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2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Guangdong Huate Gas Co., Ltd.



Guangdong Huate Gas Co., Ltd.

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HUATE GAS

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About this Report

Report Description

This report is the 4th Environmental, Social and Governance (ESG) Report of Guangdong Huate Gas Co., Ltd. The report follows the principles of objectivity, standardization, transparency and comprehensiveness, and provides a detailed disclosure of the practical measures adopted by Huate Gas in environmental, social and governance aspects as well as the achievements obtained.

Time Range

This report is an annual report covering the period from January 1, 2025 to December 31, 2025. In order to enhance the comparative and forward-looking nature of this report, certain content has been extended.

Scope of the Report

This report takes "Guangdong Huate Gas Co., Ltd." as the main entity. Unless otherwise specified, the organizational scope of this report covers Guangdong Huate Gas Co., Ltd. and its subsidiaries (for details, please refer to the 2025 annual report of Guangdong Huate Gas Co., Ltd.).

Preparation Basis

- ◆ Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange
- ◆ Guidelines No. 13 for Self-Regulatory of Science and Technology Innovation Board Listed Companies—Sustainability Report Preparation by Shanghai Stock Exchange
- ◆ Corporate Sustainability Disclosure Standards – Basic Standards (Trial) by the Ministry of Finance of the People's Republic of China
- ◆ United Nations 2030 Sustainable Development Goals (SDGs)
- ◆ Sustainability Reporting Standards (GRI Standards) by Global Reporting Initiative

Sources of Information and Reliability Assurance

All information and data cited in this report are derived from official documents and financial reports of Huate Gas, covering internal data and publicly disclosed information from various departments and operating units of the Company, and have been compiled, summarized and reviewed by the Company. At the same time, to ensure the completeness and continuity of the presentation, the Company has reviewed and extended certain content under specific topics. Unless otherwise specified, monetary amounts are denominated in CNY. In case of any inconsistency between financial data and the annual report, the annual report shall prevail.

Appellation Description

In this report, for the convenience of expression and reading, Guangdong Huate Gas Co., Ltd. is referred to as "Huate Gas," "the Company" or "we". Subsidiaries are referred to by their abbreviations according to the specific context as shown in the table below.

Abbreviation of Company	Full Name of Company
Huate Gas, Company or we	Guangdong Huate Gas Co., Ltd.
Southern China Special Gas Institute	Guangdong Southern China Special Gas Institute Co., Ltd.
Xinhui Special Gas Institute	JiangMen City Xinhui Special Gas Institute Co., Ltd.
Zhongshan Huaxin	Zhongshan Huaxin Gas Co., Ltd.
Suining County United Chemical	Suining County United Chemical Co., Ltd.
Jiangxi Huate	Jiangxi Huate Electronic Chemical Co., Ltd.
Asia Pacific Gas	Asia Pacific Gas Industry Co., Ltd.
Chenzhou Xiangneng	Chenzhou Xiangneng Semiconductor Gas Co., Ltd.
Dongguan Gaoneng	Dongguan Gaoneng Industrial Gas Co., Ltd.

Access to the Report

In order to practice the concept of low carbon environmental protection and sustainable development, this report can be read online or downloaded in electronic form on the website of the Shanghai Stock Exchange (www.sse.com.cn) or the website of Guangdong Huate Gas Co., Ltd. (<http://www.huategas.com>).

If you have any feedback or suggestions, please contact us through the following methods:
 Mailing address: East side of Wentoulingjiao, Fengxi Village, Heshun, Lishui Town, Nanhai District, Foshan City
 Contact number: 0757-81008813
 Company website: <http://www.huategas.com>

Message from the Chairman

At present, the global semiconductor industry is undergoing accelerated restructuring, and the green and low carbon transition is gaining strong momentum. As the "blood of chips," specialty gases are assuming an increasingly prominent strategic position. As the first company in China's gas industry listed on the STAR Market and a pioneer in the localization of specialty gases, Huate Gas has always adhered to its mission of "providing the best platform for employee development, enhancing the competitiveness of China's gas industry, and creating maximum value for customers and society." While overcoming "bottleneck" technologies and ensuring the security of the industrial chain, the Company has deeply integrated the concept of sustainable development into its corporate DNA. In 2025, with standardized governance as the foundation, green development as the guiding principle, innovation driven growth as the core, and harmonious coexistence as the aspiration, the Company has made steady progress on the path of sustainable development.

Standardized governance to strengthen the foundation of integrity. We firmly believe that only through standardization and transparency can long term stability be achieved. The Company has continuously optimized its modern corporate governance structure with the Board of Directors at the core. Independent directors account for 37.5%, and female directors account for 25%, ensuring scientific decision making and effective supervision. During the reporting period, the Company comprehensively reviewed, revised, and improved 28 systems including "Articles of Association," "Rules of Procedure for Shareholders' Meetings," and "Rules of Procedure for the Board of Directors." At the same time, the Company newly elected employee representative directors, orderly abolished the Supervisory Board, and fully incorporated its core supervisory functions into the Audit Committee of the Board of Directors, forming a more centralized and efficient supervision mechanism. The Company released 4 periodic reports and 71 interim announcements and was rated Grade A in the information disclosure evaluation of listed companies on the Shanghai Stock Exchange for 2024 to 2025. We strictly adhere to compliance requirements, maintain zero tolerance for corruption, and no major violations of integrity in operations occurred, thereby earning market trust through integrity.

Green development to safeguard lucid waters and lush mountains. As a leading enterprise in the field of electronic specialty gases, the Company is fully aware of its environmental protection responsibilities. During the reporting period, the Company invested CNY 1.02 million in environmental protection. The compliance rate of pollutant monitoring, the synchronous operation rate of environmental protection facilities, and the implementation rate of the "three simultaneities" for environmental protection in construction projects all remained at 100%. The Company actively responds to climate change, with greenhouse gas emission intensity decreasing by 4.3% year on year. The compliant disposal rate of both general industrial solid waste and hazardous

waste reached 100%. By promoting water recycling, energy saving technological upgrades, and green office practices, the Company has integrated low carbon concepts into the entire operational process, taking concrete actions to safeguard blue skies and white clouds.

Innovation driven to achieve value growth. Innovation is the foundation of Huate Gas. The Company focuses on breakthroughs in core technologies of electronic specialty gases. Multiple self-developed lithography gas products have obtained certification from ASML in the Netherlands and GIGAPHOTON in Japan, making the Company the only gas enterprise in China to have multiple rare mixed lithography gases simultaneously certified by both international leaders. Some products have already entered the world's most advanced 5nm process. The Company has accumulated 270 authorized patents and led or participated in the formulation of 86 standards, continuously strengthening the foundation of industrial security through independent technologies and contributing Huate's strength to the independent and controllable semiconductor industry chain.

Harmonious coexistence to create a better life together. Employees are the most valuable asset of the Company. We adhere to standardized employment, with a labor contract signing rate of 100% and a social insurance coverage rate of 100%. During the reporting period, no incidents of labor discrimination or child labor misuse occurred. We strictly uphold the bottom line of occupational health and safety, with safety production investment reaching CNY 16.52 million, zero new occupational disease cases, and a rectification rate of 100% for safety hazards. We emphasize employee development by establishing a dual channel career development system, enabling employees to fully utilize their talents in both professional and management pathways and grow together with the Company. At the same time, the Company actively participates in public welfare, with charitable donations of nearly CNY 500,000 and more than 100 employee volunteer participations, giving back to society through concrete actions.

Looking ahead, Huate Gas will continue to uphold its original aspiration, taking innovation as the engine and responsibility as the foundation, and accelerating its progress on the track of green development. We are willing to work together with all stakeholders to jointly create a cleaner, more efficient, and more prosperous future.

Sincere thanks for your continued support and trust!

Shi Sihui, Chairman of Huate Gas

Annual Development Overview

Corporate Culture

Core culture

Corporate vision Devoted to the R&D and application of gas and become a leader in the gas industry.

Corporate spirit Flourish follows harmony, Prosperous follows forging ahead, Rich follows Hard-working, Strength follows adaptation.

Business philosophy Improve with customers together.

Values Identification, responsibility, equality, safety, environmental protection.

Mission Provide the best platform for employee development, enhance competitiveness for China's gas industry, and create maximum value for customers and society.

Major Honors

2025 National Gas Standardization Contribution Award
National Gas Standardization Technical Committee

2025 Best A Share ESG Practice Award
First China "ESG And Corporate Value Growth" Summit Forum

ESG Rating Certificate Grade A
China Chengxin Green Finance International Co., Ltd.

Greater Bay Area ESG Disclosure Excellence List
Benshi Consulting (Shenzhen) Co., Ltd.

2025 Bay Core Award · Outstanding Individual Award—Semiconductor Talent
Organizing Committee of Bay Area Semiconductor Industry Ecology Expo

2024 Foshan Nanhai District Outstanding Economic Contribution Enterprise
Foshan Nanhai District Economic Promotion Bureau

2024 New Quality Enterprise Golden Bull Award
China Securities Journal

Sixth Excellent Supplier
SMIC Integrated Circuit (Ningbo) Co., Ltd.

Strategic Material Cooperation Supplier
Silan Semiconductor Manufacturing Division Headquarters

Excellent Supplier
Zhongtu Technology

Key Performance

Economic performance

Operating revenue
CNY **1,419** million

Total profit
CNY **161** million

Total tax payment
CNY **88** million

Basic earnings per share
CNY **1.1**

Total assets
CNY **3,583** million

Social contribution value per share
CNY **3.4**

Environmental performance

Pollutant monitoring compliance rate
100%

Synchronous operation rate of environmental protection facilities
100%

Implementation rate of environmental protection "Three Simultaneities" for construction projects
100%

Total environmental protection investment
CNY **1.02** million

Total Energy Consumption
6,105.36 tons of standard coal

Total water consumption
7,227.61 tons

Social performance

Total number of employees
1,243 persons

Labor contract signing rate
100%

Social insurance coverage rate
100%

Total investment in employee training
CNY **313,800**

Total duration of employee training
191,283 hours

Investment in work safety
CNY **16.52** million

Product recall incidents
0 cases

Customer complaint resolution rate
100%

Governance performance

Number of shareholders' meetings held
3 times

Number of board of directors' meetings held
13 times

Proportion of female directors on the board
25%

Proportion of independent directors on the board
37.5%



About Huate Gas

Company Profile

Guangdong Huate Gas Co., Ltd. was established in 1999 and was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange in December 2019, with the stock abbreviation "Huate Gas" (stock code: 688268.SH). It is the first enterprise in Foshan to be listed on the Science and Technology Innovation Board and the first enterprise in China's gas industry to be listed on the Science and Technology Innovation Board.

Huate Gas is a high-tech enterprise focusing on the research and development, production and sales of gas products. The Company takes promoting the localization of specialty gases as its core mission and is committed to breaking the constraints of gas materials in high end fields such as very large-scale integrated circuits and new display panels. It has established a comprehensive layout with the research and development and sales of specialty gases as the focus, supplemented by bulk industrial gases and related gas equipment and engineering businesses, aiming to provide customers with one stop gas application solutions. Our products and services are widely applied in multiple key fields such as semiconductors, medical health and environmental energy. With stable product quality, excellent technical performance and high-quality customer services, the Company has gained widespread trust in the market and established a good industry brand image.

Business Overview

The Company takes the research and development, production and sales of specialty gases as the core, supplemented by general industrial gases, gas equipment and engineering businesses, and is committed to building one stop service capabilities to provide global customers with comprehensive gas application solutions.

Specialty Gases

Main products:

Including cleaning and etching gases, rare mixed lithography gases, epitaxy and deposition gases, doping gases, high purity carrier gases and protective gases, medical gases, standard gases, laser gases, food gases, electro optical source gases, etc.

Application fields:

High-tech manufacturing fields with the semiconductor industry as the core, specifically covering industries such as integrated circuits, new display panels, photovoltaic new energy and optical fiber and cable, as well as livelihood and health fields represented by food and medical sectors. In the core semiconductor industry, the Company strategically focuses on achieving import substitution of electronic specialty gases and concentrates on high-end product research and development around semiconductor thin film processes, comprehensively covering gas materials required for key processes including dielectric layer or metal etching, deposition, ion implantation and chamber cleaning.

General Industrial Gases

Main products:

Oxygen, nitrogen, argon, industrial ammonia, carbon dioxide and others.

Application scenarios:

- ◇ Oxygen: combustion supporting in metal smelting and chemical oxidant;
- ◇ Nitrogen: protective gas and annealing atmosphere (used in chemical, machinery and home appliance industries);
- ◇ Argon: welding shielding gas and protective gas for photovoltaic monocrystalline or polycrystalline silicon production;
- ◇ Industrial ammonia: denitrification in power plants, monosodium glutamate production and metal processing, and can also be purified into high purity ammonia.

Gas Equipment and Engineering

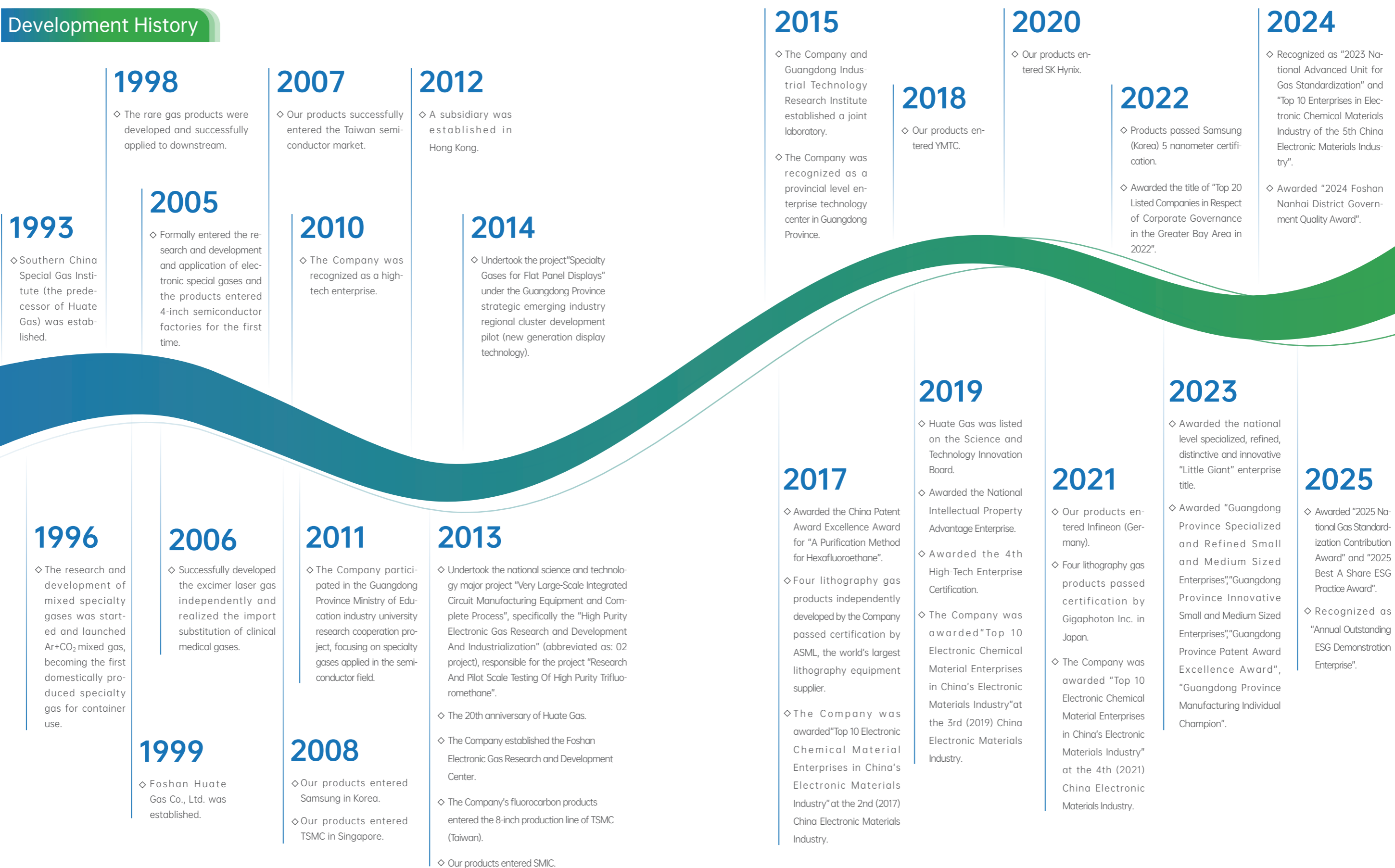
Equipment products:

Cryogenic insulated gas cylinders, small aluminum cylinders, vaporizers, skid mounted units and cryogenic pressure vessels;

Engineering services:

Design, installation and maintenance of gas supply systems, especially customized high purity clean gas supply systems for specialty gas customers to ensure purity and stability of gases during use.

Development History



Standardized Operation, Consolidating the Foundation of Integrity

Huate Gas is committed to building a governance system with clear rights and responsibilities, efficient operation and strong supervision. Through scientific checks and balances, it ensures transparent and fair decision making, integrates ESG concepts into daily operations to promote long-term value creation, strictly adheres to compliance bottom lines to strengthen risk control, and consolidates the foundation of business ethics through integrity-based operations. The Company pursues development in a steady manner and promotes improvement through standardization, laying a solid foundation for sustainable development with pragmatic governance practices.

Topics covered in this section

Protection of shareholders' rights and interests, standardized corporate governance, anti-commercial bribery and anti-corruption, anti-unfair competition, tax compliance, risk management, due diligence, stakeholder communication, ESG governance

United Nations Sustainable Development Goals (SDGs) corresponding to this section



Clear Rights and Responsibilities, Scientific Checks and Balances

Improving Governance Structure

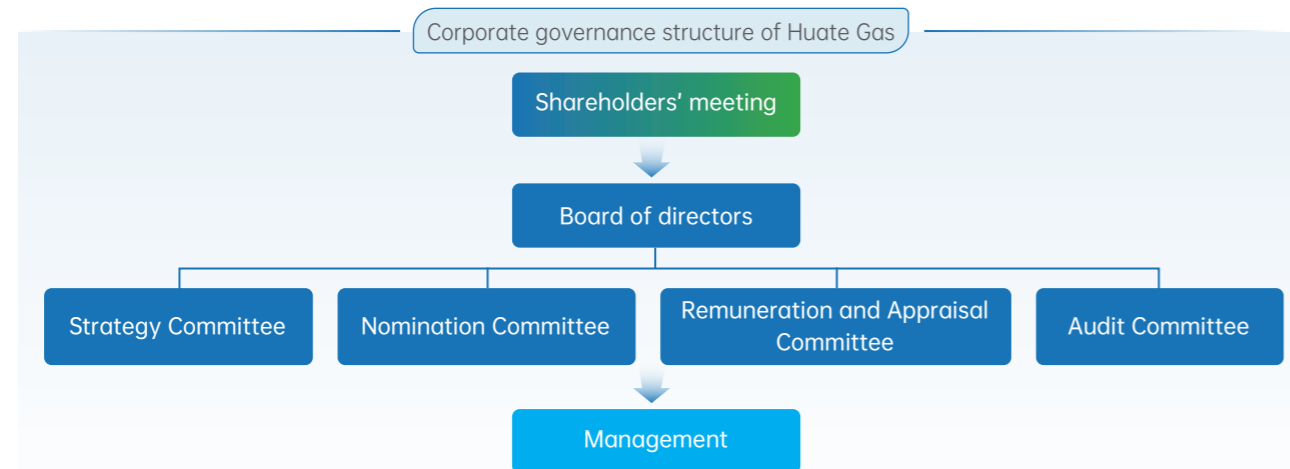
Huate Gas continuously optimizes and improves the corporate governance structure, establishing an efficient governance system with the shareholders' meeting as the power core, the board of directors as the decision-making center, senior management as the executive body, and the Audit Committee performing supervisory functions in accordance with the law. This ensures scientific decision making, strong execution and effective supervision, providing a solid governance foundation for the Company's steady development in high tech fields such as semiconductors and new energy.

The board of directors of the Company has four special committees, namely the strategy committee, the nomination committee, the Remuneration and Appraisal Committee, and the Audit Committee. Each special committee is accountable to the board of directors and performs its duties in a standardized manner within the scope authorized by the board of directors in strict accordance with the Articles of Association of Guangdong Huate Gas Co., Ltd. and relevant rules of procedure. They focus on key areas such as strategic planning, talent selection, incentive mechanisms and financial supervision, providing professional and systematic decision support for the board of directors. Among them, the Audit Committee is composed mainly of independent directors and is convened by an accounting professional, fully undertaking the original functions of the board of supervisors and strengthening internal control supervision and risk prevention capabilities.

Huate Gas strictly complies with laws and regulations such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, as well as the regulatory requirements of the Science and Technology Innovation Board, and continuously improves the corporate governance system. In 2025, the Company systematically revised the Articles of Association of Guangdong Huate Gas Co., Ltd., officially abolishing the board of supervisors and establishing a new supervisory model in which the Audit Committee replaces the board of supervisors. At the same time, the Company formulated or revised 28 governance systems, including the Rules of Procedure for the Board Of Directors, the Decision-Making System for Major Transactions, the Management System for Related Party Transactions and the Management System for Information Disclosure Affairs, further clarifying the boundaries of rights and responsibilities of the shareholders' meeting, the board of directors, the chairman and the management, optimizing the authorization and approval mechanism, and improving the standardization and stability of governance operations.

Key Performance

Awarded honors such as "Top 20 Greater Bay Area Listed Companies—Corporate Governance" and "Top 20 Greater Bay Area Listed Companies—Green Governance".



Strengthening Board of Directors Development

◆ Board Diversity

Huate Gas attaches great importance to the diversified composition and professional capabilities of the board of directors and conducts director nomination and election in strict accordance with the Articles of Association and other systems, adhering to the principles of "professional suitability, reasonable structure, independence and fairness". The Company comprehensively evaluates candidates' professional backgrounds, industry experience and performance capabilities to match the governance needs of the Company in semiconductor materials and international operations.

The board of directors of the Company consists of 8 members, including 4 non independent directors, 3 independent directors and 1 employee representative director, ensuring diversity of sources and perspectives from the structure. At present, the board of directors has formed a diversified and complementary structure of external experts, shareholder representatives and employee representatives, with deep integration of technology, finance, law and management, effectively enhancing the Company's decision making capabilities on complex issues such as electronic specialty gas research and development, global supply chain management and ESG strategy, and strengthening the protection of the interests of minority shareholders and employees.

◆ Board Independence

The independence of the board of directors is the cornerstone for the Company to achieve scientific decision making, effectively prevent governance risks and effectively protect the legitimate rights and interests of all shareholders, especially minority shareholders. The Company has formulated and continuously improved systems such as the Articles of Association, the Working System for Independent Directors and the Detailed Rules for the Work of Special Committees of the Board of Directors, providing clear institutional basis and operational norms for independent directors to perform their duties in accordance with the law, make independent judgments and conduct effective supervision. The board of directors of the Company consists of 8 directors, including 3 independent directors, accounting for 37.5%.

