022), and the Greenhouse Gas Protocol—Corporate Accounting and Reporting Standard (Revised Edition), etc. The types of greenhouse gases covered include CO₂, CH₄, N₂O, and HFCs.

Note 2: The accounting scope of other indirect (Scope 3) greenhouse gas emissions includes transportation, employee commuting, business travel, and other indirect greenhouse gas emissions generated from solid waste disposal.

Emissions Management

Indicator	Unit	2025	2024	2023
Total annual air emissions	cubic meters	136,448	119,766	-
Particulate emissions	tonnes	3.23	2.55	0.86
Total wastewater discharge	cubic meters	69,719	63,234	75,924
COD (chemical oxygen demand) in discharged wastewater	tonnes	4.76	9.54	20.59
Ammonia nitrogen in discharged wastewater	tonnes	0.18	0.31	0.19

Waste Management

Indicator	Unit	2025	2024	2023
Total waste generated annually	tonnes	338.22	392.45	641.62
Total hazardous waste generated	tonnes	248.46	279.58	521.53
Hazardous waste generated per RMB 10,000 of revenue	tonnes/RMB 10,000	0.0010	0.0015	0.0037
Total non-hazardous waste generated	tonnes	89.76	112.87	120.09
Non-hazardous waste generated per RMB 10,000 of revenue	tonnes/RMB 10,000	0.0004	0.0006	0.0008
Total waste recycled and reused	tonnes	89.76	112.87	-
Percentage of waste recycled and reused	%	27	29	-
Waste recycled and reused per RMB 10,000 of revenue	tonnes/RMB 10,000	0.0004	0.0002	-
General industrial solid waste disposed	tonnes	89.76	112.87	-
Hazardous waste disposed	tonnes	248.46	279.58	-

Social Performance

Employee Recruitment and Employment

Indicator	Unit	2025	2024	2023
Total number of employees	persons	716	652	662
Number of employees by contract type	Regular employees	persons	710	645
	Labor dispatch employees	persons	6	7
	Part-time employees	persons	0	0
Number of employees by gender	Female	persons	246	231
	Male	persons	470	421
Percentage of employees by gender	Female	%	34.36	35.43
	Male	%	65.64	64.57
Percentage of employees by age	30 and below	%	31.15	27.00
	31-50	%	52.37	55.83
	51 and above	%	16.48	17.17
Number of ethnic minority employees	persons	46	44	-
Percentage of ethnic minority employees	%	6.42	6.75	-
Number of local employees	persons	188	-	-

Employee Recruitment and Employment

Indicator	Unit	2025	2024	2023
Percentage of local employees	%	26.25	-	-
Number of employees with disabilities	persons	5	7	-
Percentage of employees with disabilities	%	0.70	1.07	-
Number of demobilized veterans	persons	13	-	-
Percentage of demobilized veterans	%	1.90	-	-
Total number of employees taking parental leave	persons	25	16	-
Total number of management employees	persons	61	60	59
Percentage of management employees by gender	Female	%	32.79	35.00
	Male	%	67.21	65.00
Percentage of management employees by age	30 and below	%	11.48	8.33
	31-50	%	78.69	83.34
	51 and above	%	9.83	8.33
Total number of new hires	persons	170	144	-
Percentage of new hires by gender	Female	%	25.88	30.56
	Male	%	74.22	69.44
Percentage of new hires by age	Below 30	%	52.35	49.30
	30-50	%	42.94	45.14
	Above 50	%	4.71	5.56
Total employee turnover	persons	185	293	-
Employee turnover rate	%	20.53	29.97	-
Employee turnover rate by gender	Female	%	22.70	29.35
	Male	%	77.30	65.88
Employee turnover rate by age	Below 30	%	42.70	43.34
	30-50	%	48.11	46.08
	Above 50	%	9.19	10.58