Special Committee	Independent directors (persons)	Non independent directors (persons)	Proportion of independent directors	Whether independent directors serve as chair
Strategy Committee	2	3	40.0%	No
Audit Committee	2	1	66.67%	Yes
Nomination Committee	2	1	66.67%	Yes
Remuneration and Appraisal Committee	2	1	66.67%	Yes

Optimizing Investor Relations Management

◆ Information Disclosure

The Company strictly complies with the Securities Law of the People's Republic of China, the Administrative Measures for Information Disclosure of Listed Companies and the relevant rules of the Science and Technology Innovation Board, adheres to the principles of "truthfulness, accuracy, completeness, timeliness and fairness" in information disclosure, and eliminates selective disclosure or insider trading. The Company has formulated the Management System for Information Disclosure Affairs, clearly defining internal approval procedures. Major matters are required to undergo deliberation procedures of the board of directors or the shareholders' meeting. For matters subject to deferred or exempted disclosure, a mechanism of "case by case review, strict approval and full process traceability" is implemented. During the reporting period, the Company had no violations of information disclosure or regulatory warnings. All periodic reports and ad hoc announcements were released on time, ensuring that all investors have equal access to information and effectively safeguarding their right to know and right to participate. At the same time, the Company was rated Grade A in the information disclosure evaluation of listed companies on the Shanghai Stock Exchange for 2024 to 2025.

Key Performance

During the reporting period, the Company disclosed **4** periodic reports and **71** ad hoc reports.

◆ Investor Communication

The Company has established the Investor Relations Management System, clarifying an investor communication mechanism led by the Secretary to the Board of Directors and executed by the Securities Department. Through multiple channels such as periodic reports, the SSE E-interactive Platform, the investor relations section on the Company's official website, and reception of institutional research visits, the Company maintains regular communication with various investors in a proactive, equitable, and efficient manner on topics including the Company's basic profile, production and operation, and industry conditions.

Communication Channels	Category	Quantity
Earnings briefing	Overall situation	3
Investor reception day	Overall situation	1
SSE E-interactive Platform	Finance and accounting	1
	Company basic status	15
	Production and operation	19
	Industry situation	11
	Shareholders and changes in equity	4

Communication Channels	Category	Quantity
SSE E-interactive Platform	Shares and market value management	1
	Major matters	2
	Refinancing	2
	Mergers and acquisitions and restructuring	1
	Media and investor relations	2
	Periodic reports and profit distribution	2
	Others	10

Note: The classification of questions and answers on the SSE E-interactive Platform is summarized based on the content of responses. Some responses involve multiple categories and have been classified and presented accordingly.

Key Performance

During the reporting period, the Company organized **3** performance briefing sessions, received **9** batches of institutional investor research visits, and responded to **48** investor inquiries on the "SSE E-interactive" Platform, with a response rate of **100%**.

Protecting Shareholders' Rights and Interests

Huate Gas has always been committed to creating long-term and stable value returns for shareholders. Adhering to the concept of rewarding shareholders and sharing development achievements, the Company has reviewed and approved the Dividend Return Plan for Shareholders for The Next Three Years (2025-2027), establishing a clear and binding framework for dividend policies during the reporting period and the following two years. The Company has formulated the 2025 profit distribution plan: it plans to distribute a cash dividend of CNY 5.0 (tax inclusive) for every 10 shares to all shareholders, with a total planned cash dividend of CNY 59,804,754.00 (tax inclusive). The dividend amount accounts for 44.18% of the net profit attributable to shareholders of the listed company in the consolidated financial statements for 2025. The Company will adhere to the concept of long term value growth, maintain the continuity, stability and long term sustainability of the cash dividend policy, strictly standardize the entire process of dividend decision making, continuously enhance the transparency and credibility of dividend distribution, and on the basis of strict compliance, continuously optimize the shareholder return mechanism, consolidate the long term value creation system, and enable all investors to fully share the achievements of high quality development and industrial upgrading.

ESG Integration, Sustainable Value

Management System

Huate Gas follows relevant laws and regulations such as the Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange, continuously improves the ESG governance structure and operation mechanism, and strengthens the supervision and management of ESG matters by the board of directors.

Governance role	Organizational body	Responsibilities
Decision-making level	Board of directors	<ul style="list-style-type: none"> Responsible for formulating the overall ESG strategy and medium- and long-term plans of the Company Comprehensively evaluating ESG related risks and potential opportunities Approving the Company's ESG report
Coordination level	ESG working group	<ul style="list-style-type: none"> The securities department serves as the daily liaison body for ESG related matters. It is responsible for formulating ESG system documents, collecting and compiling ESG information of the Company, preparing ESG reports and related documents, communicating with third party professional institutions, organizing ESG business training, tracking ESG policy requirements and trends, summarizing issues and achievements in ESG work, and reporting ESG work progress to the board of directors in a timely manner
Execution level	Various functional departments and subsidiaries	<ul style="list-style-type: none"> Various departments and subsidiaries of the Company are the executing entities of ESG work. They undertake primary responsibilities within their respective scopes of duties, implement ESG tasks in accordance with the plan of the Company and regularly report the execution status, and timely submit ESG information. Responsible for statistics and compilation of ESG work content and results, and reporting to the ESG working group for information disclosure.



Key Performance

Awarded honors such as "2025 Best A Share ESG Practice Award", "ESG Rating Certificate Grade A" and "Greater Bay Area ESG Disclosure Excellence List".

Stakeholder Communication

The Company takes the needs and concerns of stakeholders as the core, identifies six key groups, and actively responds to the demands and expectations of stakeholders.

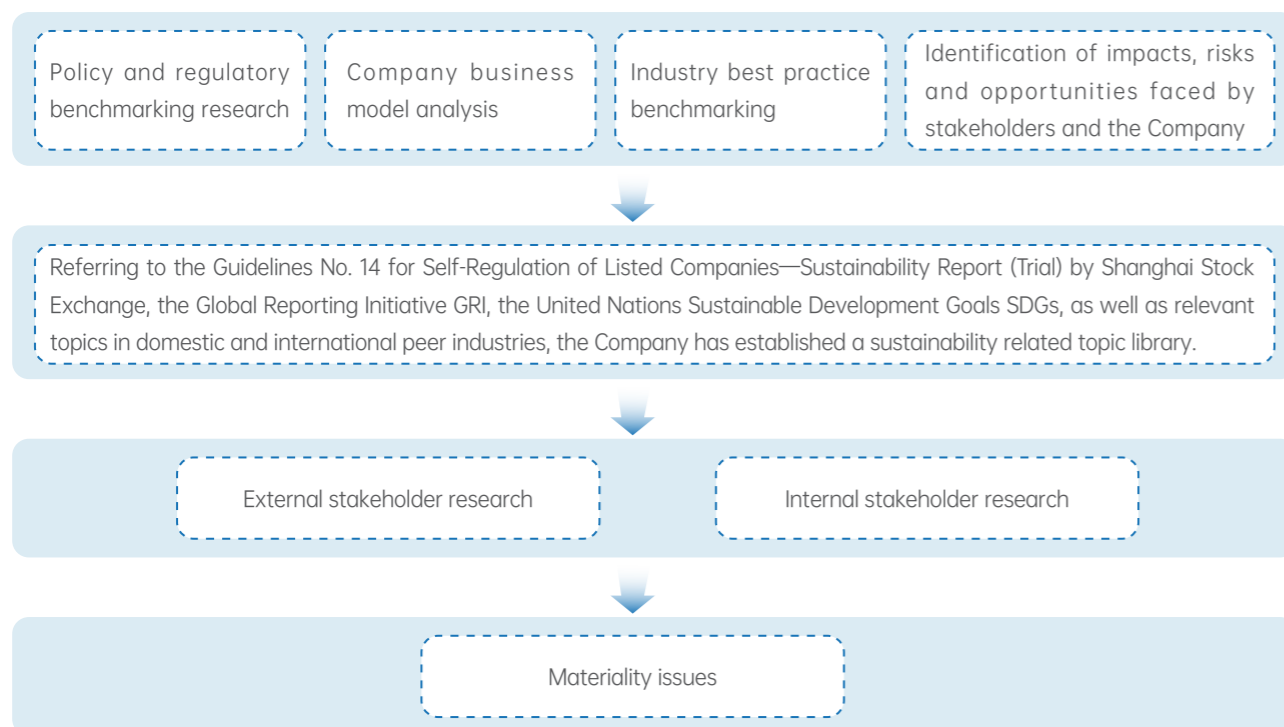
Stakeholders	Topics of interest	Communication and response
 Government and regulatory agencies	Environmental protection Energy saving and carbon reduction Water resource management Circular economy Work safety Employee rights and interests Business ethics Data protection and privacy Public welfare	Government communication meetings Periodic reports or announcements Daily communication and reporting Training activities for listed companies Environmental management Treatment of three wastes Green office
 Investors/shareholders	Environmental protection Corporate governance Economic performance Sustainable development Risk management Information disclosure Business ethics Data protection and privacy Research and development innovation	Shareholders' meeting Periodic reports and ad hoc reports Disclosure of progress of major projects Investor communication Industry university research investment
 Employees	Corporate governance Work safety Employee rights and interests Data protection and privacy	Employee representative congress Employee symposium Suggestion box Employee satisfaction survey Corporate culture activities Proposal management Regular training WeChat official account
 Suppliers	Corporate governance Business ethics Supply chain management	Technical exchanges and research and development cooperation Email and telephone

Stakeholders	Topics of interest	Communication and response
 Customers	Corporate governance Sustainable development Data protection and privacy Business ethics Product quality Supply chain management	Factory visits Customer satisfaction surveys Customer feedback Email and telephone
 Community	Environmental protection Work safety Employee rights and interests Public welfare	Public welfare activities Community supervision




Materiality Issue Analysis

The Company strictly follows the requirements of the Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange, and in combination with industry characteristics and its own operational features, conducts a comprehensive and in-depth dual materiality assessment of sustainable development issues.

◆ Materiality Issue Analysis Process



◆ Materiality Identification Results of Huate Gas

Dimension	Issue	Materiality description
 E	Environmental compliance management	Double materiality
	Energy utilization	Impact materiality
	Climate change response	Double materiality
	Water resource utilization	Impact materiality
	Pollutant emissions	Impact materiality
	Ecosystem and biodiversity protection	Impact materiality
	Circular economy	Impact materiality
	Waste treatment	Impact materiality
	 S	Protection of employees' lawful rights and interests
Employee training and development		Impact materiality
Occupational health and safety		Double materiality
Research and development and innovation		Double materiality
Product quality and safety		Double materiality
Protection of customer rights and interests		Impact materiality
Information security and privacy protection		Impact materiality
Responsible supply chain management		Double materiality
Equal treatment of small and medium sized enterprises		Relevance
 G	Social contribution	Relevance
	Protection of shareholders' rights and interests	Impact materiality
	Standardized corporate governance	Impact materiality
	Anti-commercial bribery and anti-corruption	Impact materiality
	Anti-unfair competition	Impact materiality
	Tax compliance	Impact materiality
	Risk management	Impact materiality
	Due diligence	Relevance
	Stakeholder communication	Relevance
ESG governance	Relevance	

ESG Material Topic Assessment Results of Huate Gas



● Both Financially Material and Impact Material
 ● Financially Material but Not Impact Material
● Impact Material but Not Financially Material
 ● Neither Financially Material nor Impact Material

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> ● Environmental Compliance Management ● Energy Utilization ● Response to Climate Change ● Water Resource Utilization ● Pollutant Emissions ● Ecological Protection and Biodiversity ● Circular Economy ● Waste Treatment | <ul style="list-style-type: none"> ● Protection of Employees' Legitimate Rights and Interests ● Employee Training and Development Interests ● Occupational Health and Safety ● Research and Development and Innovation ● Product Quality and Safety ● Protection of Customer Rights and Interests ● Information Security and Privacy Protection ● Responsible Supply Chain Management ● Equal Treatment of Small and Medium Sized Enterprises ● Social Contribution Enterprises ● Rural Revitalization | <ul style="list-style-type: none"> ● Protection of Shareholder Rights and Interests ● Standardized Corporate Governance ● Anti Commercial Bribery and Anti-Corruption ● Anti-Unfair Competition ● Tax Compliance ● Risk Management ● Due Diligence ● Stakeholder Communication ● ESG Governance |
|---|---|--|

Standardized Operation, Risk Prevention

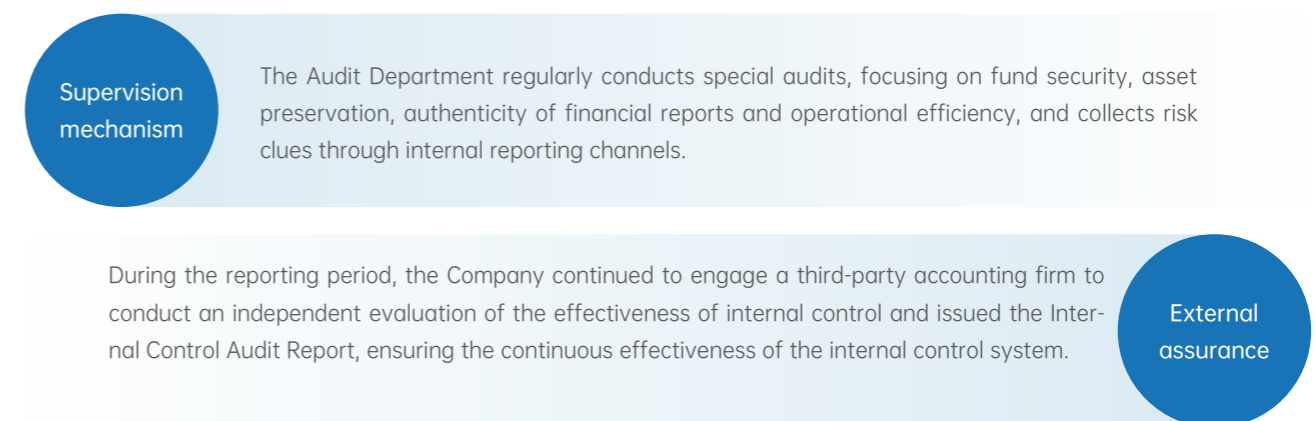
Compliance Management System

Huate Gas always regards compliant operation as the bottom line of enterprise operations, takes national laws and regulations as the guiding framework, builds a "three in one" governance system integrating risk control, compliance management and internal control development, and ensures standardized operation throughout the entire business process through normalized internal audits and a dynamic rectification mechanism.



Internal Risk Management

The Company adheres to the internal control system as the core approach, establishing a closed loop management mechanism of "risk early warning, process monitoring and effectiveness evaluation" to effectively identify and resolve operational risks.



Key Performance

During the reporting period, **no** major internal control defects or major losses caused by internal control failure occurred.

Related Party Transaction Management

The Company always adheres to the principles of fair pricing, lawful procedures and timely disclosure. In accordance with the Company Law, the Securities Law, the Accounting Standards for Business Enterprises No. 36—Related Party Disclosures and the Articles of Association, it has formulated and strictly implemented the Decision-Making System for Related Party Transactions.

Decision-making mechanism	All related party transactions must be recognized in advance by independent directors and submitted to the board of directors or the shareholders' meeting for deliberation. Related directors and shareholders strictly abstain from voting.
Information disclosure	In accordance with the regulatory requirements of the Science and Technology Innovation Board, related party relationships and transaction details are fully disclosed in periodic reports and ad hoc announcements to ensure that all investors have equal access to information.
Continuous supervision	The Audit Committee reviews the implementation of related party transactions on a quarterly basis, and the Audit Department includes them as a key focus of annual audits to prevent benefit transfer and effectively safeguard the legitimate rights and interests of the Company and minority shareholders.

Tax Risk Management

The Company strictly complies with national tax laws and regulations, adheres to the principles of honest tax payment and lawful declaration, and deeply integrates tax compliance into the internal control system.

Management mechanism	The Finance Department strictly implements tax law requirements to ensure accurate tax calculation, timely declaration and full payment. The Audit Department regularly conducts special tax compliance inspections, focusing on value added tax, corporate income tax and cross border tax matters.
Risk prevention and control	Through internal control systems, tax related behaviors are regulated to eliminate illegal acts such as false invoicing, concealment of income and abuse of tax incentives. The management implements prior review for major tax planning matters.
Cultural orientation	The Company adopts a "zero tolerance" attitude toward any tax violations, encourages internal supervision, and makes every effort to safeguard corporate reputation and long-term interests.

Anti-Corruption and Integrity Promotion, Fairness and Justice

Anti-Corruption and Commercial Bribery

Huate Gas has established a comprehensive integrity governance mechanism to regulate employees' business conduct and ethical standards. This mechanism clearly stipulates that funds and assets must be used legally and properly, prohibits unethical or illegal business competition, and strictly forbids employees from accepting illegal remuneration or bribes. At the same time, the Company has formulated the Measures for Reporting Rewards, encouraging employees to report unethical behavior and committing to provide identity protection or rewards, providing strong support for creating a fair, just and integrity based internal corporate environment.

Reporting Channels
Reporting Hotline: 136****9699 Dedicated email: jubao@huategas.com

Key Performance

During the reporting period, the Company **did not have** any major violations of integrity-based operation.

Anti-Unfair Competition

Huate Gas is fully aware of the importance of fair competition to the Company's reputation, long-term development and market order. Adhering to the principles of fairness and integrity, the Company explicitly rejects unethical or illegal business practices such as false advertising, price fraud and commercial bribery, and resolutely safeguards consumer interests and market order.

Key Performance

During the reporting period, there were no legal proceedings involving violations of any domestic or international unfair competition regulations.

Green Development, Safeguarding Lucid Waters and Lush Mountains

Huate Gas unwaveringly follows the path of green and low carbon development. The Company takes compliance as the bottom line and strictly controls pollution. It takes scientific carbon reduction as the guide, sets clear carbon management targets, actively develops low carbon products, and reduces the climate impact of its own operations and value chain. With efficient utilization as the core, it continuously improves the efficiency of energy and water resource use. At the same time, it advocates green culture and integrates low carbon concepts into daily operations.

Topics covered in this section

Environmental compliance management, energy utilization, climate change response, water resource utilization, pollutant emissions, ecosystem and biodiversity protection, circular economy, waste treatment

United Nations Sustainable Development Goals (SDGs) corresponding to this section



Environmental Compliance, Ecological Harmony

Governance

Huate Gas takes the ISO 14001 environmental management system standard as guidance, establishes an integrated QEO HSE management system covering the entire Company and integrating quality and occupational health and safety, and institutionalizes it through the Management Manual and procedural documents. The Company has established a dedicated HSE Department, clarifies environmental protection responsibilities from the general manager to frontline employees, and is supported by a comprehensive environmental protection system, target responsibility system and assessment mechanism. It continuously carries out compliance evaluations, internal audits and management reviews, promotes environmental management toward standardization, systematization and continuous improvement, and effectively supports the Company's green, low carbon and high-quality development.

◆ Governance Structure

The Company has established an environmental management organizational structure of "unified leadership, hierarchical responsibility and full participation", ensuring effective implementation of environmental responsibilities, continuous optimization of the management system and deep integration of green development concepts into the entire operational process.



◆ Management System

The Company actively studies and strictly implements environmental protection laws and regulations, continuously improves environmental protection strategies and systems, and has formulated a set of environmental management rules and regulations, including Environmental Protection Responsibility System, Environmental Protection Management System for Construction Projects, Three Wastes Management System, Environmental Protection Training and Education System and 10 other systems. These systems comprehensively standardize all aspects from source prevention and control of projects, operation and maintenance of environmental protection facilities, and full process control of pollutants, to personnel training, emergency response and assessment and incentive mechanisms, and are dynamically updated to provide a solid institutional guarantee for the Company's green and low carbon operations.

Key Performance

During the reporting period, total environmental protection investment was **CNY 1.02** million. The synchronous operation rate of environmental protection facilities was **100%**. The implementation rate of environmental protection "three simultaneities" for construction projects was **100%**.



◆ Environmental Information Disclosure

The Company strictly complies with relevant regulations and regularly reports in detail to the local people's government environmental protection administrative authorities on the operation of facilities. The report covers key information such as facility operating conditions, pollutant discharge status, sampling operations and monitoring details, and continuous operation records. At the same time, the Company adheres to the principle of openness and transparency, publicly discloses facility operating conditions, routine monitoring data and various management systems to society, and proactively accepts public supervision.

In environmental supervision work, the Company actively cooperates with the supervision and inspection of the local people's government environmental protection administrative authorities, truthfully reports relevant situations and fully provides required materials. It strictly prohibits obstructing on-site inspections by environmental protection authorities for any reason, and strictly forbids concealing actual situations or submitting false materials.

Rectification response report submitted by Jiangxi Huate Electronic Chemical Co., Ltd. regarding issues identified during on-site verification of its wastewater automatic monitoring facilities by the ecological environment authorities



◆ Environmental Awareness Enhancement

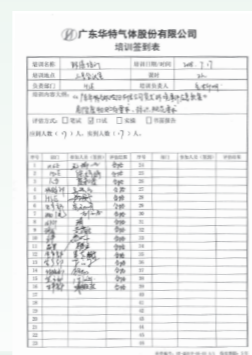
In order to ensure that employees clearly understand the relevance and importance of their activities or work to the environmental management system and contribute to the achievement of management objectives, the Company, in accordance with the Environmental Protection Training and Education System, regularly conducts training on environmental management topics, establishes the Employee Environmental Education Management Archive, and further deepens employees' understanding and awareness of environmental management objectives across all departments through various methods such as regular meetings, special study sessions and cultural briefings in daily work, while strengthening communication.



Standardized management training for industrial solid waste (including hazardous waste)



General environmental protection basic knowledge and regulatory awareness training



Training on standards for hazardous waste storage and identification labeling

Key Performance

During the reporting period, the Company conducted **9** environmental protection training sessions, with **1,090** participant attendances.

Strategy

The pressure of pollutant emissions faced by the electronic specialty gas industry should not be underestimated. Huate Gas approaches from both risk and opportunity perspectives, refers to relevant laws and regulations and local pollutant discharge standards, and in combination with its actual production and business operations, systematically and accurately identifies and evaluates environmental compliance issues, providing a strong basis for subsequent improvements. While pursuing economic development, it adheres to the bottom line of environmental protection and promotes long-term sustainable development.

Risk type	Description	Financial impact	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Leakage risk	Mainly includes leakage risks caused by chemical leakage, fire accidents and improper treatment of wastewater and waste gas. Chemical leakage may cause pollutants to enter surface water through rainwater pipeline networks. Hazardous waste such as improperly handled firefighting sand may affect the environment, and volatilization of leaked chemicals may also pollute the atmosphere. In fire accidents, firefighting wastewater containing chemicals may be discharged into surface water through rainwater pipeline networks, while generating a large amount of toxic and harmful smoke to pollute the air.	Cost increase, damage to the Company's reputation	High	Short term	Operation	<ol style="list-style-type: none"> 1. Regularly monitor and manage environmental risk receptors, environmental risk units and major risk sources, and regularly conduct retrospective analysis of historical sudden environmental incidents, and implement prevention and control measures for sudden environmental events; 2. Establish a hazardous source inspection system, arrange personnel for regular inspections, and set up 24h monitoring in the tank area. Assign dedicated personnel to manage hazardous waste, clarify job responsibilities, and prioritize safety prevention; 3. Install fire hydrants at appropriate locations in warehouses and tank areas. Construct emergency accident pools equipped with valves and water pumps. Leakage of substances such as methyl ethyl ketone and acetone can be stored in emergency accident pools to prevent leakage outside the plant area; 4. Formulate detailed emergency plans and emergency response systems, and promptly stop processes such as filling operations after accidents occur to prevent further expansion of impacts.

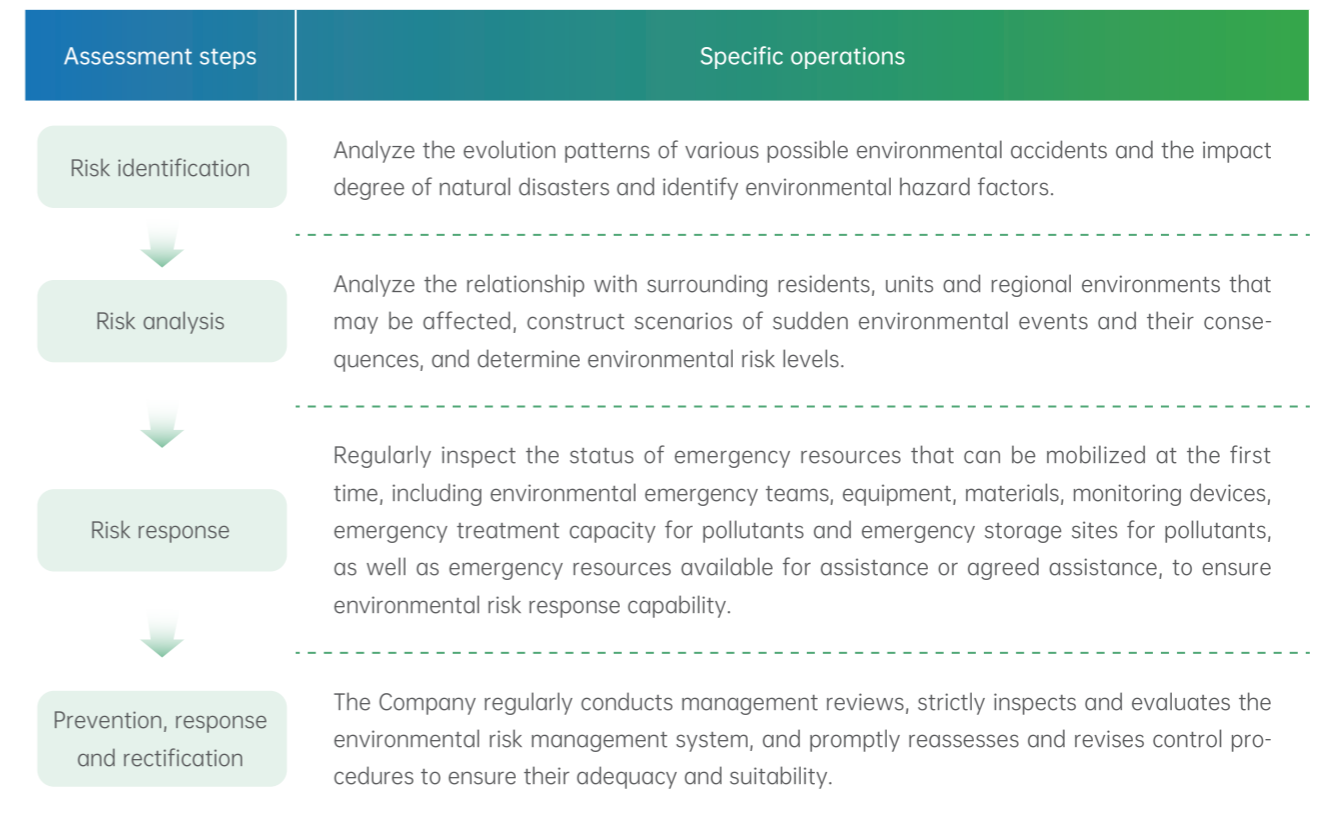
Risk type	Description	Financial impact	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Environmental compliance risk	The government raises pollutant discharge standards or introduces new environmental protection regulations, resulting in the need for the Company to upgrade equipment or improve processes to meet new requirements, thereby increasing compliance costs.	Cost increase	High	Medium term	Operation	<ol style="list-style-type: none"> 1. The Company has obtained the national pollutant discharge permit, environmental impact assessment approval and environmental emergency plan filing, and has established a policy dynamic tracking mechanism to obtain the latest environmental protection regulatory information in a timely manner; 2. Reserve special environmental protection funds for equipment upgrades and technological transformation; 3. Promote green technology research and development, develop new processes, replace new equipment through technological transformation, and seek alternative raw and auxiliary materials to existing hazardous substances to reduce long-term compliance costs.
Risk of insufficient environmental information disclosure	Failure to disclose environmental data in a timely, accurate or complete manner may lead to regulatory penalties or a crisis of investor trust.	Cost increase, damage to the Company's reputation, reduced financing capability	High	Short term	Operation	<ol style="list-style-type: none"> 1. Improve the information disclosure system, strengthen internal audits and compliance inspections, avoid information deviation, and ensure the accuracy and timeliness of data; 2. Proactively disclose progress of environmental governance to enhance transparency and public trust; 3. Require and urge environmental management and statistical personnel to study relevant laws and regulations, strengthen the concept of rule of law and environmental protection awareness, and strive to improve professional competence and business capabilities

Opportunity type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Market opportunity	With the tightening of laws and regulations related to pollution prevention and control, downstream market demand for pollutant emission reduction is increasing, creating new opportunities for environmentally friendly products for the Company.	Revenue increase	Medium	Medium	Long term	Operation, downstream	Continuously deepen research and development, launch new products such as germane and disilane, gradually increase production volume, and continuously promote projects such as hexafluorobutadiene and precursors. While meeting the production process requirements of downstream customers, these products also have better environmental performance.

Impact, Risk and Opportunity Management

◆ Closed Loop Management Process

The Company follows the principle of "prevention first" and systematically conducts environmental risk inspection and assessment in accordance with the requirements of the ISO 14001 environmental management system. To this end, the Company has established a series of management systems, including the Control Procedure for Response Measures to Risks and Opportunities, the Control Procedure for Identification of Environmental Factors and Determination of Significance, and the Procedure for Hazard Identification, Risk Assessment and Determination of Control Measures, thereby improving the environmental risk management system. On this basis, the Company comprehensively reviews activities within the defined scope, identifies environmental factors and their impacts throughout the entire life cycle from product procurement, production, delivery to after sales that the Company can control, influence or needs to pay attention to.



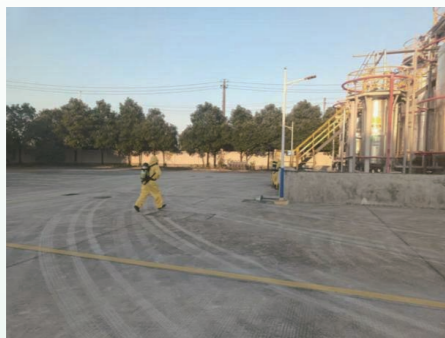
◆ Emergency Plans and Drills

Emergency Plan System Construction

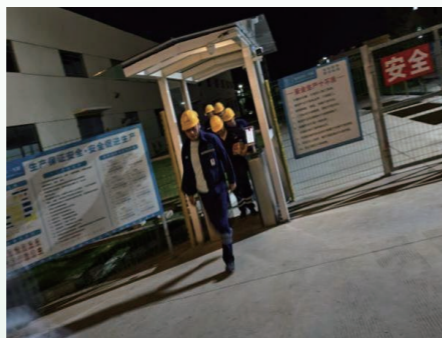
The Company has established a comprehensive emergency plan system, including the Comprehensive Emergency Plan for Environmental Emergencies as well as special plans for specific risk sources such as liquid ammonia leakage, dichlorosilane leakage and hazardous waste warehouse leakage. The plans are revised at least once every three years in accordance with regulatory requirements and are dynamically adjusted based on actual conditions. The plans clearly define the emergency organizational structure, division of responsibilities, response procedures, disposal measures, material support and post incident handling. For example, fire fighting wastewater is collected into the accident emergency pool to prevent secondary environmental pollution and ensure personnel safety and environmental compliance.

Emergency Drills and Improvement

During the reporting period, the Company and its subsidiaries carried out multiple scenarios based and diversified emergency drills, gradually transitioning from scripted drills to unscripted practical drills. The drill content covered the entire process chain including leakage control, firefighting, personnel evacuation, warning and isolation, environmental monitoring, medical rescue, emergency material mobilization and firefighting wastewater diversion, such as closing rainwater valves and opening accident pools. After each drill, summary evaluation was conducted. For example, in response to the "hose detachment" issue identified during ammonia drills, measures were proposed to strengthen routine inspection of emergency materials. In response to the "lack of fire water spray nozzles" identified during liquid ammonia drills, procurement and allocation were arranged in a timely manner to continuously improve emergency preparedness.



Comprehensive emergency rescue drill for liquid ammonia leakage safety and environmental protection accidents



Emergency plan drill for dichlorosilane gas leakage

◆ Environmental Risk Hidden Hazard Inspection

Through internal regulations such as the Environmental Protection Incident Management System and the "Three Wastes" Management System, the Company has established a mechanism combining regular and irregular inspection of environmental hidden hazards and implements closed loop management. The HSE Department takes the lead in organization, and each production workshop and department are responsible for routine inspection within its area. The inspection scope covers key aspects such as the operating status of environmental protection facilities including waste gas treatment devices and emergency accident pools, compliance of hazardous waste storage in terms of identification, anti-seepage and classification, rainwater and sewage diversion systems, pollutant discharge outlets and emergency material allocation. Problems identified are recorded in rectification ledgers with clear measures, responsible persons and time limits, and rectification effectiveness is tracked and verified. At the same time, the Company actively coordinates with external supervision. For example, Jiangxi Huate Electronic Chemical Co., Ltd. promptly completed rectification and formed a closed loop in response to issues identified during automatic monitoring verification by ecological environment authorities, effectively preventing environmental risks.

Indicators and Targets

Huate Gas effectively fulfills environmental responsibilities and actively practices environmental friendliness commitments. The Company continuously improves the environmental management system, increases environmental protection investment, and formulates environmental compliance management targets in line with its own development around key indicators such as emission management and incident management, steadily advancing toward green and sustainable development.

Target planning	Target control status	Whether achieved
Gas and pressure vessel explosion and major leakage accidents are 0	No leakage accidents	√ All achieved
Annual fire accidents are 0	No fire accidents	
Hazardous waste is legally transferred and handled by qualified units	No leakage accidents	
Noise emissions at plant boundary meet standards	No exceedance	

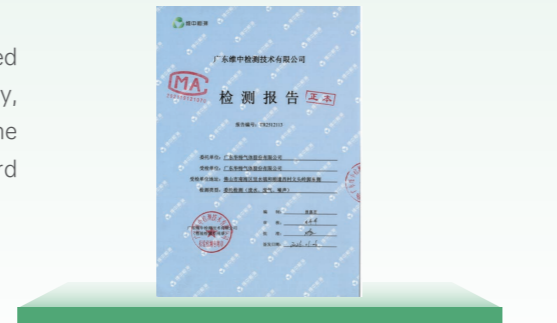
To ensure the efficient implementation of environmental protection targets and the green and safe operation of production, the Company has established a grid-based responsibility system with full coverage and full participation by formulating and implementing the Environmental Protection Responsibility System and the Environmental Protection Target Responsibility System. This system decomposes core targets such as "eliminating major environmental pollution accidents", "ensuring stable compliance of wastewater discharge" and "ensuring synchronous and efficient operation of environmental protection facilities" to each department and position, strengthening responsibilities at all levels, promoting the effective implementation of environmental protection measures, effectively preventing environmental risks, and ensuring employee occupational health and sustainable development of the Company.

Indicator	Unit	2025	2024	2023
Wastewater discharge	Ton	51,091	59,885	46,333
Waste gas emissions	Ton	1,657.8	1,502.3	1,702.1
Compliance rate of general industrial solid waste disposal	%	100	100	100
Compliance rate of hazardous waste disposal	%	100	100	100
Environmental data violation disclosure incidents	Times	0	0	0

Pollution Prevention and Control

Huate Gas has established and implemented a comprehensive and systematic environmental management system covering wastewater, waste gas, waste and noise. Through the combination of source control, process management, classified treatment and continuous monitoring, the Company strictly adheres to the bottom line of environmental compliance, actively fulfills environmental responsibilities, and is committed to achieving coordinated development of green operation and ecological friendliness.

According to the environmental compliance testing reports issued by third party testing institutions commissioned by the Company, the Company's wastewater, waste gas and noise all meet the relevant national and local environmental protection standard limits, and no exceedance of emission standards has occurred.



◆ Wastewater Management

The main sources of the Company's wastewater include production wastewater, initial rainwater, domestic sewage (including employee domestic sewage and kitchen wastewater), and cleaning wastewater from empty 12mL gas cylinders. The Company strictly implements national environmental protection regulations, continuously improves treatment technologies, strictly prevents environmental pollution incidents, ensures stable compliance of wastewater discharge, and resolutely eliminates any discharge exceeding standards.

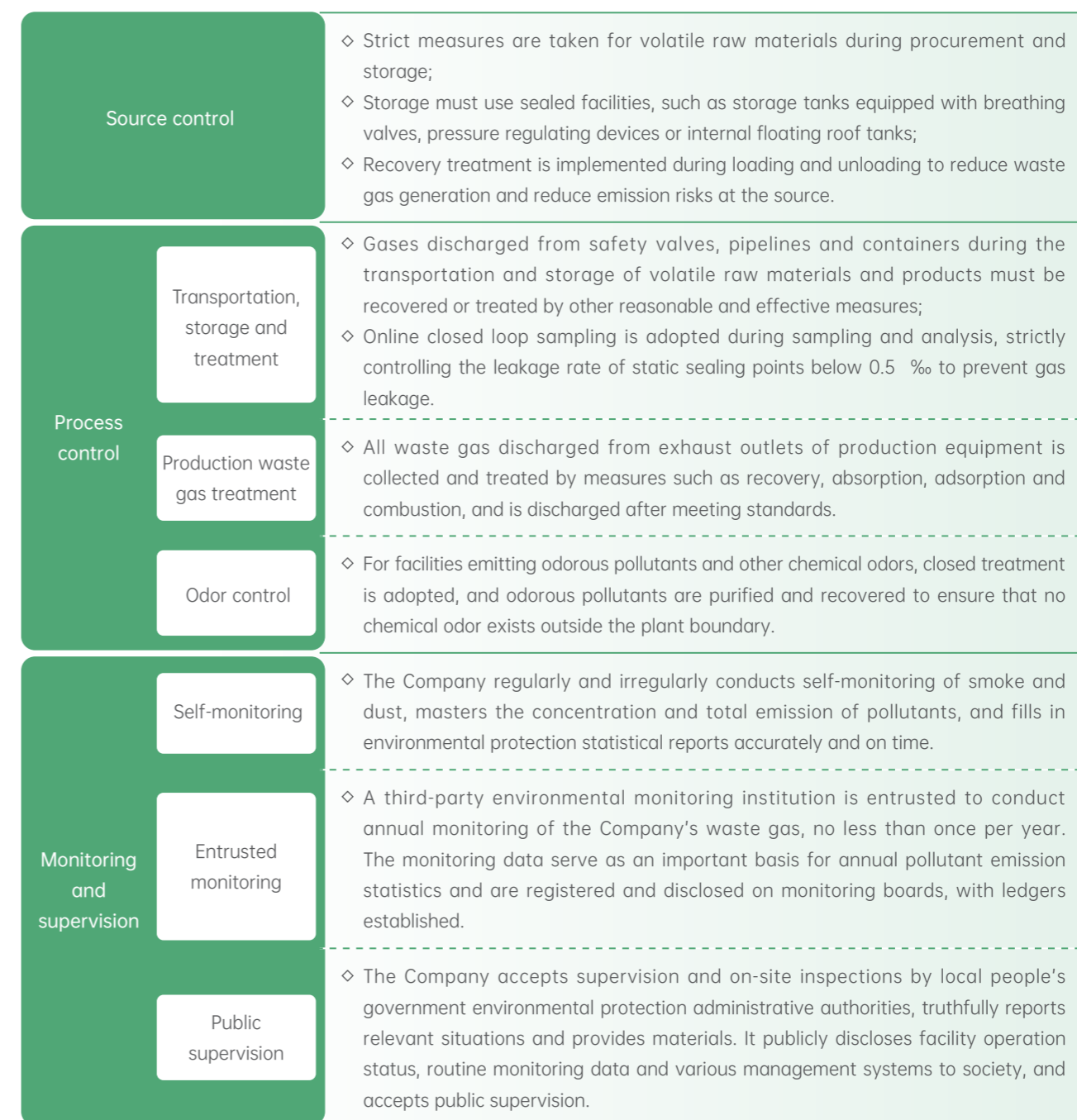
The Company has constructed domestic sewage and industrial wastewater treatment and utilization facilities to implement clean and polluted water separation and rainwater and sewage separation. The HSE Department is responsible for conducting regular and irregular self-monitoring of the Company's wastewater discharge outlets, and dedicated HSE personnel regularly sample and test workshop cleaning wastewater, strictly prohibiting discharge exceeding standards. To ensure treatment effectiveness, the Company requires all relevant departments and workshops to strictly comply with operating procedures, strengthen daily management and maintenance of facilities, and maintain complete operation records. At the same time, the HSE Department conducts regular and irregular monitoring of discharge outlets, and dedicated personnel carry out regular sampling and testing of workshop cleaning wastewater.

At the same time, the Company continuously promotes wastewater recycling, actively develops advanced industrial wastewater treatment technologies such as RO concentrated water recovery and utilization, optimizes wastewater management, and promotes wastewater reduction.

Type of sewage	Pretreatment process	Treatment process	Discharge
Domestic sewage	Pretreatment by a three-stage septic tank	Treatment by "hydrolysis acidification + contact oxidation + sedimentation + disinfection" process	After meeting Guangdong provincial local standards, discharged into the sewage treatment plant through the municipal pipeline network.
Kitchen wastewater	Pretreatment by grease separation and residue separation tank		
Production wastewater	-	-	Recycled for use in cleaning lines, equipment cooling makes up water and water circulation make up water, without external discharge.
Cleaning wastewater	-	Treated by self-built sewage treatment facilities (treatment process is coagulation sedimentation + A/O biochemical + membrane bioreactor)	Recycled to cleaning lines, equipment cooling makes up water and water circulation make up water, without external discharge.

◆ Waste Gas Management

Huate Gas continuously strengthens air pollution control, adopts a combination of classified collection, efficient treatment equipment and refined management to reduce waste gas emissions, and uses spray purification towers to recover and treat waste gas, strictly controlling atmospheric pollutants generated during production and operation. To minimize the environmental impact on the location of operations, the Company monitors waste gas emissions based on production processes and actual production conditions, conducting monitoring at least 4 times per year, with each monitoring carried out under relatively stable production conditions.



◆ Waste Management

Huate Gas strictly formulates and implements the Waste Management Control Procedure in accordance with national laws, regulations and industry standards, and implements full life cycle management of waste generated during production and operation, clarifying the specific responsibilities of relevant departments and positions at each stage. The Company has established standardized waste management ledgers, recording in detail information such as the type, quantity, flow, storage, utilization and disposal of waste, and utilizes information technology to achieve full process traceability and queryability. At the same time, the construction of on-site temporary storage facilities for solid waste strictly complies with the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Waste (GB18599) and the Standard for Pollution Control On Hazardous Waste Storage (GB18597), ensuring compliant storage and effective control.



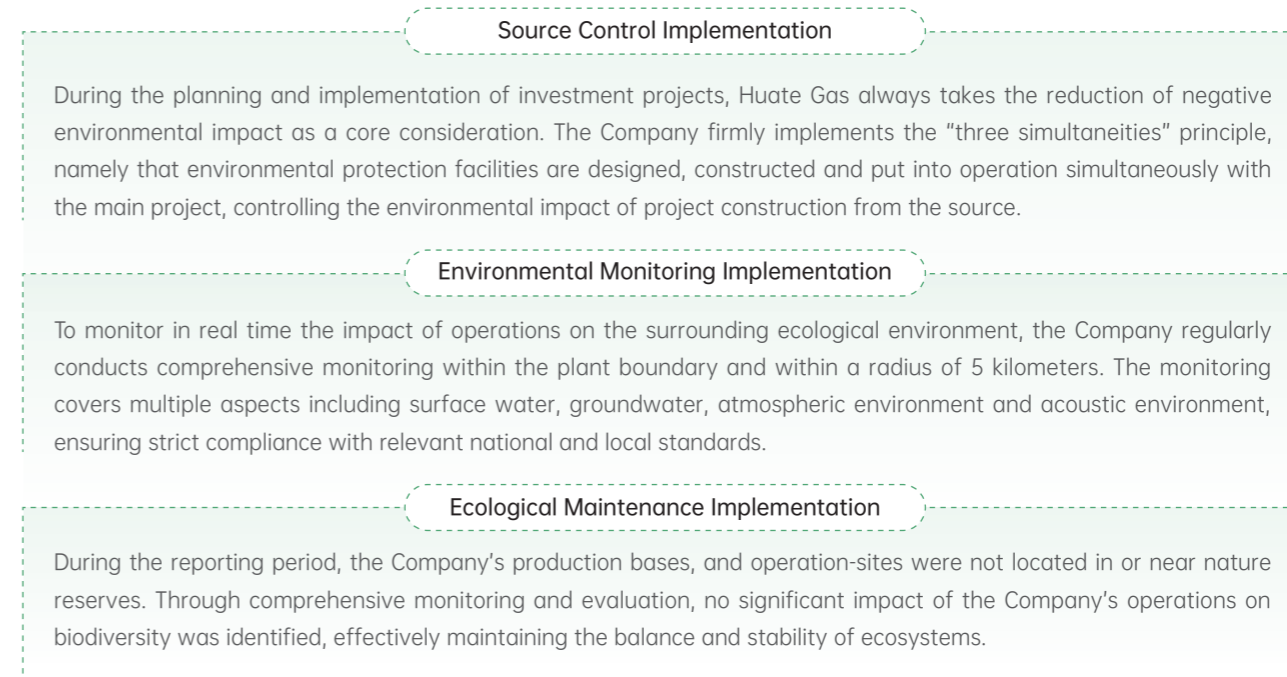
		Generation in 2023 (tons)	Generation in 2024 (tons)	Generation in 2025 (tons)
General waste	Generation	82.26	107.49	191.34
	Disposal	82.26	107.49	191.34
Hazardous waste	Generation	35.56	42.21	20.06
	Disposal	27.24	42.21	20.06

◆ Noise Management

Noise generated during the operation of Huate Gas mainly comes from vehicles and various mechanical equipment. In order to effectively reduce the adverse impact of noise on the surrounding acoustic environment, the Company conducts precise monitoring of environmental noise at the plant boundary on a regular basis in accordance with relevant standards and prioritizes the selection of low noise and environmentally friendly equipment. For existing equipment, the Company effectively suppresses the generation and propagation of noise by installing professional noise reduction facilities such as high efficiency sound insulation enclosures and vibration damping pads, aiming to ensure that plant boundary noise complies with Class 2 standards of the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008).