Employee Training

Indicator	Unit	2025	2024	2023
Total number of employee training sessions	sessions	177	135	-
Total number of employee training participants	person-times	4,648	4,465	-
Employee training expenditure	RMB 10,000	12.00	4.20	-
Employee training coverage rate	%	100	100	-
Average training hours per employee	hours	38.61	12.03	-
Average training hours per employee by gender	Female	hours	37.74	8.50
	Male	hours	39.09	15.56
Average training hours per employee by employee category	Frontline employees	hours	35.28	10.10
	Management	hours	51.39	56.00
Percentage of employees receiving regular performance and career development reviews	%	52.37	53.07	53.98
Percentage of employees receiving regular performance and career development reviews by gender	Female	%	21.23	21.78
	Male	%	31.15	31.29
Percentage of employees receiving regular performance and career development reviews by employee category	Frontline employees	%	43.85	43.71
	Management	%	8.52	9.36

Occupational Health and Safety

Indicator	Unit	2025	2024	2023
Safety Investment				
Work safety investment	RMB 10,000	497.65	402.86	-
Work-related injury insurance investment	RMB 10,000	62.77	57.11	-
Employee coverage rate of work-related injury insurance	%	100	100	-
Work safety liability insurance investment	RMB	9,589.62	14,304.36	-
Employee coverage rate of work safety liability insurance	%	18.30	17.80	-
Work-Related Injury and Occupational Disease Management ^{Note 1}				
Number of work-related injuries with serious consequences (excluding fatalities)	persons	0	0	0
Number of work-related fatalities	persons	0	0	0
Incidence rate of occupational diseases	%	0	0	-
Number of recordable work-related injuries	cases	14	7	3
Recordable injury rate ^{Note 2}	/	1.52	0.86	-
Injury rate per million working hours ^{Note 3}	/	7.60	4.30	-
Lost workdays due to work-related injuries	days	587	215	-

Occupational Health and Safety

Indicator	Unit	2025	2024	2023
Safety Training ^{Note 4}				
Total duration of safety training	hours	4,302	194.50	-
Average safety training hours per employee	hours	6	0.31	-

Note 1: Statistics were optimized, and the 2024 data were revised.

Note 2: Recordable injury rate = Number of recordable work-related injuries × 200,000 / Total working hours

Note 3: Injury rate per million working hours = Number of recordable work-related injuries × 1,000,000 / Total working hours

Note 4: The statistical scope was expanded and optimized in 2025, resulting in an increase in safety training hours compared with 2024.

Quality Management

Indicator	Unit	2025	2024	2023
Ex-factory product pass rate	%	99.90	99.50	99.35
Product sampling pass rate	%	99.00	99.00	98.50
Batch inspection coverage rate	%	100	100	100

Supply Chain Management

Indicator	Unit	2025	2024	2023
Total number of suppliers	suppliers	50	49	48
Percentage of suppliers that underwent environmental and social impact assessments	%	100	100	100
Number of suppliers identified as having actual or potential major negative environmental and social impacts	suppliers	0	0	0
Number of suppliers participating in training	suppliers	50	49	48

Rural Revitalization and Public Welfare

Indicator	Unit	2025	2024	2023
Investment in rural revitalization activities	RMB 10,000	40.28	-	-
Number of people benefited from rural revitalization	persons	42	-	-
Public welfare and charitable donations	RMB 10,000	90.49	-	-
Total number of volunteer activities carried out	times	3	-	-
Number of employees participating in volunteer activities	persons	10	-	-
Total employee volunteer service hours	hours	30	-	-

Technological Innovation and Patent Management

Indicator	Unit	2025	2024	2023
R&D investment	RMB 10,000	8,529.52	7,427.19	5,301.20
R&D investment as a percentage of main business revenue	%	3.34	-	-
Number of R&D personnel	persons	99	-	-
Percentage of R&D personnel	%	13.83	-	-
Total number of valid patents (as of end of the reporting period)	items	104 ^{Note1}	104	102
Of which: invention patents	items	47	48	-
Number of patent applications	items	32	-	-
Number of patents granted	items	6	-	-

Note1: As of the end of the reporting period, the Company had obtained a cumulative total of 129 authorized patents, of which 25 had expired.