Biodiversity Protection

The Company, with a high sense of responsibility, makes every effort to avoid any form of damage to marine and terrestrial ecological environments, ensuring that all projects are advanced in an orderly manner within an ecologically friendly framework.



Low Carbon Actions, Climate Response

Governance

The production process of electronic specialty gases usually involves high carbon emission stages, and emission sources are complex. Huate Gas integrates climate change response with energy management and incorporates it into the core governance agenda of the enterprise. The Company has formulated the Management Measures for Climate Change Response, drives green transformation through top level design, establishes an integrated governance system covering strategic planning, execution implementation and supervision evaluation, systematically responds to coordinated management requirements of climate and energy, and injects resilience into the Company's sustainable competitiveness.

Energy conservation leading group of Huate Gas

Position	Person in charge	Responsibilities
Leader	General manager	<ul style="list-style-type: none"> Responsible for studying and making decisions on major energy conservation issues and regularly listening to work reports from the deputy leader and members; Formulating work requirements for promoting energy conservation and energy management and proposing specific energy conservation targets for the Company to the energy conservation group.
Deputy leader	Operations director	<ul style="list-style-type: none"> Regularly inspecting the implementation of energy conservation measures by various departments and presiding over a monthly energy management meeting; Formulating clear reward and punishment assessment methods; Ensuring the implementation of transformation funds for energy conservation planning.
Members	Department managers	<ul style="list-style-type: none"> Responsible for specific energy management, promoting the implementation of energy efficiency improvement, energy conservation planning, energy conservation training and publicity within the Company; Coordinating daily production with energy conservation transformation, arranging maintenance and transformation schedules for energy conservation projects, and ensuring smooth completion of transformation projects; Carrying out energy conservation training and publicity work of the Company.

Strategy

Huate Gas approaches from both risk and opportunity perspectives, refers to studies on climate, macro environment and industrial policies, and evaluates the impact of climate change on its business from both risks and opportunities in combination with its own operations. The evaluation results are integrated into strategic resilience planning, and accordingly the Company adjusts its business development strategy and resource allocation, significantly enhancing its adaptability and resilience in responding to climate change.

Risk type	Description	Financial impact	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Physical risk Extreme weather	<ul style="list-style-type: none"> Causes damage to plants and facilities at production bases in Guangdong and Jiangsu, disrupts employee travel and normal work, and restricts logistics conditions, resulting in production interruption and affecting revenue. Some chemical raw materials stored within the Company's plants present safety and environmental risks under extreme weather, some of which may lead to fire or explosion, which not only directly cause financial losses but may also result in fines and compensation. Extreme weather events may cause hazardous chemicals in storage and transportation to leak due to packaging rupture or improper handling, leading to pollution of air, water and soil, and affecting the normal life of surrounding residents. 	Cost increase, revenue decrease	High	Short term	Upstream operations	<ul style="list-style-type: none"> Implement zoned management of chemicals to prevent reactions after leakage that may trigger secondary disasters and use high-quality chemical storage containers. Formulate the Comprehensive Emergency Plan for Production Safety Accidents of Guangdong Huate Gas Co., Ltd. and establish a systematic, standardized and institutionalized response mechanism for typhoons and heavy rainfall. Reserve sufficient emergency materials and establish close cooperation with local emergency rescue institutions to ensure timely external support in the event of accidents. Set up containment dikes and emergency pools within the plant to prevent leaked chemicals from spreading outside the plant area.
Transition risk Policy risk	The chemical manufacturing industry is facing increasingly stringent policies on greenhouse gas emissions and disclosure. Carbon information disclosure requirements increase accounting costs, and failure to meet standards affects the Company's reputation, while overseas markets may face carbon tariffs that affect profits.	Cost increase	High	Medium term	Downstream	<ul style="list-style-type: none"> Closely monitor national and local policies and regulations on greenhouse gas emission disclosure and interpret policy changes in a timely manner to prepare for compliant disclosure. Disclose greenhouse gas emission related information in detail in the Company's annual sustainability report in accordance with relevant requirements.
Customer requirements upgrade	Semiconductor customers require supply chains to provide carbon footprint certification, driving low carbon transformation of production processes.	Cost increase	Medium	Medium term	Operations	<ul style="list-style-type: none"> Optimize gas production processes to reduce carbon emissions.

Opportunity type	Description	Financial impact	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Market opportunity	With the advancement of green development, downstream industries such as photovoltaics and new energy have increasing demand for specialty gases. Enterprises can develop related products to explore new market opportunities. At the same time, the upgrading of carbon reduction technologies promotes the optimization of production processes and energy saving and consumption reduction, which not only reduces costs but also meets environmental protection requirements, attracting more environmentally conscious customers and expanding new markets.	Revenue increase, increase in the Company's reputation, expansion of market share	Medium	Long term	Operations downstream	Continue to increase investment in research and development and promote technological upgrades of gas products to meet rapidly changing market demands, especially in green gases and low carbon technologies.
Energy utilization	During the process of strong national promotion of green development, renewable energy support policies and incentive mechanisms have been implemented, providing opportunities for the Company to adopt renewable energy smoothly. By adjusting the energy structure and improving energy efficiency, greenhouse gas emissions can be effectively reduced.	Cost reduction	Medium	Long term	Operations	Carry out energy saving technological transformation and continuously explore suitable application opportunities for renewable energy in various production and operation processes of the Company.

Impact, Risk and Opportunity Management

To address potential risks and opportunities brought by climate change, Huate Gas has incorporated climate risks into the Company's risk management system, established a climate risk assessment and management process mechanism, and formed a closed loop management system for identification, assessment, response and improvement of climate risks.

Stage	Specific operations
Internal and external factors and stakeholder needs and expectations	When identifying and determining the Company's climate risks and opportunities, various internal and external factors that affect the Company's daily operations, business model, financial status, as well as impacts on the external environment and society, together with stakeholder requirements, are taken into consideration.
Identification and determination of risks and opportunities	Based on macro policies, regulatory requirements and industry conditions, methods such as questionnaire surveys, group discussions, expert consultations, scenario analysis, policy analysis, industry benchmarking and interviews are adopted to screen climate risk points and opportunity points that the Company may currently face.
Measures for risk and opportunity response	Based on the results of risk analysis, combined with the causes of risks and the tolerance level, risks and returns are weighed to select appropriate risk response plans.
Update of risks and opportunities	The Company will combine internal objectives and external factors to supervise the implementation of response measures for climate change risks and opportunities and evaluate the effectiveness of such measures.

Indicators and Targets

Key indicators		Unit	2023	2024	2025
Greenhouse gas emissions	Total	tCO ₂ e	14,794.35	16,027.13	17,744.31
	Scope 1	tCO ₂ e	9,017.69	7,728.23	8,622.71
	Scope 2	tCO ₂ e	5,776.66	8,298.90	9,121.60
Greenhouse gas emission intensity	Total	tCO ₂ e per million revenue	9.86	11.49	10.97
	Scope 1	tCO ₂ e per million revenue	6.01	5.54	6.08
	Scope 2	tCO ₂ e per million revenue	3.85	5.94	4.88

Research and Development of Low Carbon Products

Huate Gas, through continuous innovation and breakthroughs, has established a low carbon material matrix covering semiconductor manufacturing and clean energy fields, providing practical solutions for energy saving and emission reduction across the global electronic industry chain.

Product	Characteristic Highlights	Green Value and Benefits
Hexafluorobutadiene	High selectivity and anisotropy; high etching rate; suitable for high aspect ratio processes; high selectivity to photoresist and silicon nitride	Global warming potential (GWP) < 10, atmospheric lifetime < 1 day; more than 90% emission reduction compared with traditional CF ₄ ; the only alternative that simultaneously meets etching conditions and emission reduction requirements
Ethylsilane	Low temperature deposition; high film formation rate; good film uniformity	Lower deposition temperature than traditional silane, significantly reducing process energy consumption; improving equipment capacity and reducing resource consumption
Hydrogen Bromide	High selectivity and anisotropy; suitable for 7nm and below advanced processes; purity reaches 5N	Replaces high GWP perfluorocarbon etching gases, reducing greenhouse gas emissions; improves chip yield and reduces rework waste
High Purity Ammonia	Purity reaches 7N; used for LED epitaxy and photovoltaic cell deposition	Supports the development of renewable energy industries such as photovoltaics and LEDs; localization substitution reduces carbon emissions from long distance transportation
Lithography Gases (Ar/Ne/Xe, F ₂ /Kr/Ne)	Applied in high end lithography machines; supports advanced process lithography	Higher energy efficiency compared with traditional light sources, indirectly reducing overall energy consumption of wafer fabs; improving lithography efficiency and yield

Efficient Utilization, Circular Development

Energy Utilization

The Company strictly follows national energy policies, energy management standards, and relevant laws, regulations and technical specifications on energy conservation and environmental protection, systematically builds a compliance management system, and formulates the Energy Conservation Management System with energy saving, consumption reduction and improvement of energy utilization efficiency as the core. It defines a four-level management structure of "Company, department, workshop and team" and the responsibilities of the energy management leading group, achieving full chain management from metering and statistics to cost accounting. At the same time, through the Energy Conservation Training and Publicity System, the Company implements normalized training and diversified publicity, strengthens employees' awareness of energy conservation, and establishes corresponding reward and punishment mechanisms, forming a closed loop energy management system with full participation and clear responsibilities.

The Company has established an energy saving target that electricity consumption per CNY 150,000 of output value does not exceed 1000 kilowatt hours, and continuously improves energy efficiency from multiple dimensions including management, technology and behavior.

Strengthening management system

- ◇ Implement a four-level management responsibility system to ensure that energy saving responsibilities are assigned to teams and individuals at all levels;
- ◇ Establish and improve original records of energy consumption, statistical ledgers and economic accounting systems to provide data support for analysis and decision making.

Enhancing metering and statistical analysis

- ◇ Equip and manage energy metering instruments in accordance with national standards (GB17167), and conduct regular verification;
- ◇ Regularly carry out technical and economic analysis of major energy consuming equipment, utility systems and overall energy utilization of the Company, identify energy saving potential and define improvement directions.

Optimizing production scheduling and equipment maintenance

- ◇ The production department centrally schedules the start and stop time of major power consuming equipment to improve load rate;
- ◇ Maintenance teams guide workshops to strengthen equipment maintenance and reduce unplanned shutdowns.

Promoting new technologies and processes

- ◇ Actively promote and apply new energy saving technologies, new facilities, new processes and new materials;
- ◇ Encourage employees to achieve energy saving and efficiency improvement through "minor improvements and innovations" and technological transformation activities, and grant rewards to individuals or departments that achieve significant results.

Deepening publicity and cultural development

- ◇ Incorporate energy saving and emission reduction into major thematic publicity activities and actively promote the social ethos of "saving is honorable, and waste is shameful";
- ◇ Popularize knowledge of energy conservation and environmental protection, enhance awareness among all employees, and grant each employee the right to report and stop wasteful behaviors.

Water Resource Utilization

Water resource management of the Company, as an integral part of the energy management system, follows a unified institutional framework and organizational structure, incorporates water saving into the normalized management system, clarifies responsibilities at all levels, and achieves standardized statistics, quota management and continuous optimization of water consumption. In specific implementation, the Company systematically promotes water saving from aspects such as institutional construction, metering and monitoring, maintenance optimization and awareness enhancement, ensuring that water resource management forms a closed loop that is monitorable, assessable and traceable.

In addition, the Company focuses on cultivating a water saving culture, enhances awareness among all employees through various forms such as slogans, publicity boards, training and thematic activities, and guides employees to consciously practice water saving behaviors. The Company also incorporates water saving performance into the energy management reward and punishment system, corrects wasteful behaviors and rewards water saving innovation and practices, thereby forming a management closed loop and ensuring sustainable utilization of water resources and the achievement of water saving targets.

Regularly inspect and maintain water supply pipelines, valves and water using equipment, and resolutely eliminate phenomena such as "leakage, overflow, dripping and seepage" and "continuous water flow".

Strengthening equipment and pipeline maintenance

Improving water metering and monitoring

Install water meters in each water using unit, implement hierarchical metering and regular pipeline leakage detection, strictly control water loss, and conduct water use analysis and quota assessment based on statistical data.

Actively advocate and implement secondary use and multiple reuses of water (such as air conditioning condensate water and cleaning water), and improve water resource utilization efficiency.

Promoting water recycling

Integrating water saving into design and management optimization

Continuously improve the rationalization and refinement of water use by adjusting water use structure, optimizing process flows and strengthening planned water use management.

Key indicators	Unit	2025
Water withdrawal	10,000 tons	12,336.71
Recycled utilization	10,000 tons	450
Water consumption	Tons	7,227.61
Water consumption per unit revenue	Tons per million revenues	51

Circular Economy

The Company complies with the requirements of the Circular Economy Promotion Law of The People's Republic of China and takes practical measures to comprehensively improve the utilization efficiency of various resources such as water resources, electricity resources and office supplies. On the one hand, it ensures the stability of resource supply. On the other hand, it reduces resource waste, ensures rational allocation of resources, and actively practices the concept of circular economy. Through efficient utilization of resources, the Company promotes sustainable development.

- ✓ Cylinder protective covers are inspected and maintained after each use and reused after meeting requirements.
- ✓ Residual gas cylinders returned by customers are tested and treated and reused after meeting standards.
- ✓ Domestic sewage is sent to municipal and Guigong Industrial Park sewage treatment plants for treatment and recycling.
- ✓ Inspection water at the cylinder inspection station is treated by sewage treatment facilities and reused.
- ✓ The cooling system of production equipment adopts circulating water for reuse.
- ✓ Circulating water coolers are used in production areas in summer for cooling.
- ✓ Adsorbents used in adsorbers are recycled and reused.
- ✓ Paper printed on one side for Company documents is reviewed and reused if applicable.

Green Operation, Cultural Cultivation

The Company aims to build a green and low carbon office environment, integrates sustainable development concepts into daily operations, and comprehensively promotes green office practices through systematic institutional development and cultivation of a culture with full employee participation, effectively reducing operational carbon footprint and resource consumption.

- Energy use management

 - ◇ Prioritize the use of energy saving and environmentally friendly products and prohibit procurement of obsolete equipment;
 - ◇ Promote refined electricity management, standardize air conditioning temperature settings, use energy saving lighting and make full use of natural light;
 - ◇ Eliminate long lighting and daytime lighting, strengthen control of night and landscape lighting, and prohibit the use of high energy consumption heating appliances.
- Water saving management

 - ◇ Fully promote water saving equipment and strengthen inspection and maintenance of water using facilities;
 - ◇ Advocate water recycling, encourage the use of rainwater and reclaimed water for landscaping irrigation, and prohibit excessive irrigation
- Green office supplies

 - ◇ Fully promote electronic office and paperless processes and strictly control paper use;
 - ◇ Promote double sided printing and reuse of paper;
 - ◇ Restrict disposable products, prohibit the use of non-degradable plastic products, and advocate the use of environmentally friendly recycled products and reusable cups.
- Green travel

 - ◇ Strictly implement official vehicle approval systems and reduce unnecessary vehicle use;
 - ◇ Prioritize procurement of new energy vehicles and construct supporting charging facilities;
 - ◇ Encourage employees to commute by public transportation, cycling and other low carbon modes.
- Anti food waste

 - ◇ Implement the Anti Food Waste Law and establish meal forecasting mechanisms in canteens;
 - ◇ Promote the practice of "Clean Plate Campaign".
- Waste classification

 - ◇ Strictly implement classified disposal and collection of domestic waste;
 - ◇ Carry out publicity and volunteer activities on waste classification and actively participate in demonstration initiatives.
- Cultural development

 - ◇ Continuously carry out publicity and education activities in conjunction with themes such as National Energy Conservation Publicity Week, Low Carbon Day and Green Travel Publicity Month;
 - ◇ Advocate simple, moderate, green and low carbon work and lifestyle.

Innovation Driven, Achieving Value Growth

Huate Gas is committed to creating greater value for customers, the industry and society. The Company adheres to innovation driven development, focuses on breakthroughs in core technologies of electronic specialty gases, and promotes the transformation of research and development achievements into value within the industrial chain. It deepens supply chain collaboration and ensures industrial security through a resilient supply chain. Adhering to lean concepts, it continuously optimizes the operation system and consolidates the competitive foundation with excellent quality. By practicing dedicated service, it achieves mutual success with partners through responsible marketing and refined customer management. It builds strong security barriers to safeguard information assets and user privacy.

Topics covered in this section

Research and development and innovation, product quality and safety, protection of customer rights and interests, information security and privacy protection, responsible supply chain management, equal treatment of small and medium sized enterprises

United Nations Sustainable Development Goals (SDGs) corresponding to this section



Innovation Driven, Leading Development

Governance

The Company has established a matrix type research and development governance structure with the board of directors and general manager office or decision-making level as the leadership core, the research and development center as the primary implementation body, and other functional departments participating collaboratively.

Category	Responsibilities and functions description
Leadership and decision-making level	<ul style="list-style-type: none"> ◇ The Company's decision-making level, including the general manager and deputy general managers in charge, is responsible for approval of research and development strategies, final decisions on major project initiation and acceptance, approval of important systems and coordination of major resources. At key review nodes such as project initiation, design review and acceptance, at least three members of the decision-making level are required to participate.
Functional management department	<ul style="list-style-type: none"> ◇ The Research and Development Center is the core execution and management department for research and development activities, responsible for the full process organization and management of projects from initiation, design and implementation to acceptance, formulating research and development plans and budgets, organizing technical reviews and verification, and responsible for summarizing and preserving research and development results. ◇ The Investment Planning Department acts as the coordinating department in certain systems such as new product development, responsible for identifying market opportunities, conducting project feasibility studies, organizing project initiation and coordinating and supervising cross departmental projects.
Supporting and coordinating departments	<ul style="list-style-type: none"> ◇ Sales and marketing departments provide market demand information, conduct market feasibility analysis, and participate in project acceptance and subsequent market promotion. ◇ Production, quality inspection and production departments are respectively responsible for pilot production and mass production transition, sample and product testing, and equipment manufacturing and installation. ◇ The Finance Department is responsible for research and development budget review, management of research and development reserves, accounting of research and development expenses and special audits. The Enterprise Management Department is responsible for human resource allocation, organization and implementation of performance appraisal for research and development personnel and handling of appeals. ◇ The Intellectual Property Office centrally manages the Company's intellectual property, responsible for application, maintenance, protection and daily management of patents and other intellectual property.

Indicator Name	Unit	2025	2024
Total Number of Research and Development Personnel	Persons	163	172
Below Bachelor's degree	Persons	72	80

Indicator Name	Unit	2025	2024
Bachelor's degree	Persons	77	82
Master's degree	Persons	12	8
Doctoral Degree	Persons	12	2
Under 30 Years Old	Persons	45	42
30 to 40 Years Old	Persons	67	80
40 to 50 Years Old	Persons	38	37
50 to 60 Years Old	Persons	12	12
Above 60 Years Old	Persons	1	1
Core Technical Personnel of the Company	Persons	4	4

◆ Full Life Cycle Management of Research and Development Projects

The Company implements standardized management covering the full life cycle of research and development projects. Core procedural documents include the Project Research and Development Management Procedure, the Simple Process for Design and Development and the Management Measures for New Product Development. According to these systems, projects from initiation and design, implementation and verification to acceptance and change must follow clear stage control requirements, including feasibility evaluation and cross departmental review, advancement according to plans and progress monitoring, document archiving and product testing and other complete processes. At the same time, the Company has established standardized change approval and project closure procedures to ensure standardized research and development processes and controllable risks.

In addition, the Company provides support for research and development through standardized documentation and special financial systems. Standard documents such as the Project Proposal and the Acceptance Report are generated throughout the research and development process as the basis for decision making and traceability, and multi department review meetings are set at key nodes. The Company strictly implements the Research and Development Reserve System and the Management System for Accounting of Research and Development Investment to ensure continuous investment of funds, and conducts strict budget management, independent accounting and audit supervision for projects.

◆ Intellectual Property Protection and Research and Development Incentives

The Company has established the Intellectual Property Management System, the Performance Appraisal Measures for Research and Development Personnel and the Project Compensation Management System for Core Technical Personnel to protect innovation and stimulate vitality. Intellectual property management covers the entire process from invention disclosure to application and protection, clarifies the ownership of service inventions, and agrees on ownership in advance in cooperation. Performance incentives implement hierarchical assessment and link results with salary and promotion and establish multi-level special rewards covering innovation achievements and project returns.

Key Performance

The Company has passed the **GB/T 29490-2013 Intellectual Property Management System Certification**.

◆ Industry, Academia and Research Cooperation

The Company has established a deep cooperation relationship with South China University of Technology, jointly building a postdoctoral research workstation and carrying out a collaborative innovation model of “platform co construction, talent co cultivation, technology co research and achievement sharing”, promoting the technological research and development and talent cultivation of high-end electronic specialty gases. In 2025, the Company successfully completed its first postdoctoral research project and developed a new montmorillonite based composite porous gas purification material, filling the technological gap of the Company in the field of high end gas purification materials; the research on gas adsorption and purification based on MOF materials conducted by the postdoctoral researcher in station has achieved phased progress, which is expected to break through the limitations of selectivity and efficiency of traditional gas separation technologies and provide a new solution for the preparation of high purity gases.

Strategy

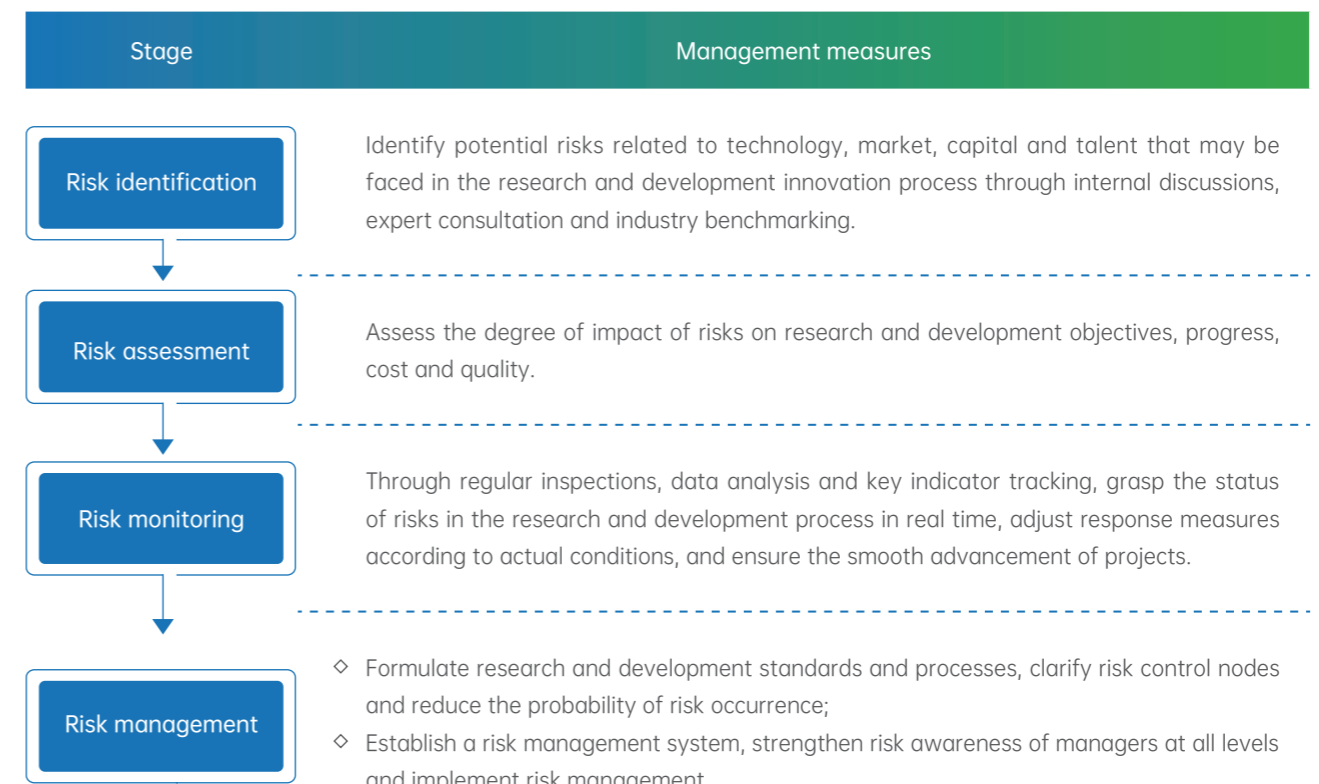
The Company continuously strengthens its research and development system by gaining insight into technological trends, grasping market dynamics and responding to policy orientations. At the same time, the Company is committed to building a high-quality research and development team and optimizing innovation management mechanisms, providing strong momentum for sustainable development.

Opportunity type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Core competitiveness risk	Technological iteration, product upgrading, or intensified competition may lead to a decline in the Company's market share and user base, research and development investment exceeding expectations or progress falling short of expectations, research and development failure, failure of technologies to be transformed into products or industrialized, elimination of key equipment, and vicious competition.	Revenue decrease, cost increase	High	High	Medium	Upstream	1. Continuously launch new technologies and products that adapt to changes in market demand to maintain the Company's existing market position and competitive advantages; 2. Continuously increase investment in research and development to ensure product competitiveness.
Talent shortage risk	With the development of the specialty gas industry, competition for talent within the industry is intensifying. Once core technical personnel are lost, it will have an adverse impact on the Company's product research and development and stable development.	Revenue decrease	High	High	Medium	Upstream	Provide competitive compensation and incentives to enhance the sense of belonging of research and development personnel.

Opportunity type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Market opportunity	The emergence of new technologies opens up new markets for enterprises. By improving efficiency and expanding market share, it drives rapid business growth and creates competitive advantages.	Cost reduction, revenue increase	Medium	High	Medium	Upstream	1. Cooperate with universities and research institutions to increase efforts in new technology research and development; 2. Introduce and cultivate technical talent and build professional teams to support innovation.

Impact, Risk and Opportunity Management

To effectively manage risks related to research and development innovation, the Company conducts regular identification and assessment of risks and opportunities based on its actual operating conditions. By comprehensively reviewing potential risk factors in the research and development process, the Company implements dynamic tracking and real time monitoring of major risk events.



Indicators and Targets

Key indicators	Unit	2025	2024	2023
Research and development investment	CNY Ten thousand	4,591.93	4,892.15	5,042.88
Proportion of research and development investment to main business revenue	%	3.24	3.51	3.55
Cumulative number of authorized patents	Items	270	243	213
Cumulative number of authorized invention patents	Items	44	37	32
Cumulative number of authorized utility model patents	Items	223	203	178
Cumulative number of trademarks	Items	48	51	51

Achievements and Impact

◆ Breakthroughs in Core Technologies and Products

Supply capacity of high-end process products	<ul style="list-style-type: none"> ◇ The Company has more than 20 products successfully supplied to advanced integrated circuit production lines such as 14nm and 7nm. ◇ Some fluorocarbon products and hydrides have successfully entered the world's most advanced 5nm process and continue to expand the scope of application.
Leading position in the field of photolithography gases	<ul style="list-style-type: none"> ◇ Independently developed multiple rare mixed photolithography gases such as Ar F Ne, Kr Ne, Ar Ne, Kr F Ne and Ar Ne Xe. ◇ The only gas company in China that has achieved simultaneous certification of multiple rare mixed photolithography gases, including 2 containing trace fluorine, by ASML in the Netherlands and GIGAPHOTON Corporation in Japan. ◇ Relevant products have been widely applied in multiple semiconductor factories both domestically and internationally.
Breakthroughs in key "bottleneck" technologies	<ul style="list-style-type: none"> ◇ Focus on high-end specialty gases such as high purity propylene, high purity acetylene, high purity chlorine trifluoride, electronic grade hydrogen bromide and electronic grade disilane, and carry out core technology research to break overseas monopolies.
Original testing technologies	<ul style="list-style-type: none"> ◇ Created in the industry the "key detection technology for trace fluorine in excimer laser gases", successfully solving long standing testing challenges such as heavy components and fluorine content at percentage concentration.

◆ Scientific Research Projects and Industry Recognition

Undertaking national and provincial major scientific research projects	<ul style="list-style-type: none"> ◇ Undertake the national major science and technology project "02 Special Project" topic: Research and Development and Pilot Testing of High Purity Trifluoromethane. ◇ Undertake the Guangdong provincial strategic emerging industry regional cluster development pilot project: research and development task of "specialty gases for flat panel displays"
Authoritative industry honors	<ul style="list-style-type: none"> ◇ Selected for four consecutive sessions in 2017, 2019, 2021 and 2023 as one of the "Top 10 Electronic Chemical Material Enterprises in China" and is the only gas company on the list. ◇ The Company actively leads or participates in the formulation of domestic and international standards, having cumulatively led or participated in 67 standards, including multiple national standards focusing on gases for the electronic industry, 6 industry standards, 1 international standard and 11 group standards.

Collaborative Win-Win, Resilient Supply Chain Assurance

Governance

The Company has established a supply chain management structure with the Procurement Department as the core and multi department collaboration and has formulated the Procurement Control Procedure to institutionalize the management structure and corresponding mechanisms, ensuring standardization, traceability and continuous optimization of supply chain governance activities.

Core coordination and execution level

Procurement Department: As the functional and leading department of supply chain management, it is fully responsible for the entire process including supplier development, evaluation, selection, performance evaluation, daily management, contract negotiation and signing, and procurement plan execution.

Cross functional collaborative review level

User Department/Demand Department (Production Department and Research and Development Center): Propose procurement requirements and participate in confirmation of technical specifications, sample verification and product stability tracking.

Quality Management Department/Quality Inspection Office: Responsible for supplier quality system audits, incoming material inspection and formulation and confirmation of product quality standards.

HSE Department: Responsible for reviewing suppliers' qualifications and performance in safety and environmental protection, especially for hazardous chemicals.

Finance Department: Participates in assessment and control of supplier payment risks.

Logistics Department: Participates in coordination and management of transportation and delivery.

Strategy

Sustainable development of the supply chain has become a core strategic support for the Company's stable operations. Based on forward looking industry trends, the Company strictly follows policy and regulatory requirements, systematically reviews business needs and potential risks at each stage of the supply chain and optimizes resource allocation by building a full process management system. This effectively enhances supply chain coordination efficiency and risk resistance capability, provides reliable support for stability of production and operation, and shapes differentiated sustainable development advantages.

Risk type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Supplier performance risk	Suppliers fail to deliver required materials such as gases and packaging materials on time, with required quality and quantity, or production interruption occurs due to their own reasons.	Production shutdown losses, emergency procurement costs, breach compensation	Medium to high	High	Short term to medium term	Procurement, production, delivery	<ol style="list-style-type: none"> 1. Establish a strict supplier access and performance evaluation system and implement graded management. 2. Define acceptance standards and responsibilities through the Procurement Control Procedure, allowing rejection and claims for unqualified materials. 3. Establish a list of alternative suppliers for key materials to reduce dependence on a single source.
Raw material quality risk	Materials provided by suppliers have quality issues such as substandard purity and excessive impurities, affecting performance and reliability of the Company's final products.	Rework and scrap losses, quality costs, customer claims	Medium	High	Short term to long term	Procurement, production, quality control, sales	<ol style="list-style-type: none"> 1. Require suppliers to provide "one document and one label" such as MSDS and safety labels and quality certification documents. 2. The Quality Management Department or quality inspection office conducts strict incoming inspection and batch sampling inspection. 3. Clearly define quality requirements in the Procurement Contract and stipulate liability for compensation for quality issues
Supplier compliance and integrity risk	Suppliers engage in corrupt practices such as commercial bribery and benefit transfer during cooperation or violate environmental protection and production safety regulations.	Fines, litigation costs, qualification losses	Low	Extremely high	Long term	Full process including procurement, logistics and finance	<ol style="list-style-type: none"> 1. Require mandatory signing of the legally binding Integrity and Clean Commitment Letter, setting a high penalty of CNY 1 million for breach. 2. Clearly prohibit any form of rebates, gifts and other improper benefits. 3. Establish a two-way reporting mechanism to encourage suppliers to supervise improper conduct of the Company's employees.
Hazardous chemical transportation and safety risk	Safety accidents such as leakage, explosion and traffic accidents occur during transportation of hazardous chemicals such as flammable, toxic and corrosive gases.	Accident compensation, property losses, environmental penalties	Medium	High	Immediate	Logistics, HSE, production	<ol style="list-style-type: none"> 1. Clearly require in the Procurement Contract the use of logistics companies, vehicles and escorts with hazardous chemical transportation qualifications. 2. Require transportation personnel to receive professional training. 3. The HSE Department participates in reviewing suppliers' safety transportation capabilities.
Supply interruption risk	Global or regional supply interruption of key raw materials or equipment caused by natural disasters, wars, geopolitical conflicts or supplier bankruptcy.	Order default, revenue loss, decline in market share	Low	Extremely high	Long term	Procurement, production, sales	<ol style="list-style-type: none"> 1. Establish strategic reserves for core raw materials such as high purity raw gases. 2. Actively carry out independent research and development, overcome "bottleneck" technologies and realize domestic substitution. 3. Develop alternative suppliers through multiple channels to diversify regional and supply source risks.

Impact, Risk and Opportunity Management

To effectively reduce various risks in the supply chain, the Company has established a systematic risk management mechanism. Through precise identification of potential risks, scientific assessment of their impact, dynamic monitoring of risk trends and implementation of targeted management measures, the Company effectively ensures the safety and stability of the supply chain and provides solid support for continuous and stable business operations.

Stage	Management measures
Risk identification	Identify risks that may arise at each stage of the supply chain including procurement, production, logistics and sales, such as raw material supply, price fluctuations, logistics interruptions and changes in market demand.
Risk assessment	The Company conducts annual supplier performance evaluation, covering five aspects including product quality, delivery time, service, price and HSE performance.
Risk monitoring	Track risk changes in each stage of the supply chain in real time, regularly review the operating status of key supply chain nodes such as suppliers and logistics providers, and promptly identify potential risks.
Risk management	Regularly summarize risk management experience, optimize supply chain risk management systems and processes, adjust strategies in a timely manner and enhance risk resistance capability.

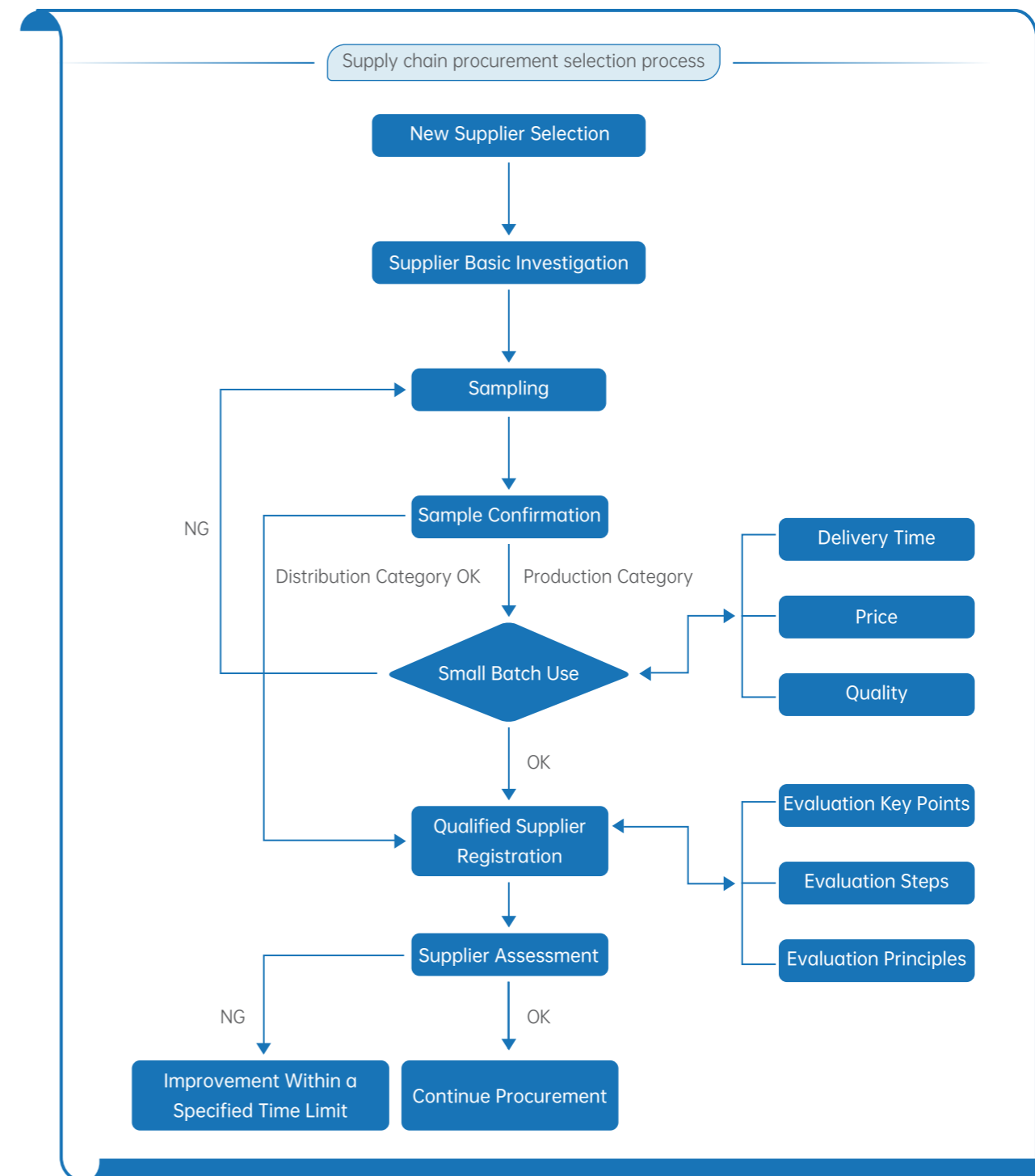
Indicators and Targets

Key indicators	Unit	2025	2024
Materials and material related suppliers	Companies	1,568	1,348
Number of domestic suppliers	Companies	2,018	1,334
Number of overseas suppliers	Companies	15	14
Supplier assessment completion rate	%	100	100
Proportion of suppliers with quality management system certification	%	100	100
Proportion of suppliers with environmental management system certification	%	100	100
Proportion of suppliers with occupational health and safety management system certification	%	100	100

Full Life Cycle Management of the Supply Chain

Supplier Selection

Before initiating the procurement procedure, the Company conducts basic reviews of suppliers in terms of qualification legitimacy, performance capability and reputation in accordance with the Procurement Control Procedure. In addition to basic qualifications, the Company places key focus on suppliers' performance in quality management systems, HSE management systems, social responsibility and environmental protection.



◆ Supplier Classification

Huate Gas classifies suppliers into the following four categories according to the materials and services they provide and adopts different selection standards for different types of suppliers.

Supplier type	Material category	Selection method
Category A	Production raw materials, packaging materials, valves and distributed products	<ul style="list-style-type: none"> ◇ Issue the New Supplier Investigation and Evaluation Form and the Supplier Environmental Condition Investigation Form to new suppliers, requiring them to complete the forms strictly in accordance with the requirements and provide the qualification supporting documents required by the forms; ◇ The purchaser verifies the returned New Supplier Investigation and Evaluation Form, completes the New Supplier Preliminary Review and Assessment Form, and submits it to relevant departments for approval; ◇ After approval, the Quality Management Department organizes a written review or on-site audit; ◇ The Procurement Department obtains supplier samples and submits them to relevant departments for testing and trial production, and the results are fed back to the Quality Management Department, quality inspection office, Procurement Department and research and development center.
Category B	Equipment, spare parts and reagents	<ul style="list-style-type: none"> ◇ The purchaser reviews the supplier's business qualifications; ◇ The user department confirms the specifications of required materials to ensure they meet usage requirements.
Category C	Service categories such as outsourced logistics, testing, certification and metrological calibration	<ul style="list-style-type: none"> ◇ Selection of logistics suppliers: business qualification review, including but not limited to business license and road transport permit for hazardous chemicals; ◇ Selection of metrology and testing service suppliers: business qualification review, including but not limited to business license, recognition of metrology and testing capability and system certification.
Category D	Auxiliary materials, office labor protection supplies and hardware accessories	<ul style="list-style-type: none"> ◇ The purchaser is not required to conduct qualification review for this type of supplier and may make purchases through online procurement or direct store procurement.

◆ Supplier Evaluation

At the beginning of each year, Huate Gas conducts annual performance evaluations of existing qualified suppliers. For Category A suppliers with supply volume of more than 3 batches in the previous year, the Company adopts the Annual Supplier Evaluation Form and jointly with relevant departments conducts a comprehensive evaluation of their one-year supply performance. The Company comprehensively considers suppliers' annual performance evaluation results and annual system audit rating levels, and dynamically adjusts the Qualified Supplier List.

Pursuit of Excellence, Striving for Perfection

Governance

Quality is the lifeline of sustainable development of an enterprise and the core manifestation of fulfilling responsible commitments to customers, employees and society. Huate Gas deeply integrates excellent quality management into the entire process of corporate governance and operations and has established a quality governance system with clear rights and responsibilities, full participation and continuous improvement. This system strictly follows international standards such as ISO 9001 and runs through all levels of strategy, management and execution from top to bottom, forming a coordinated and efficient operating mechanism.

Role	Organization or position	Responsibilities and content
Top leadership and strategic decision-making level	General manager	As the ultimate responsible person for quality management, responsible for approving and issuing quality policies and quantifiable strategic objectives, ensuring resource allocation, and presiding over management reviews to promote continuous improvement.
	Management representative (concurrently held by the general manager)	Directly reports system performance to the top management, responsible for establishment, implementation, maintenance and improvement of the quality management system, and promotes enhancement of quality awareness among all employees.
Functional management and core supervision level	Quality Management Department	As the functional and core management department of quality governance, undertakes system coordination responsibilities, including organizing internal audits and management reviews, supervising nonconforming product processes, presiding over major material review board (MRB) meetings, promoting closed loop management of corrective and preventive measures, monitoring and analyzing quality objectives, and coordinating management system documentation.
	Quality Inspection Office	As the core execution unit of quality inspection, responsible for full process inspection from incoming materials to process and finished products, formulating and implementing inspection standards, managing testing equipment, and conducting preliminary confirmation and isolation of nonconforming products.
Full participation and cross functional collaboration level	Functional departments perform their respective duties	The Production Department is responsible for process control, the Procurement Department manages supplier quality, the Sales Department handles customer feedback and recalls, the Logistics Department ensures warehouse quality, and the research and development center ensure design quality.
	Special collaborative mechanism	For major or complex nonconforming products, the Quality Management Department leads the temporary establishment of a cross departmental material review board (MRB) including production, procurement, sales and technical departments to jointly review and decide on disposal plans, reflecting the principles of collective decision making and shared risk.
	Support function guarantee	The Human Resources Department ensures that employees possess the competencies required to fulfill quality responsibilities through training and capability assessment.

Key Performance

The Company has **passed ISO 9001 Quality Management System Certification**.

Quality Training

The Company continuously carries out quality awareness training, effectively improving the quality awareness and professional skills of all employees through the combination of normalized professional training and thematic activities.



"Quality Month" special activities

Normalized professional skills training

The Company has established a systematic training mechanism covering management to frontline key positions by formulating and implementing the 2025 Annual Training Plan for The Quality Management Department. The training content includes basic processes, internationally recognized core quality tools and practical operation of advanced testing technologies, and effectiveness is ensured through diversified assessments such as oral examinations, written tests and practical operations, aiming to systematically and continuously enhance the professional capabilities of all employees and strengthen the talent foundation of quality management.

"Quality Month" special activities

The Company organized multi-level and highly interactive "Quality Month" activities in September 2025, bringing quality culture to a new level. Led by senior management, through company level and workshop level graded training, knowledge competitions covering two locations, multiple special inspections and rectifications, and the establishment of QCC groups to solve practical production problems, a full chain promotion from awareness advocacy, knowledge dissemination to practical improvement was achieved, effectively creating a strong atmosphere of "everyone values quality and everyone creates quality".

System and process training

The Company emphasizes effective implementation of management systems and organizes targeted training for newly revised or key processes in a timely manner. For example, focused interpretation of the newly revised Process Inspection Management Measures is conducted for relevant personnel, clarifying inspection plans and graded rectification time limit requirements, ensuring that employees fully understand and strictly implement new process control standards, thereby strengthening execution and binding force of the system and ensuring accurate transmission of management system requirements.