Anti-Corruption and Anti-Bribery

Indicator	Unit	2025	2024	2023
Number of corruption litigation cases during the reporting period	cases	0	-	-
Total number of persons involved	persons	0	-	-

Anti-Unfair Competition

Indicator	Unit	2025	2024	2023
Number of litigation or penalty cases arising from unfair competition during the reporting period	cases	0	-	-
Amount involved	RMB	0	-	-

Dimension	Topic	Relevant Section
Environment	Addressing Climate Change	Addressing Climate Change
	Pollutant Emissions	Controlling Pollutant Emissions
	Waste Management	Controlling Pollutant Emissions
	Ecosystems and Biodiversity Protection	Protecting Biodiversity
	Environmental Compliance Management	Strict Compliance
	Energy Utilization	Improving Resource Efficiency
	Water Resource Utilization	Improving Resource Efficiency
	Circular Economy	Promoting Circular Development
Social	Rural Revitalization	Contributing to Society
	Social Contribution	Contributing to Society
	Innovation-Driven Development	Special Topic: Three Decades of Technological Innovation, Intelligent Manufacturing for the Future
	Technology Ethics	Not Applicable
	Supply Chain Security	Building a Balanced Supply Ecosystem
	Fair Treatment of SMEs	Building a Balanced Supply Ecosystem
	Product and Service Safety and Quality	Quality Assurance; Customer Service and Information Security
Data Security and Customer Privacy Protection	Quality Assurance; Customer Service and Information Security	
Governance	Employees	Occupational Health and Safety; Employee Development
	Due Diligence	Stakeholder Engagement and Due Diligence
	Stakeholder Engagement	Stakeholder Engagement and Due Diligence
	Anti-Bribery and Anti-Corruption	Upholding Integrity
	Anti-Unfair Competition	Upholding Integrity

Global Reporting Initiative (GRI Standards 2021)

Statement of Use	Hua Guang prepared this report with reference to the GRI Standards, covering the period from January 1, 2025 to December 31, 2025
GRI Used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Relevant Section
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organization details	Company Profile
	2-2 Entities included in the organization's sustainability reporting	Reporting Scope
	2-3 Reporting period, frequency and contact point	Reporting Scope; Feedback
	2-6 Activities, value chain and other business relationships	Company Profile
	2-7 Employees	Social Performance
	2-9 Governance structure and composition	Advancing Governance System
	2-10 Nomination and selection of the highest governance body	Advancing Governance System
	2-11 Chair of the highest governance body	Advancing Governance System
	2-12 Role of the highest governance body in overseeing impact management	Advancing Governance System
	2-13 Delegation of responsibility for managing impacts	Advancing Governance System
	2-14 Role of the highest governance body in sustainability reporting	Advancing Governance System; ESG Governance System
	2-15 Conflicts of interest	Advancing Governance System
	2-16 Communication of critical concerns	Stakeholder Engagement and Due Diligence
	2-17 Collective knowledge of the highest governance body	ESG Governance System
	2-18 Evaluation of the performance of the highest governance body	ESG Governance System
	2-19 Remuneration policies	Advancing Governance System
	2-20 Process to determine remuneration	Advancing Governance System
2-22 Statement on sustainable development strategy	Chairman's Statement	
2-29 Approach to stakeholder engagement	Stakeholder Engagement and Due Diligence	
2-30 Collective bargaining agreements	Empowering Employee Development	
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis
	3-2 List of material topics	Materiality Analysis
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Performance Report – Economic Performance