Strategy

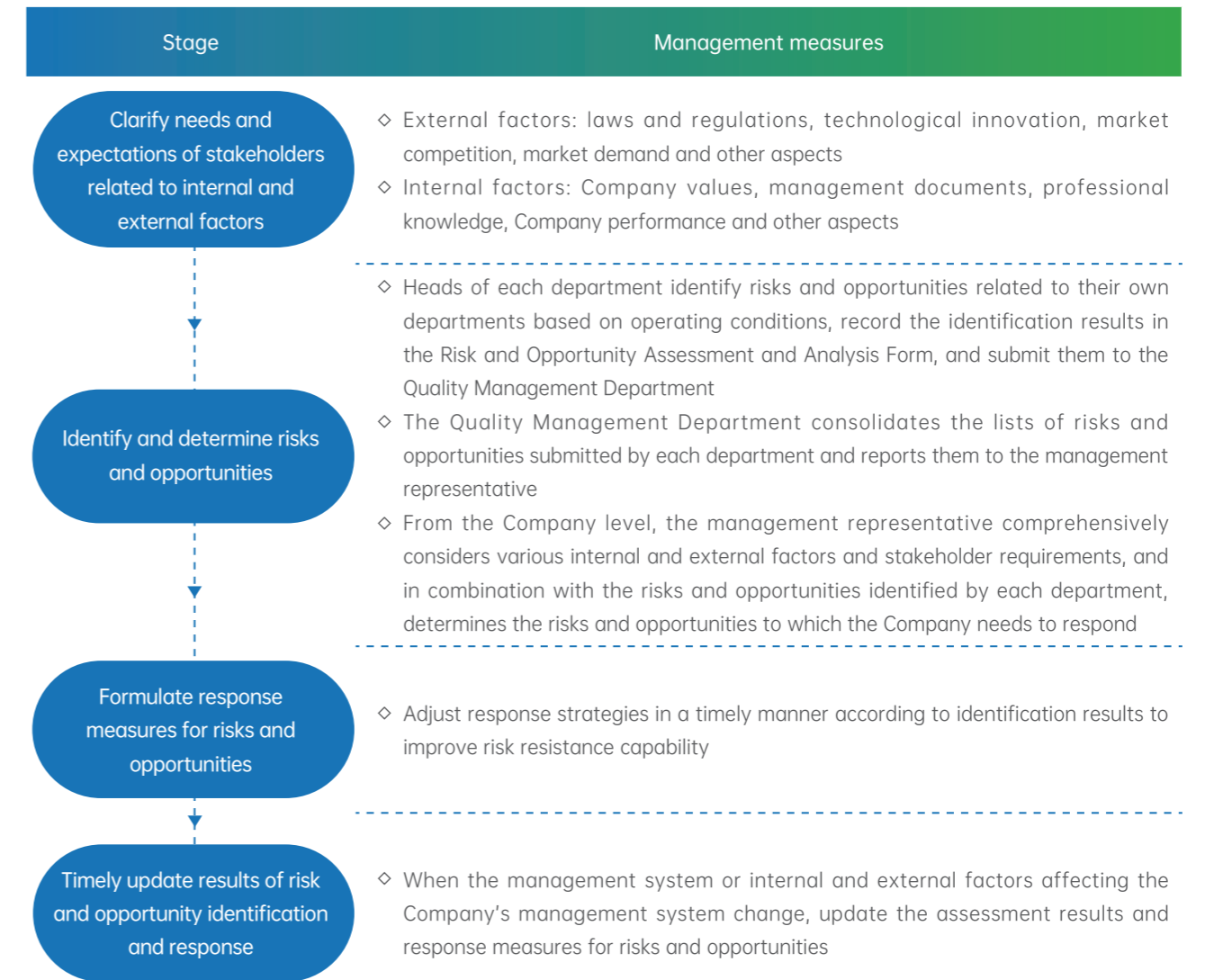
Huate Gas is fully aware of the importance of product quality and safety to the Company's development. Based on relevant regulations and industry standards, and in combination with the actual conditions of the Company, it identifies and assesses the impacts, risks and opportunities related to product quality and safety, and formulates response measures and management systems to ensure that relevant risks remain controllable.

Risk type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Product nonconformity risk	Products are found during production, inspection or customer use to fail to meet specification requirements, such as substandard purity, excessive impurities or damaged packaging.	This may lead to product rework, scrapping, returns and compensation for customer losses, thereby increasing quality costs.	Medium	High	Short term to medium term	Production, quality control, sales	<ol style="list-style-type: none"> 1. Implement strict incoming material, process and finished product inspections in accordance with the Incoming Inspection Control Procedure and the Finished Product Inspection Control Procedure. 2. Establish isolation and handling procedures for nonconforming products in accordance with the Nonconforming Product Control Procedure, and determine disposal plans through MRB review. 3. Promote corrective and preventive actions (CAPA) to prevent recurrence of problems.
Risk of quality system failure	Quality management system documents are not effectively implemented, or internal audits and management reviews become mere formalities, resulting in the system operating out of control.	This may lead to failure in external audits such as ISO certification, loss of market access qualification, and major reputational and economic losses.	Low	Extremely high	Long term	Full process (all departments)	<ol style="list-style-type: none"> 1. Conduct regular internal audits to check system compliance in accordance with the Internal Audit Control Procedure. 2. Management reviews are chaired by the general manager to evaluate system performance and decide improvement directions in accordance with the Management Review Control Procedure. 3. Strengthen document management and record control to ensure traceability.

Risk type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Risk of insufficient testing capability	Inaccurate inspection results are caused by inaccurate testing equipment, expired calibration or operator errors by testing personnel.	Incorrect release of nonconforming products may lead to customer complaints and recalls, while incorrect rejection of conforming products may cause unnecessary waste and delays.	Low	High	Immediate	Quality control, production	<ol style="list-style-type: none"> 1. Implement the Monitoring and Measurement Control Procedure to ensure that all testing equipment is regularly calibrated and kept under control. 2. Train and assess the competence of testing personnel to ensure that they possess the corresponding qualifications. 3. Implement review and supervision of the testing process.
Customer complaint and product recall risk	Quality issues arise after product delivery, triggering customer complaints and even requiring the initiation of product recalls.	This may generate high recall costs and compensation expenses, and seriously damage brand reputation and market share.	Low	Extremely high	Long term	Sales, customer service, production	<ol style="list-style-type: none"> 1. Establish the Product Recall Control Procedure to clarify recall procedures and division of responsibilities. 2. Respond rapidly to customer complaints, conduct in depth root cause analysis, and take corrective measures. 3. Use the "Cylinder Barcode System" to achieve full process traceability and quickly locate affected batches.

Impact, Risk and Opportunity Management

To reduce risks that product quality may bring, the Company has formulated the Control Procedure for Determining and Responding to Risks and Opportunities, which clearly stipulates the relevant management procedures and the responsibilities of relevant departments, to effectively respond to risks and opportunities.



Indicators and Targets

Indicator name	Target value	2025	Target achievement status
Overall customer satisfaction	≥97%	97.90%	√ Compliant
Timely response rate to customer complaints	100%	100%	√ Compliant

Indicator name	Target value	2025	Target achievement status
Customer satisfaction	≥95%	95.81%	√ Compliant
Incoming material qualification rate	≥99.3%	99.79%	√ Compliant
General gas production qualification rate	≥99.99%	99.994%	√ Compliant
Specialty gas production qualification rate	≥99.9%	99.88%	√ Compliant
Employee turnover rate	≤3%	1.22%	√ Compliant
On time delivery rate	≥100%	100%	√ Compliant
Delivery errors	0	0	√ Compliant
Nonconforming product disposal rate	100%	100%	√ Compliant

Dedicated Service, Customer Satisfaction

Responsible Marketing

The Company strictly implements the Label Management Safety Operation Procedure to ensure that product label information is complete, clear and firmly affixed in compliance with national standards, and applies prominent markings to nonconforming products to fulfill the obligation of safety disclosure to customers, ensuring full chain traceability of product information and safe use. These two measures complement each other and jointly build a customer trust system based on integrity and compliance.

Customer Service Management

Huate Gas adheres to the philosophy of "Creating Value for Customers and Improving with customers together", and fully integrates the core value of "Customer Orientation" into the service system. Guided by the "Customer Service Control Procedure", the Company systematically establishes a closed loop management mechanism covering presales and after sales stages. Through key measures such as proactively identifying customer needs, ensuring accurate order fulfillment, establishing efficient communication and training mechanisms, and improving customer file management, the Company provides full lifecycle support for customers. In terms of organizational support, the Sales Department is clearly designated as the responsible department to coordinate customer feedback, and the Quality Management Department provides professional technical support and quality traceability, thereby ensuring the effective fulfillment of service commitments.

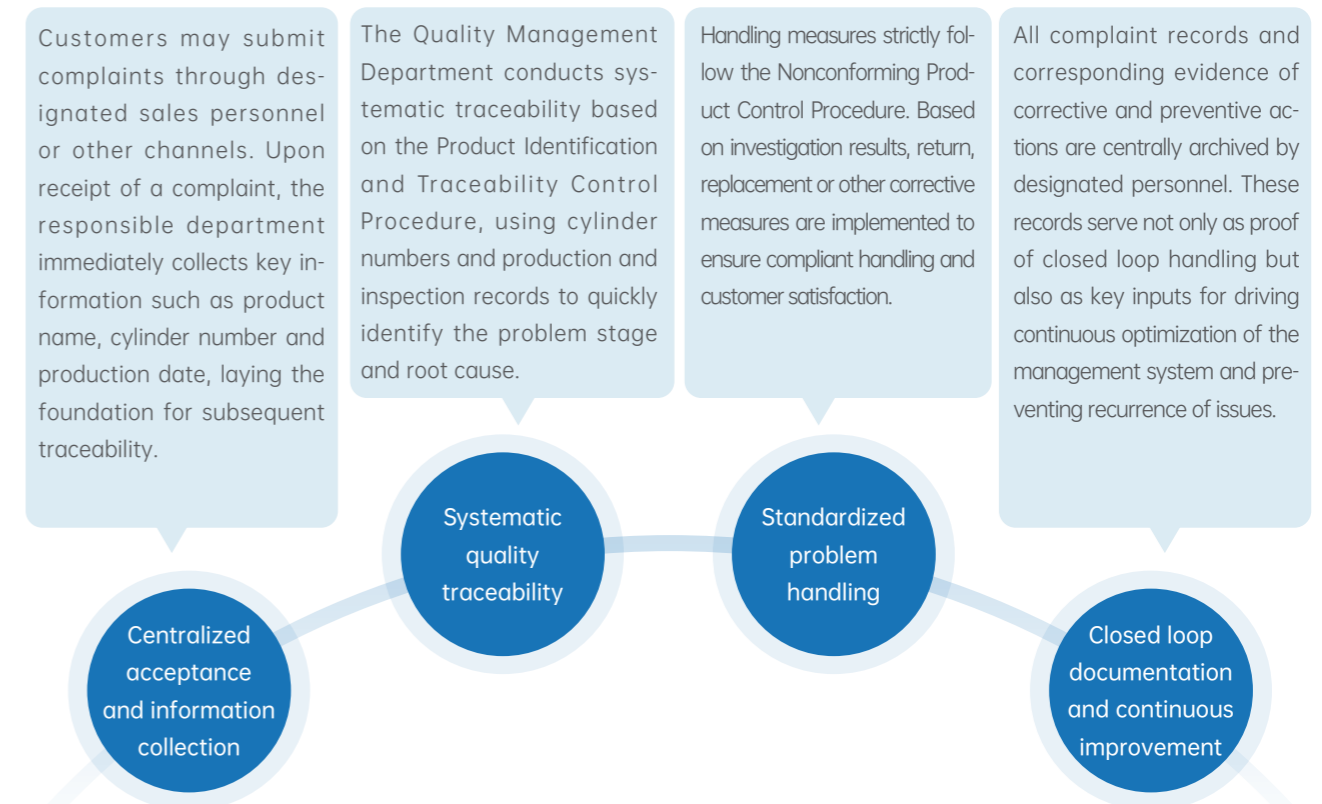


Huate Gas has been awarded the title of "Excellent Supplier"

Huate Gas has been recognized by Silan Semiconductor as an important strategic partner in the field of material supply

Customer Complaint Management

The Company always regards customer feedback as a valuable resource for continuous improvement. To this end, it has established a customer complaint handling mechanism based on the principles of "Rapid Response, Accurate Traceability, Closed Loop Improvement". This mechanism ensures that every complaint is handled seriously and efficiently, aiming to transform customer issues into practical actions for improving product and service quality.



To improve the efficiency of complaint handling, Huate Gas has established a digital customer complaint handling system and strictly supervises and handles product quality complaints in accordance with the Customer Service Control Procedure.



Digital Customer Complaint Handling Platform of Huate Gas

Customer Satisfaction Management

The Company has established a normalized customer satisfaction survey mechanism to systematically understand and continuously improve customer experience. The Company distributes the Customer Satisfaction Survey Form to customers on a regular basis through customer service personnel or sales staff and requires customers to return the form with signature and seal within three weeks to ensure the authenticity and validity of data. The survey comprehensively covers two dimensions: product quality and sales service. Based on the survey results, the Company conducts in depth analysis and requires relevant departments to prepare special reports and implement improvements for unsatisfactory or low scoring items, thereby transforming customer feedback into key inputs for optimizing the quality management system and driving continuous service improvement.

Key Performance

55 questionnaires distributed, 46 returned, with a return rate of 83.63%.
 Overall customer satisfaction reached 96.54%, and comprehensive satisfaction reached 98.27%.
 The dissatisfaction rate for all sub items was 0%.

Information Protection, Safeguarding Assets

Management System

The Company takes the IT Information Security Management Measures as the core to establish a comprehensive information security institutional system and has issued supporting special documents such as the IT Core Application Data Backup Method Description and the IT Major Emergency Overall Response Plan, clarifying the basic principles, technical standards and emergency procedures for information security. In terms of organizational support, a three-level management structure of "General Manager decision making, IT Manager overall coordination, and Department Heads implementation" has been established to ensure that responsibilities are effectively implemented at each level. The IT Department, as the centralized management department, is staffed with 8 full time personnel and is fully responsible for the construction and daily operation of the information security system.

In terms of compliance certification and technical support, the Company's information security system has been recognized by national authorities, with outstanding key performance. The Company has completed the filing for industrial internet security classification and grading management and has been rated as a Level 3 connected industrial enterprise, meeting the basic national security requirements for large scale chemical manufacturing enterprises. At the same time, the QAX Tianqing Endpoint Security Management System deployed by the Company operates efficiently, with excellent core protection performance data, building a solid and reliable technical defense line for business operations.

Key Performance

The virus detection and removal rate of the security management system reached 100%, the number of risk terminals and daily alerts were both 0, and a total of 2,505 threats or intrusions were intercepted.



The QAX Tianqing Endpoint Security Management System deployed by the Company operates efficiently, with excellent core protection performance data

The Company has completed the filing for industrial internet security classification and grading management and has been rated as a Level 3 connected industrial enterprise

Key Performance

During the reporting period, **no** data security incidents occurred.

Defense in Depth

To build a solid and reliable data security defense line, the Company has established a defense in depth system covering technology, management and emergency response. Through systematic measures, it ensures the confidentiality, integrity and availability of all data assets, including customer information, throughout the entire lifecycle, and guarantees the continuity of business operations.

Data security protection	<ul style="list-style-type: none"> Implement a three-level backup strategy of "same machine + different machine + off site" to conduct combined backups of core business data; Manage data by classification according to importance, with a recovery time for critical data of ≤ 4 hours; All system permissions are centrally managed by the IT Department, strictly following the principle of least privilege and implementing a strong password policy.
Network and physical security	<ul style="list-style-type: none"> The network is divided into areas such as internet gateway, office network, production network and data center according to functions, with logical isolation, and firewalls, internet access behavior management and endpoint security systems are deployed at boundaries; The server room is equipped with video monitoring, UPS, fire extinguishers, temperature and humidity monitoring and power outage alarm systems to achieve all weather monitoring and protection of the physical environment.
Emergency response mechanism	<ul style="list-style-type: none"> Detailed emergency response plans are formulated for six categories of major events such as server downtime and database damage; A closed loop process of "identification, response, review and summary" is established to ensure rapid response and continuous improvement.

Privacy Protection



To ensure the security and confidentiality of customer information, the Company, based on incorporating it into the unified information security framework management, has established a specialized protection mechanism strengthened by "institutional constraints and legal contracts". Customer privacy data, as core information assets, is strictly controlled under the IT Information Security Management Measures, with clear prohibition of unauthorized handling by employees and implementation of internal controls such as permission revocation. At the same time, by signing legally binding Confidentiality Agreements with key customers, the Company clearly defines nonpublic information provided by customers as confidential, thereby solidifying strict protection obligations and breach liabilities in contractual form and achieving closed loop protection from internal control to external commitment.

Key Performance

During the reporting period, **no incidents** of infringement of customer privacy or leakage of customer information occurred.

Full Participation

The Company attaches great importance to the development of personnel security awareness. During the reporting period, the IT Department organized 2 special cybersecurity training sessions, covering employees from multiple departments including HR, finance, HSE, securities and business. The training content included information security systems, terminal and email security, virus prevention and emergency response. The effectiveness was evaluated through written tests, oral tests and practical exercises, effectively enhancing the cybersecurity awareness and protection capabilities of all employees and consolidating the "human defense" foundation of the Company's information security.

姓名	部门	签到时间	签到地点
1. 王明	HR	09:00	会议室
2. 李华	HR	09:05	会议室
3. 张强	HR	09:10	会议室
4. 陈伟	HR	09:15	会议室
5. 刘洋	HR	09:20	会议室
6. 赵磊	HR	09:25	会议室
7. 孙昊	HR	09:30	会议室
8. 周鑫	HR	09:35	会议室
9. 吴昊	HR	09:40	会议室
10. 郑宇	HR	09:45	会议室
11. 冯强	HR	09:50	会议室
12. 陈伟	HR	09:55	会议室
13. 李华	HR	10:00	会议室
14. 张强	HR	10:05	会议室
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20. 吴昊	HR	10:35	会议室
21. 郑宇	HR	10:40	会议室
22. 冯强	HR	10:45	会议室
23. 陈伟	HR	10:50	会议室
24. 李华	HR	10:55	会议室
25. 张强	HR	11:00	会议室

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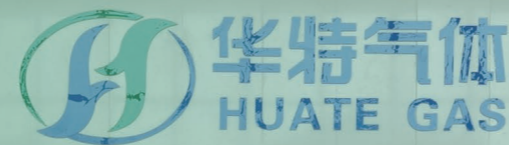
Cybersecurity special training attendance sheet

Key Performance

During the reporting period, the Company conducted **2** cybersecurity training sessions with **49** participants.

Harmonious Coexistence, Creating a Better Life Together

Huate Gas regards employees as its most valuable asset and is committed to jointly building a safe and warm home. We adhere to standardized employment practices and safeguard employees' fundamental rights and interests through comprehensive systems. We respect diverse values and foster an inclusive and equal workplace environment. We focus on employee development, continuously enrich the talent structure, establish clear career development pathways, and empower every employee through systematic training. At the same time, we strictly uphold the bottom line of occupational health and safety, systematically identify and manage related risks, and strive to achieve a "zero harm" working environment. In addition, the Company actively gives back to society, fulfills its corporate citizenship responsibilities through practical actions, and works with all parties to build a harmonious future.



Topics covered in this section

Protection of employees' legitimate rights and interests, employee training and development, occupational health and safety, social contribution

United Nations Sustainable Development Goals (SDGs) corresponding to this section



Standardized Employment, Fulfilling Responsibilities

The Company strictly complies with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and other domestic laws and regulations and refers to international labor standards to establish a systematic compliant employment governance system and management framework, aiming to safeguard employees' legitimate rights and interests and build a fair, safe and dignified working environment.

◆ Establishing a Governance Structure to Ensure Accountability Implementation

The Company has established a clear structure of responsibilities and authorities to ensure the effective implementation of employment policies. The Board of Directors directly supervises key matters such as compensation fairness through the Remuneration and Appraisal Committee. At the execution level, the Human Resources Department, as the centralized department, leads the formulation and implementation of a series of systems such as the Employee Handbook, the Recruitment Management System and the Appeal Management Measures, and collaborates with various business departments through standardized processes to ensure consistency and effectiveness in policy implementation.

◆ Improving Core Systems to Consolidate the Foundation of Rights and Interests

The Company translates its commitments to employees into specific systems and integrates them into daily management. Upholding relevant principles, the Company prohibits any form of discrimination in recruitment, compensation and promotion through the Anti-Discrimination Control Procedure and adheres to the principle of equal pay for equal work. To ensure freedom of employment, the Company implements the Freedom of Employment Choice Control Procedure and the Control Procedure for Prohibiting the Use of Child Labor and Minors. These policies, together with provisions prohibiting harassment, apply to all formal employees and interns. In addition, the Company protects employees' right to rest through the Working Time Management Procedure and ensures fair and lawful salary distribution in accordance with the Compensation Management System.

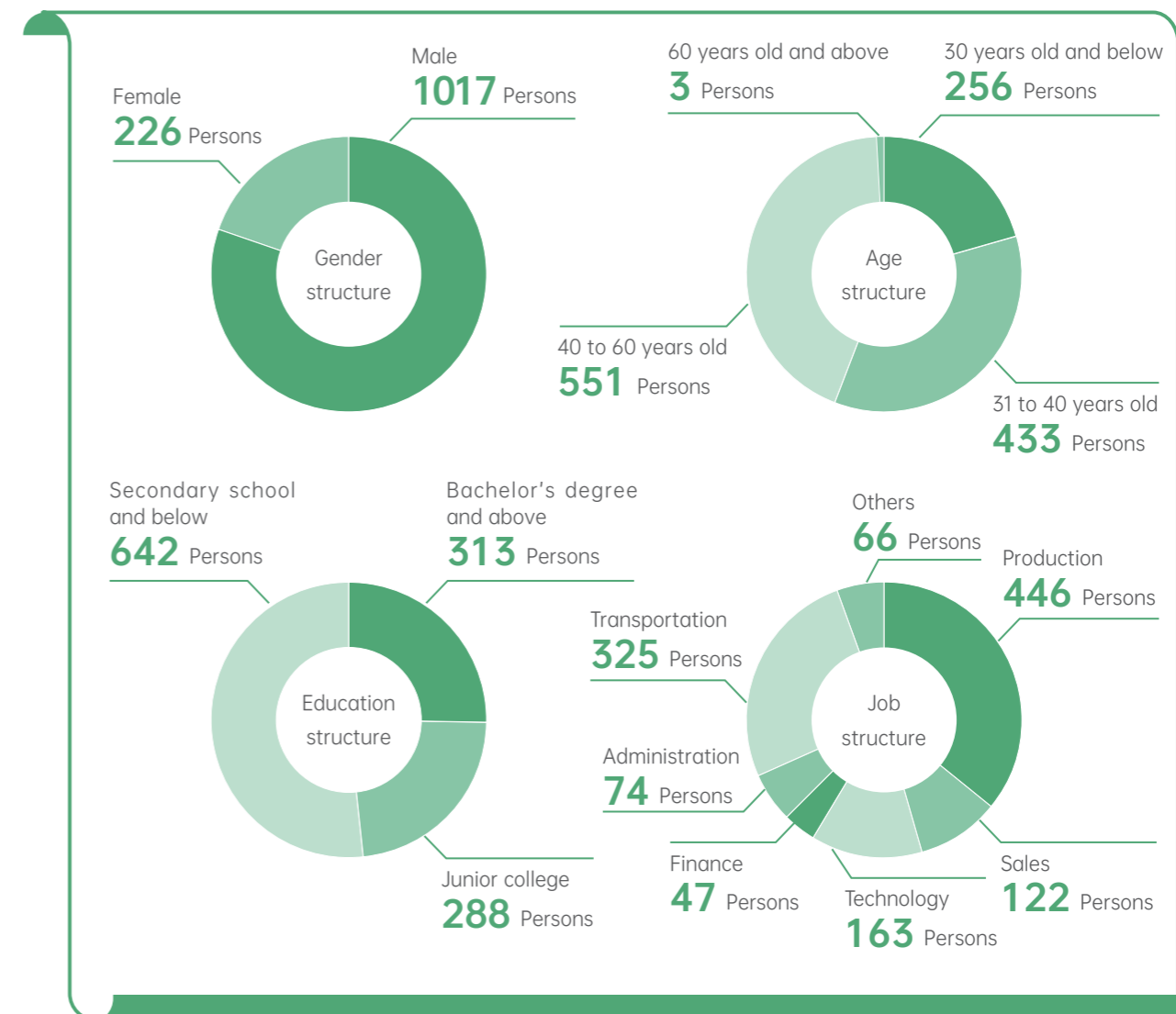
◆ Standardizing Management Processes to Achieve Full Cycle Protection

The Company has established management processes covering the entire employee lifecycle to implement systems in practice. In the recruitment stage, the Recruitment Management Procedure is strictly implemented to conduct open recruitment and dual evaluation, ensuring fairness in hiring and achieving a 100% labor contract signing rate. During the employment relationship, salary adjustments follow a rigorous application and approval process, and a mediation committee is established in accordance with the Labor Dispute Management Measures to build a multi-level communication and dispute resolution mechanism. The Company encourages employees to submit suggestions or appeals through established channels and implements corrective procedures for violations, thereby achieving continuous supervision and improvement of the management system.

Key Performance

During the reporting period, **no** labor discrimination incidents occurred.
 During the reporting period, **no** incidents of child labor misuse, forced labor or harassment occurred.

Key performance	Unit	2025	2024	2023
Number of labor discrimination incidents	Cases	0	0	0
Number of ethnic minority employees	Persons	30	29	29
Number of employees with disabilities	Persons	9	8	8



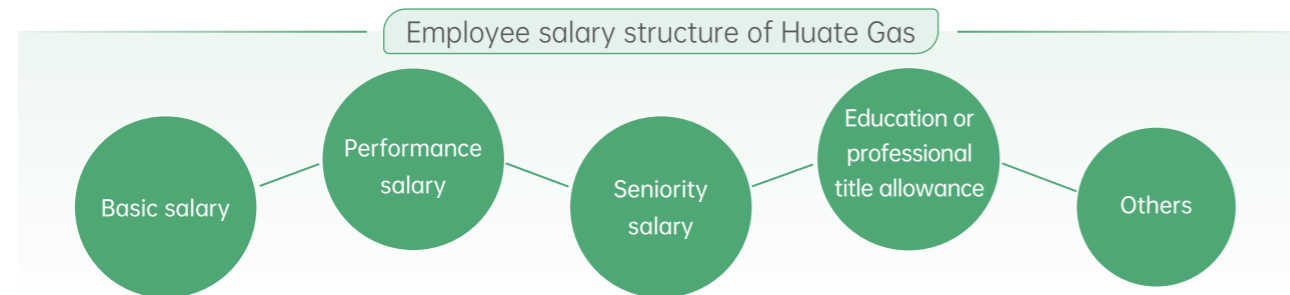
Respecting Rights and Interests, Promoting Fairness

Compensation and Benefits

◆ Compensation Performance

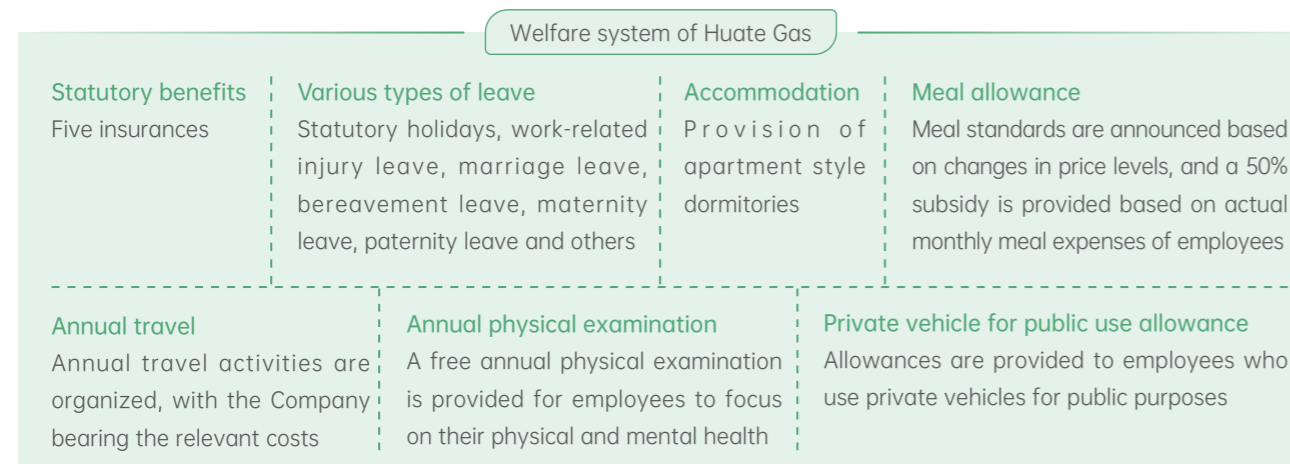
The Company adheres to the principles of fairness, competitiveness, incentive orientation and legality in compensation management. To standardize compensation management, it has formulated the Compensation Management Regulations based on its actual conditions. The Company has established a Remuneration and Appraisal Committee responsible for guiding the formulation of compensation adjustment policies and management measures. The Corporate Management Department, as the implementing and controlling body of the Remuneration and Appraisal Committee, is responsible for executing compensation management measures and policies.

The Company has established an incentive-based compensation system and set up a Remuneration and Appraisal Committee specifically responsible for reviewing salary adjustments. The salary adjustment review process follows strict procedures and standards. The Remuneration and Appraisal Committee adjusts salaries based on factors such as employee performance, the Company's operating conditions and market compensation levels, thereby ensuring the fair and orderly operation of the compensation system.



◆ Welfare and Protection System

The Company attaches great importance to employee welfare protection, strictly complies with national laws and regulations, and contributes to social insurance for employees in accordance with the law, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund, comprehensively ensuring that employees enjoy a complete welfare protection system. At the same time, the Company provides supplementary benefits to enhance employee job satisfaction, loyalty and overall well-being, enabling employees to work with peace of mind and grow together with the Company.



Key indicators	Unit	2025	2024	2023
Labor contract coverage rate	%	100	100	100
Five insurances and one housing fund coverage rate	%	100	100	100
Employee Benefits Expenditure	CNY ten thousand	2,902.53	2,786.04	2,767.63

◆ Employee Care

To enrich employees' spare time life, the Company organizes various cultural and sports activities such as basketball competitions and hiking activities, enabling employees to enhance relationships and strengthen cohesion through participation. The Company has also established a reading room to provide employees with a space for reading and self-improvement.

When employees encounter sudden misfortune or family difficulties, the Company organizes fundraising activities to support them in overcoming difficulties. In addition, the Company pays attention to the education of employees' children with non-local household registration, actively participates in points-based evaluation activities organized by the government and schools and strives to properly address children's school enrollment issues.



Hiking and barbecue activity



Company annual meeting



Basketball competition



Youth networking and exchange event

Democratic Participation

◆ Democratic Management

Huate Gas respects employees' democratic rights. In accordance with the Trade Union Law of the People's Republic of China and the Constitution of the All-China Federation of Trade Unions, it has established a trade union organization and convenes employee representative congresses. The trade union is committed to safeguarding employees' legitimate rights and interests, actively participating in corporate democratic management, and implementing democratic supervision. It guides employees to participate in enterprise development and complete production and operation tasks, carries out employee education, improves employee quality, mobilizes employee enthusiasm, and promotes enterprise development.

◆ Employee Communication

Huate Gas attaches importance to employee communication and exchange. In order to better safeguard employees' rights and interests and promote communication between the Company and employees, the Company adopts various methods such as setting up suggestion boxes and feedback forms, conducting employee satisfaction surveys and organizing employee forums to understand employees' voices.

The Company encourages employees to put forward suggestions and opinions regarding Company operations and business, providing direction for improvement and optimization. The Company implements a "Continuous Improvement Plan", under which employees may submit proposals based on current issues and provide solutions covering aspects such as risk avoidance, efficiency improvement, management enhancement and cost reduction. The Company rewards employees who submit such proposals.

In addition, the Company has formulated the Huate Gas Employee Appeal Management System, which adheres to the principles of "openness, fairness, impartiality and transparency", ensuring that employees can communicate with management in a timely and effective manner when encountering issues at work.

◆ Employee Satisfaction Survey

The Company conducts an annual satisfaction survey covering all employees. By distributing employee satisfaction questionnaires to all employees, the survey covers aspects such as compensation and benefits, working environment, communication mechanisms, working hours and leave policies. Based on the survey results, the Company promptly understands employee demands and addresses potential issues, comprehensively understands employees' true views on the Company's development and operation management and works together with employees to promote enterprise development.

Rights and Interests of Female Employees

Huate Gas pays close attention to the rights and interests of female employees. The Company complies with the Law of the People's Republic of China on the Protection of Women's Rights and Interests and the Labor Contract Law of the People's Republic of China and other laws and regulations, and strictly implements statutory maternity leave, breastfeeding leave, miscarriage leave and maternity allowances. At the same time, in accordance with relevant national regulations, the Company provides protection for female employees during the "four periods" and does not arrange female employees during pregnancy and breastfeeding periods to engage in work that is harmful to themselves or the fetus.

The Company's trade union has established a women employees committee, which guides female employees to participate in enterprise development, carries out education on "self-respect, self-confidence, self-reliance and self-strength", improves the quality of female employees, cares for their lives, safeguards their special rights and interests, and creates a workplace environment that respects and supports women.

Key indicators	Unit	2025	2024	2023
Number of employees enjoying maternity leave	Persons	5	12	6
Return rate of employees after maternity leave	%	100	100	83.33

Empowering Growth, Sharing the Future

To adapt to the rapid development of the gas industry and the Company, Huate Gas takes technological innovation as the core driving force and talent as the foundation of development, advocates mutual growth of employees and the Company, and has formulated comprehensive employee training and career development plans, including but not limited to reserve talent development, management cadre training and MBA further education. Through progressive talent cultivation and competitive selection mechanisms, the Company provides employees with broad development platforms and space.

Enriching Talent Structure

Huate Gas regards talent as the core asset for enterprise development and a long-term competitive advantage. In accordance with relevant laws and regulations, the Company has formulated recruitment management rules, and the Human Resources Department is responsible for recruitment management. The Company conducts talent recruitment by publishing recruitment information through channels such as online recruitment platforms, on-site recruitment and the Company's official website.

In terms of social recruitment, the Company adopts a multi-channel recruitment strategy, utilizing both online and offline recruitment channels to attract and recruit suitable talents. During the reporting period, the Company participated in one on-site social recruitment event.

At the same time, Huate Gas cooperates with multiple universities, actively participates in campus double selection fairs and conducts campus dedicated presentations, engages in face-to-face communication with graduates, and accurately selects talents.

Key indicators	Unit	2025	2024	2023
Total number of employees	Persons	1,243	1,200	1,186
Number of new employees	Persons	178	152	153

Recruitment channels	Unit	2025	2024
Number of social recruitment hires	Persons	69	57
Number of campus recruitment hires	Persons	5	6
Other recruitment channels	Persons	104	89

Establishing Career Pathways

◆ Promotion Management

Huate Gas attaches great importance to employees' self-development. The Company has formulated the Employee Career Development Management Regulations and implements a dual channel design, encouraging employees to independently choose career development paths suitable for themselves from both horizontal and vertical dimensions, thereby enhancing their professional capabilities and competitiveness.

Technical track			Functional track		
Job level	Position	Level	Job level	Position	Level
P12	Chief engineer		D2	Director	
P11	Deputy chief engineer		D1	Deputy director	
P10	Senior engineer	Senior Level 1	M4	Manager	
P9		Level 2	M3	Deputy manager	
P8		Level 1	M2	Assistant manager	
P7	Assistant engineer	Level 2	M1	Supervisor	
P6		Level 3	M0	Deputy supervisor	
P5	Senior technician	Level 1	A5	Senior specialist	Level 1
P4		Level 2	A4		Level 2
P3	Technician	Level 1	A3	Specialist Assistant	Level 1
P2		Level 2	A2		Level 2
P1	Junior technician		A1	Intern	
P0	Intern		A0	Specialist	

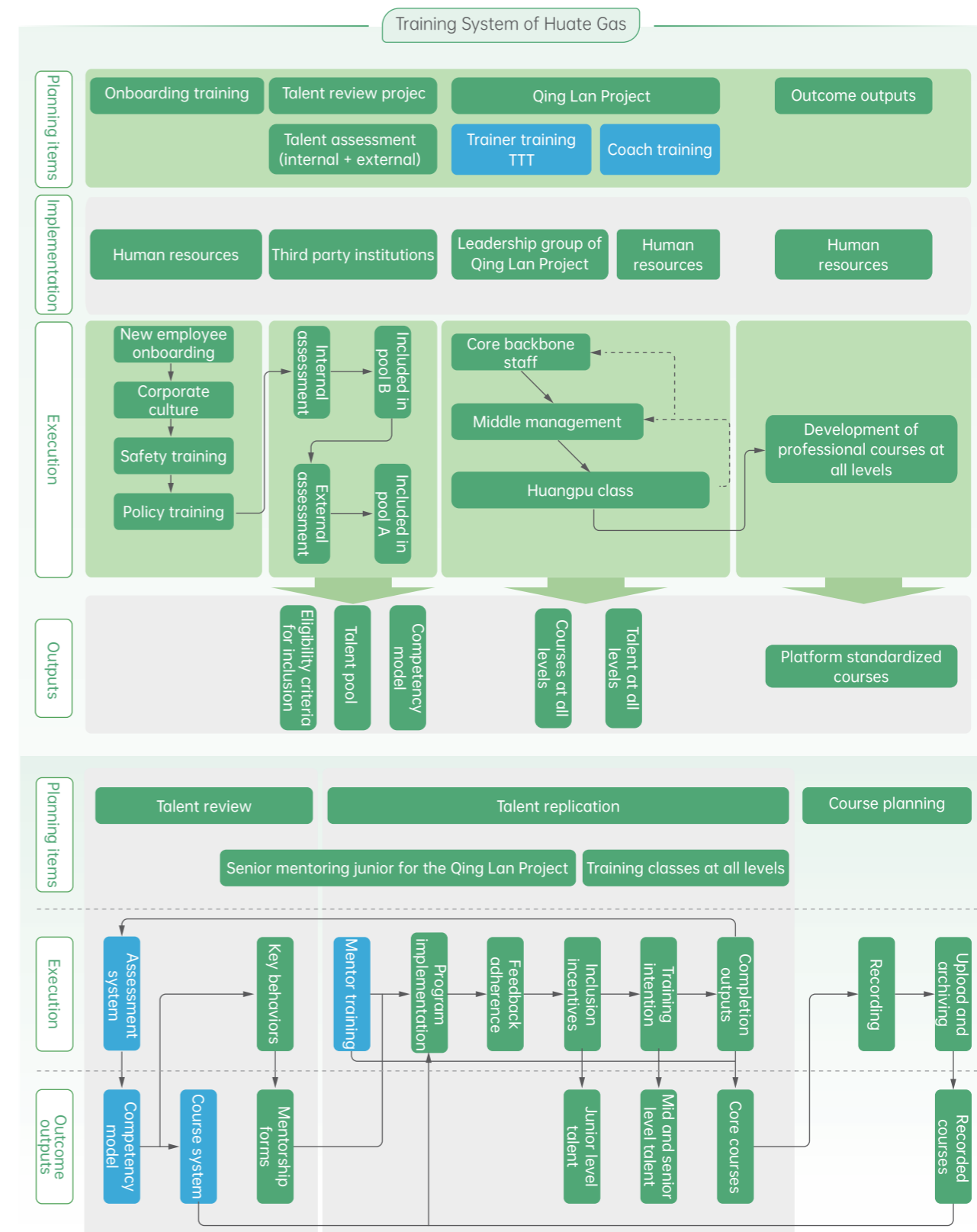
◆ Internal Transfer

To further optimize the allocation of talent resources and improve the efficiency of human resource utilization, the Company establishes a talent exchange and allocation mechanism through internal transfers and inter subsidiary transfers, enabling timely and precise filling of internal vacant positions. While enriching the talent reserve pool and diversifying the talent structure, the Company reasonably controls the frequency of talent mobility to ensure stable development and continuous innovation across all business segments.

Employee Training and Development

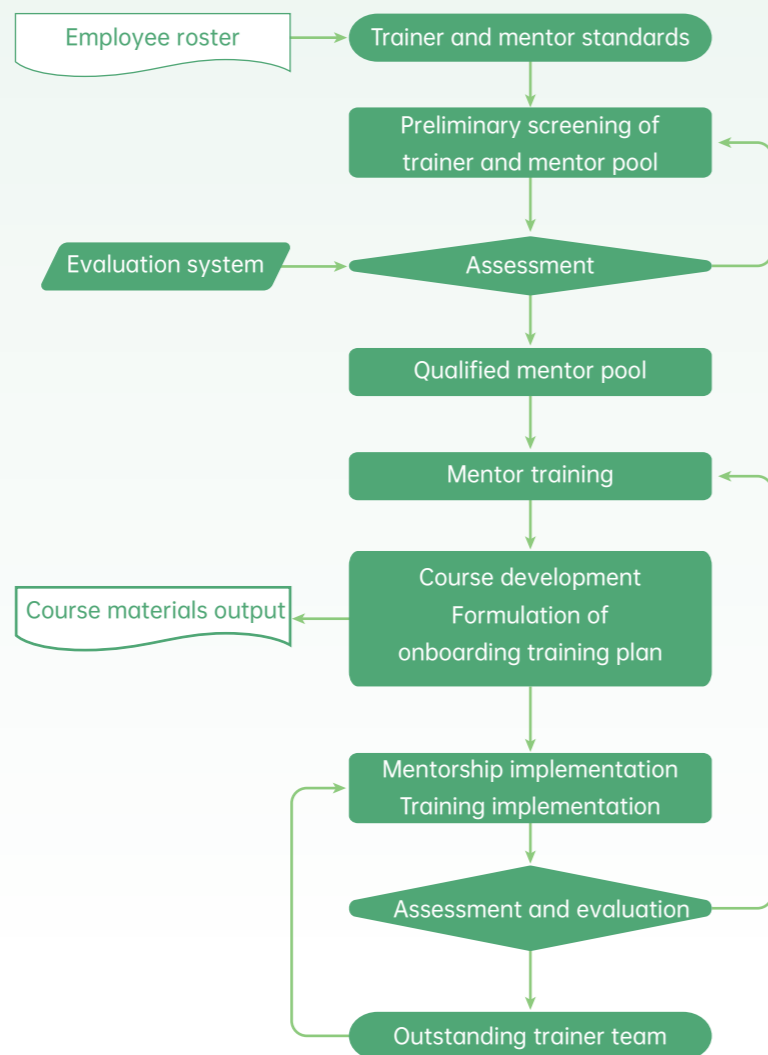
The Company recognizes that employees are the core driving force for sustainable development. The Company attaches importance to employees' career planning and personal growth, encourages employees to improve themselves, and realizes the joint growth of individuals and the enterprise. The Company has formulated the Human Resources Control Procedure and the Training Evaluation Management System and other related training systems. The Human Resources Department formulates the Annual Training Plan and implements employee training according to the needs of each department.

The Company has established a comprehensive training system by carrying out induction training, job transfer training, on the job training, class-based training and the Qing Lan Project, supporting employee development.



To ensure the professionalism of the trainer team, the Company has formulated the Trainer Management System, which covers trainer selection, development, utilization, output and evaluation, ensuring that trainers possess sufficient capability and awareness to perform their duties.

Outstanding mentor evaluation process



Key performance	Unit	2025	2024	2023
Employee training investment	CNY Ten thousand	31.38	38.87	53
Total employee training hours	Hours	191,283	185,555	127,923
Average employee training hours	Hours	425	623	538
Certified internal trainers	Persons	24	19	16

Safeguarding Health, Creating a Secure Environment

Governance

The Company strictly complies with the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other relevant laws and regulations and has formulated management systems such as the Full Staff Work Safety Responsibility System and the Occupational Health Management System. The Company has passed the GB/T 45001-2020 and ISO 45001:2018 Occupational Health and Safety Management System certification and has established a clear, top-down occupational health and safety governance system to implement leadership responsibility and management commitment.

Organization or individual

Responsibilities



- ◇ As the primary person responsible for the Company's operation management and production safety, assumes ultimate responsibility for the effectiveness of the occupational health and safety management system.
- ◇ Responsible for establishing an effective occupational health and safety management system and ensuring its effective implementation.
- ◇ Presides over the formulation of the Company's occupational health and safety policies and objectives and ensures adequate resource allocation.
- ◇ Presides over management reviews and promotes continuous improvement of the system.



- ◇ Fully responsible for the establishment, implementation and maintenance of the occupational health and safety management system.
- ◇ Reports system performance and improvement recommendations to top management.
- ◇ Ensures that all employees enhance awareness of occupational health and safety requirements.
- ◇ Responsible for organizing internal audits and handling liaison with external stakeholders.



- ◇ Responsible for hazard identification, risk assessment and control planning across the Company.
- ◇ Responsible for organizing the measurement, monitoring, accident investigation and handling of occupational health and safety performance.
- ◇ Responsible for formulating operational procedures for work safety management and organizing the development and drills of emergency plans.

Strategy

Huate Gas, with reference to occupational health and safety related laws, regulations and industry standards, and in combination with its own conditions, identifies and evaluates occupational health and safety related impacts, risks and opportunities, thereby strengthening occupational health and safety management, providing direction for corrective measures and achieving the Company's sustainable development objectives.