GRI Standard	Disclosure	Relevant Section
Indirect Economic		
GRI 3: Material Topics 2021	3-3 Management of material topics	Contributing to Society
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Contributing to Society
	203-2 Significant indirect economic impacts	Contributing to Society
Anti-Corruption		
GRI3: Material Topics 2021	3-3 Management of material topics	Upholding Integrity
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for corruption risks	Upholding Integrity
	205-2 Communication and training about anti-corruption policies and procedures	Upholding Integrity
	205-3 Confirmed incidents of corruption and actions taken	Upholding Integrity
Anti-Competitive Behaviour		
GRI3: Material Topics 2021	3-3 Management of material topics	Upholding Integrity
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Upholding Integrity
Energy		
GRI3: Material Topics 2021	3-3 Management of material topics	Improving Resource Efficiency
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Performance Report
	302-3 Energy intensity	Performance Report
	302-4 Reduction of energy consumption	Improving Resource Efficiency
Water and Effluents		
GRI3: Material Topics 2021	3-3 Management of material topics	Improving Resource Efficiency
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Improving Resource Efficiency
	303-2 Management of water discharge impacts	Improving Resource Efficiency
	303-3 Water withdrawal	Performance Report
	303-4 Water discharge	Performance Report
	303-5 Water consumption	Performance Report
Biodiversity		
GRI3: Material Topics 2021	3-3 Management of material topics	Protecting Biodiversity
GRI 304: Biodiversity 2016	304-2 Significant impacts on biodiversity	Protecting Biodiversity
	304-3 Habitats protected or restored	Protecting Biodiversity
Emissions		
GRI3: Material Topics 2021	3-3 Management of material topics	Addressing Climate Change
GRI 305: Emissions 2016	305-1 Scope 1 emissions	Performance Report
	305-2 Scope 2 emissions	Performance Report
	305-3 Scope 3 emissions	Performance Report
	305-4 Emissions intensity	Performance Report

GRI Standard	Disclosure	Relevant Section
Emissions		
GRI 305: Emissions 2016	305-5 Emissions reduction	Performance Report
	305-6 ODS emissions	Performance Report
	305-7 Air pollutants emissions	Performance Report
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Controlling Pollutant Emissions
GRI 306: Waste 2020	306-1 Waste generation	Controlling Pollutant Emissions
	306-2 Waste impact management	Controlling Pollutant Emissions
	306-3 Waste generated	Performance Report
	306-4 Waste diverted	Performance Report
	306-5 Waste directed to disposal	Performance Report
Supplier Environmental Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Building A Balanced Supply Ecosystem
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers screened using environmental criteria	Performance Report
	308-2 Negative environmental impacts in the supply chain and actions taken	Building A Balanced Supply
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Report
	401-2 Benefits provided to full-time employees	Empowering Employee Development
	401-3 Parental leave	Performance Report
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation and communication	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts	Occupational Health and Safety
	403-8 Workers covered by OHS management system	Key Performance Data
	403-9 Work-related injuries	Key Performance Data
	403-10 Work-related ill health	Occupational Health and Safety
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development

GRI Standard	Disclosure	Relevant Section
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per employee	Key Performance Data
	404-2 Programs for upgrading employee skills and transition assistance	Empowering Employee Development
	404-3 Percentage of employees receiving performance and career development reviews	Key Performance Data
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Empowering Employee Development
Anti-Discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 406: Anti-Discrimination 2016	406-1 Incidents of discrimination and corrective actions	Empowering Employee Development
Freedom of Association and Collective Bargaining		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
Child Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 408: Child Labor 2016	408-1 Operations and suppliers at risk for child labor	Empowering Employee Development
Forced or Compulsory Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at risk for forced labor	Empowering Employee Development
Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Contributing to Society
Supplier Social Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Empowering Employee Development
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers screened using social criteria	Empowering Employee Development
	414-2 Negative social impacts in supply chain and actions taken	Empowering Employee Development
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Service and Information Security
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Service and Information Security