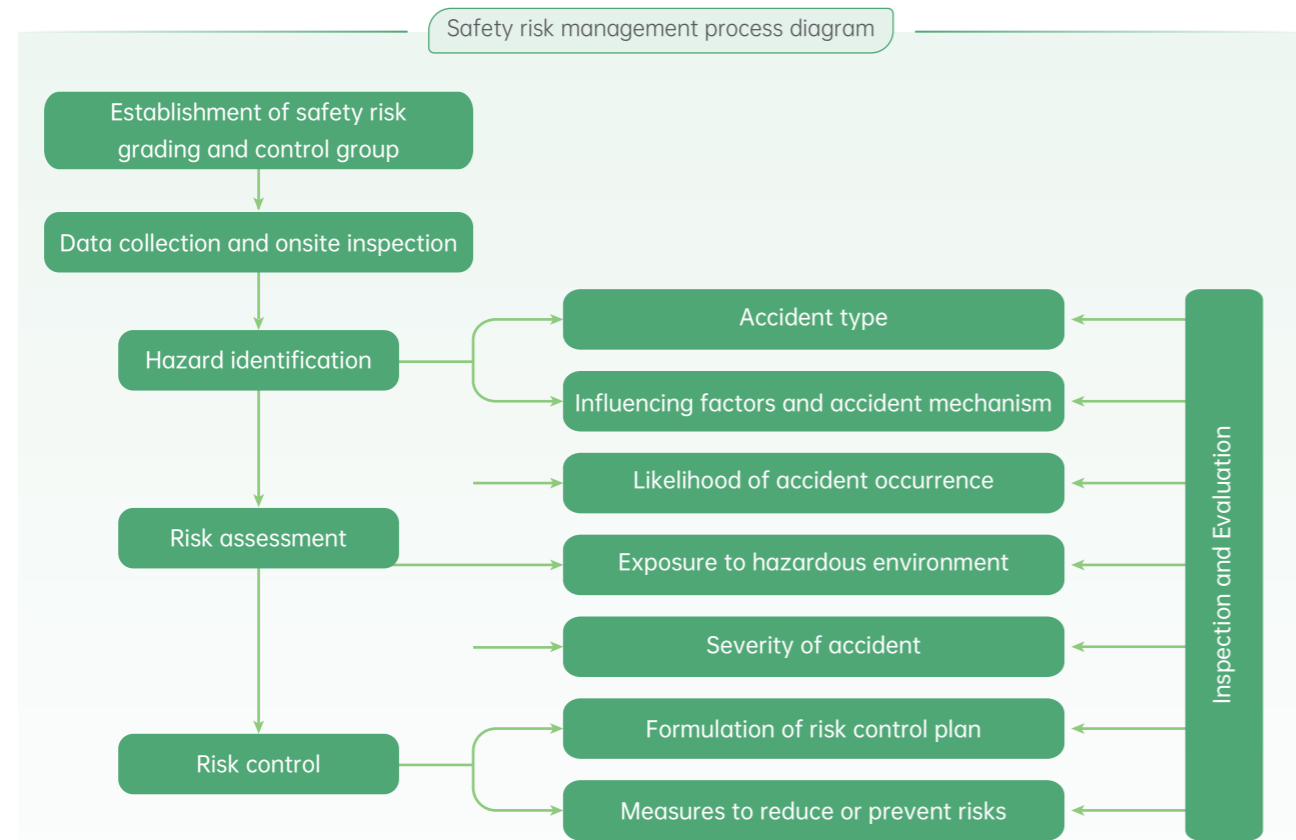
Risk type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Legal risk	<p>1. If the Company fails to provide a working environment that meets occupational health and safety standards, resulting in employee health issues or safety incidents, employees may initiate legal proceedings against the Company. The Company may be required to bear substantial compensation costs.</p> <p>2. Relevant laws and regulations impose explicit requirements on the Company's occupational health and safety management. In case of violations of such requirements, such as failure to provide required labor protection equipment, the Company will face administrative penalties including fines and orders to suspend production for rectification from regulatory authorities, which will not only disrupt normal operations but also adversely affect financial performance.</p>	Revenue reduction	Medium	Medium	Medium term	Operations	<p>1. Equip comprehensive occupational disease prevention and safety protection facilities, including labor protection supplies.</p> <p>2. Continuously improve occupational health and safety management systems.</p> <p>3. Conduct occupational disease prevention and safety education and training to enhance employee awareness.</p> <p>4. Carry out occupational hazard monitoring to ensure workplace safety.</p>
Reputational risk	<p>1. In the event of serious occupational health and safety incidents, the Company may attract public attention and negative media coverage, leading to damage to brand image and reduced trust in the Company's products or services, thereby affecting market competitiveness.</p> <p>2. In the event of serious occupational health and safety incidents, business partners may question the Company's occupational health and safety management capabilities and reassess cooperation relationships, thereby affecting supply chain stability and business expansion.</p>	Revenue reduction	Medium	Medium	Long term	Operations	<p>1. Establish employee occupational health records and continuously track employee health conditions.</p> <p>2. Continuously improve emergency response systems and regularly conduct emergency drills to enhance response capabilities.</p> <p>3. Equip sufficient emergency materials and equipment to mitigate the impact of safety incidents in a timely manner.</p> <p>4. Carry out occupational health and safety system certification to ensure management compliance.</p>
Operational risk	<p>1. Unhealthy working environments and frequent safety incidents may lead to increased employee absenteeism. Employees may be unable to work normally due to health reasons, affecting production efficiency and work progress.</p> <p>2. To address occupational health and safety issues, the Company needs to invest additional resources in safety management, employee training and equipment maintenance, thereby increasing management costs.</p>	Cost increase	Medium	Medium	Short term	Operations	<p>1. Set occupational hazard notification signs for positions involving occupational diseases and provide appropriate protective equipment based on different positions and job types to ensure employee safety.</p> <p>2. Arrange working and rest time reasonably to ensure employees receive adequate rest.</p> <p>3. Continuously optimize the occupational health and safety management system to ensure its effective operation.</p>
Market risk	To maintain the operation of the occupational health and safety management system, the Company invests substantial resources, which indirectly increases product costs and thereby affects product competitiveness and pricing.	Cost increase	Low	Medium	Long term	Operations	<p>1. Establish a safety production responsibility system and a comprehensive occupational health and safety management process system.</p> <p>2. Conduct regular occupational health examinations.</p>

Opportunity type	Description	Financial impact	Likelihood of occurrence	Degree of impact	Time range of impact	Impact on value chain links	Response measures
Management efficiency	Optimizing the financial budgeting and management processes of occupational health and safety can not only improve overall operational efficiency, but also effectively reduce the risk of accidents, thereby avoiding high financial costs caused by accidents.	Cost decrease	Medium	Medium	Long term	Operations	Adopt a smart safety management platform to improve the efficiency of occupational health and safety management.

Impact, Risk and Opportunity Management

To standardize hazard identification, risk assessment and risk control activities, and to ensure that various safety risks can be effectively controlled, the Company has formulated the Safety Risk Grading and Control Management System, covering risk identification, risk assessment, risk classification and risk control.

To achieve "full participation, whole process, all dimensional and all weather" risk management and control, the Company has established a safety risk grading and control group. The group leader is responsible for arranging and coordinating the construction of the safety risk grading system and conducting assessments. The deputy group leader is responsible for organizing coordination, process training and technical guidance, and for preparing safety risk grading and control documents. Group members are responsible for implementing specific tasks of the safety risk grading system.



Indicators and Targets

The Company continuously tracks the achievement of occupational health and safety targets, implements all occupational health and safety work in a target-oriented manner, and optimizes the level of occupational health and safety management.

Occupational health and safety targets	Achievement status in 2025
Zero general or above safety accidents	√ Achieved
Zero serious injury or above work-related injury accidents	√ Achieved
Zero fire accidents	√ Achieved
Zero food poisoning incidents	√ Achieved
Zero occupational disease incidence	√ Achieved
100% integrity rate of safety equipment and facilities	√ Achieved
Major work-related injury accidents ≤3 cases per year	√ Achieved
Zero major safety hazards identified in on-site inspections by government authorities	√ Achieved
100% pass rate of safety education and training	√ Achieved
100% rectification rate of safety hazards	√ Achieved
100% certification holding rate for personnel engaged in special operations and special equipment operations	√ Achieved

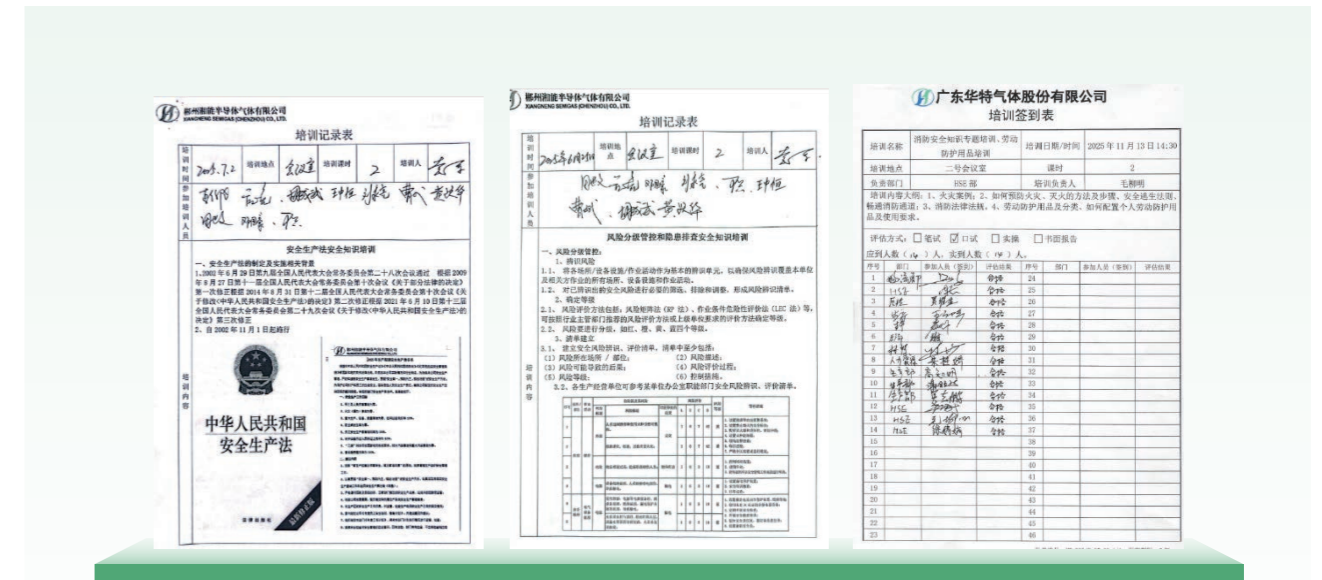


Key indicators	Unit	2025	2024	2023
Work-related fatality rate	%	0	0	0
Number of work-related fatalities	Persons	0	0	0
Total number of work-related injuries	Persons	0	0	0
Total safety investment	CNY Ten thousand	1,651.53	1,681.69	1,061.24
Work injury insurance investment amount	CNY Ten thousand	50.95	39.09	/
Coverage rate of work injury insurance	%	100	100	/
Safety production liability insurance investment amount	CNY Ten thousand	37.94	31.79	/
Coverage rate of safety production liability insurance	%	100	100	/
Number of new occupational disease cases	Cases	0	0	0

Safety Production Practices

◆ Safety Education and Training

The Company, in accordance with the Safety Training and Education Management System and the Three Level Safety Training System, requires new employees, personnel transferred to new positions and personnel returning to work to complete company level, department level and team level safety education, with a total training duration of no less than 72 hours, and to pass written examinations at each level (≥85 points) before assuming their posts; At the same time, through the Quarterly Safety Themed Education Lecture System, the principal person in charge delivers quarterly lectures, supplemented by special systems such as the Occupational Disease Prevention Publicity, Education and Training System. The training content is designed according to the three-level system of factory level, department level and team level, combined with quarterly lectures by the principal person in charge, regular special training, annual emergency drills and dynamic updates of training materials to achieve normalized implementation. During the reporting period, the Company carried out special training on fire safety, electrical safety, environmental protection safety, change management and occupational disease prevention, and the participation rate of major training throughout the year reached 100%.



Knowledge training of Safety Production Law

Risk grading control and hazard identification safety knowledge training

Fire safety knowledge and labor protection equipment training

◆ Safety Hazard Identification and Rectification

The Company has established a systematic safety hazard identification and rectification system, with the "dual prevention mechanism" as the core. Through institutional standardization, organizational support and closed loop process management, responsibility-based management from full employee participation to full process supervision is achieved.

Institutional Mechanism

The Company, in accordance with the Safety Risk Grading Control System and the Accident Hidden Hazard Identification and Governance System, has formulated the "One Line and Three Eliminations" working mechanism to form a systematic framework management. The HSE Department is responsible for organizing inspections, tracking rectification and reporting; all departments and employees carry out daily identification and reporting in accordance with the principles of territorial management and responsibility of all staff.

Identification and Governance

A combination of comprehensive identification (at least once per year), routine identification (at least once per month), special identification and regular or irregular inspections is adopted, covering the entire plant area and the whole process. Hidden hazard governance implements a closed loop process of "identification, ranking, reporting, self-rectification, self-verification and closure". General hidden hazards are rectified immediately, while major hidden hazards are addressed through special plans. Relevant information is communicated through internal meetings and announcements, and risk and hidden hazard lists are regularly reported to local emergency management authorities.

Closed Loop Control

During the reporting period, more than ten cross departmental joint inspections were carried out, covering key areas such as fire protection, electricity use, special equipment, chemical management, emergency facilities and operating environment. For identified hidden hazards, rectification measures, responsible persons and deadlines are clearly defined, and tracked and verified by the HSE Department, forming a complete management closed loop.

Key Performance

During the reporting period, **672** safety hazards were identified, and the rectification rate of safety hazards reached **100%**.



Identification of safety hazards (a large number of cylinder frames were placed on the evacuation passage in the bulk gas workshop)



After completion of rectification

◆ Safety Emergency Management

Emergency plan system construction: The Company has established a three-tier emergency plan structure of "Comprehensive Emergency Plan + Special Environmental Emergency Plan + On Site Disposal Plan" and conducts review and revision at least once every three years. According to the scope of impact of incidents, a three-level response mechanism of workshop level, plant level and social level is defined. Social level incidents follow the three-stage information reporting principle of "initial report, follow up report and result report", and are reported to the competent authorities within 30 minutes.

Emergency drills and material support: The Company regularly conducts script free emergency drills, simulating scenarios such as hydrogen tube bundle workshop leakage and fire, and ammonia leakage in hazardous chemical warehouses, and records and improves the issues identified. Emergency materials are managed through inventory lists and dedicated personnel and storage, ensuring rapid deployment.

Key Performance

During the reporting period, the Company conducted **71** safety emergency drills.



Emergency materials cabinet

Emergency materials

◆ Smart Safety Management

The Company adopts a smart safety management platform to realize real time monitoring and multi-level early warning for 376 flammable and toxic gas monitoring points, 2 major hazard sources and 376 real time data monitoring interfaces. At the same time, the overall design of the computer terminal large screen function and mobile terminal function has been completed, achieving comprehensive intelligent data management featuring "rapid perception, real time monitoring, advance warning, emergency response and system evaluation", thereby enabling integrated supervision of smart operational safety and reducing the probability of safety incidents.

◆ Contractor Safety Management

To strengthen contractor safety management and effectively prevent the occurrence of safety incidents, the Company, in accordance with relevant laws and regulations, has formulated the Contractor Safety Management System. By signing project HSE agreements with contractors, the Company clarifies the HSE responsibilities of both parties and the requirements for HSE risk prevention and control and conducts HSE education and risk disclosure for contractors before entering the plant, thereby maintaining the safety of the operating environment and building a solid safety defense line for the steady operation of the Company.

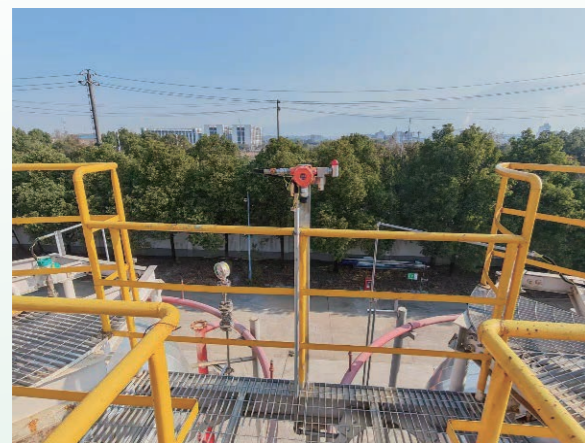


Occupational Health Protection

Monitoring and Prevention

The Company has established a comprehensive occupational health monitoring mechanism, regularly conducts occupational hazard factor testing, establishes monitoring and evaluation records, and carries out regular testing of occupational hazard factors in the workplace and occupational health examinations. In addition, the Company equips occupational disease protection tools as required, reduces hazards through facility upgrades, conducts pre job occupational hazard notification, and sets up occupational hazard notification boards and warning signs in prominent positions in production workshops and operation posts to reduce occupational health risks.

The Company conducts occupational health examinations for employees engaged in operations involving exposure to occupational hazards before taking up posts, during employment, upon leaving posts and in emergency situations. Suspected occupational disease cases identified are reported to local health authorities, and employees are arranged for occupational disease diagnosis or medical observation.



Ammonia gas detector



Toxic gas alarm

Training and Education

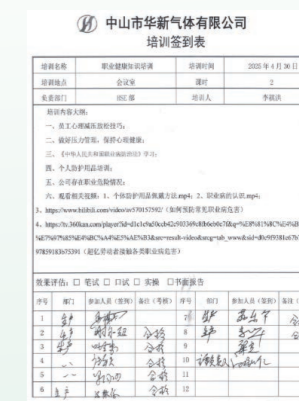
The Company's occupational health training system focuses on regulatory compliance and on-site risk prevention and control, covering core contents such as regulatory standards, hazard prevention, operating procedures, emergency skills and case-based warning education. Training is delivered through diversified methods, including bulletin boards, internal communications, special courses, pre shift meetings, on-site explanations and video teaching, to continuously strengthen employee awareness. The system consistently adheres to a risk-oriented approach, emphasizing personal protective equipment (PPE) as the last line of defense for hazard control, and systematically guiding employees to master proper selection, wearing, maintenance and limitation requirements, ensuring that employees clearly understand actual workplace risks and corresponding control measures.



Occupational health and safety knowledge training of Chenzhou Xiangneng



Occupational Disease Prevention Law training of Huate Gas



Occupational health knowledge training of Zhongshan Huaxin

Key Performance

During the reporting period, the compliance rate of occupational hazard factor testing reached **100%**.

Practicing Responsibility, Giving Back to Society

Huate Gas fulfills its social responsibilities through continuous investment in charitable donations, the implementation of multiple public welfare projects, and the active mobilization of employee volunteers to participate through practical actions. During the reporting period, the Company donated CNY 299,540 through the Xingning Charity Association to Chongwen School in Huangpi Town, Xingning City, to support rural revitalization and education development.

Key indicators	Unit	2025	2024	2023
Charitable donations	CNY Ten thousand	49.94	52.76	44.84
Number of public welfare activities	Times	2	2	4
Number of employee volunteer participations	Person-time	100+	230	480
Number of beneficiaries of public welfare	Persons	1000+	2000+	3000+

Appendix

Key Performance Table

Governance Category

Indicator type	Indicator name	Unit	2025	
Corporate governance	Directors	Total number of directors	Persons	8
		Number of executive directors	Persons	1
		Number of independent non-executive directors	Persons	3
		Number of female directors	Persons	2
		Number of male directors	Persons	6
	Average tenure of board members	Years	3	
	Average attendance rate of board meetings	%	100	
	Number of training sessions attended by board members	Times	3	
	Investor relations	Number of investor relations activities	Times	9
		Number of investor communication meetings	Times	9
		Total number of investors received	Person-time	346
	Shareholder interests	Number of shareholders meetings held	Times	3
		Attendance rate of directors at shareholders meetings	%	100
		Number of periodic reports disclosed	Copies	4

Indicator type	Indicator name	Unit	2025	
Corporate governance	Shareholder interests	Number of ad hoc announcements issued	Copies	71
		Shareholder dividends	CNY Ten thousand	59,804,754.00
Compliance operations	Number of employees receiving compliance training	Persons	8,225	
	Hours of employee compliance training	Hours	598.5	
	Number of compliance training sessions organized by the Company	Times	292	
Anti-corruption	Total number of employees who have received anti-corruption training	Persons	0	
	Number of anti-corruption training sessions	%	0	
	Total number and percentage of operating sites that have undergone corruption risk assessment	%	0	
	Total number of confirmed corruption incidents	Cases	0	
Intellectual property protection	Number of valid patents held	Cases	270	
	Number of trademarks and word registrations held	Cases	48	
	Cumulative number of granted utility model patents	Cases	223	
	Number of new patent applications in the year	Cases	37	
Operational indicators	Significant fines and non-monetary sanctions for violations of laws and or regulations in social and economic areas	Cases	0	
	Total number of non-monetary sanctions	Cases	0	
	Cases brought through dispute resolution mechanisms	Cases	0	

Environmental Category

Indicator type	Indicator name	Unit	2023	2024	2025
Energy consumption	Liquefied Petroleum Gas	Tons	111.58	87.99	82.85
	Diesel	Tons	2,762.40	2,407.83	2,631.30
	Gasoline	Tons	-	1.71	11.19
	Total purchased Electricity	kWh	10,129.15	18,442.00	17,191,113.71
	Indirect energy consumption	Tons of standard coal	1,244.87	2,266.52	1,884.66
	Total energy consumption	Tons of standard coal	1,439.54	2,420.31	6,105.36
	Emissions	Direct (Scope 1) greenhouse gas emissions	Metric tons of CO ₂ equivalent	9,017.69	7,728.23
Indirect (Scope 2) greenhouse gas emissions		Metric tons of CO ₂ equivalent	5,776.66	8,298.90	9,121.60
Greenhouse gas emission intensity		Metric tons of CO ₂ equivalent per revenue	0.099	0.115	0.110
Greenhouse gas emission reduction		Metric tons of CO ₂ equivalent	-2,125.47	-1,232.78	487.43
Ozone depleting substances (ODS) emissions		Metric tons of CO ₂ equivalent	0.339	0.361	0.412
Total exhaust gas emissions		Cubic meters	1,702.1	1,502.3	1,657.8
Particulate matter		Milligrams per cubic meter	0.148	0.0745	0.129
Non methane hydrocarbons		Milligrams per cubic meter	0.00499	0.00174	0.00967
Nitrogen oxides		Milligrams per cubic meter	0.3016	0.0432	0.0534
Sulfur oxides		Milligrams per cubic meter	0.0245	0.0127	0.0047
VOC emissions	Milligrams per cubic meter	0.00371	0.0107	0.0062	

Indicator type	Indicator name	Unit	2023	2024	2025
Water resource use	Total water withdrawal from all areas	Megaliters	118,376.0	156,696.0	123,367.1
	Total freshwater withdrawal (total dissolved solids ≤1,000 mg/L)	Megaliters	118,376.0	156,696.0	123,367.1
	Total recycled or reclaimed water	Megaliters	4,000	4,200	4,500
	Total water consumption in all areas	Megaliters	72,043.0	96,811.0	72,276.1
Wastewater	Total wastewater discharge	Cubic meters	46,333	59,885	51,091
	Chemical oxygen demand (COD)	Milligrams per liter	52.0	16.0	8.0
	Biochemical oxygen demand in 5 days (BOD5)	Milligrams per liter	19.2	4.3	3.9
	Suspended solids	Milligrams per liter	6	10	4
	Ammonia nitrogen	Milligrams per liter	3.02	4.8	4.75
	Total phosphorus	Milligrams per liter	0.09	0.03	0.02
Waste	Acute toxicity	-	无	无	无
	pH	-	7.2	7.9	7.4
	Total recyclable waste	Tons	10	21	164.13
	Total general solid waste	Tons	82.26	107.49	191.34
	Total general solid waste disposed in landfill	Tons	0	0	0
	Total general solid waste incinerated	Tons	0	0	0
	Total general solid waste recycled	Tons	10	21	46.187
Total general solid waste other	Tons	0	0	0	

Indicator type	Indicator name	Unit	2023	2024	2025
Waste	Total hazardous waste	Tons	35.56	42.21	20.06
	Total hazardous waste disposed in landfill	Tons	0	0	0
	Total hazardous waste incinerated	Tons	0	0	0
	Total hazardous waste recycled	Tons	0	0	0
	Total hazardous waste other	Tons	0	0	0
	Total hazardous waste transported	Tons	0	0	0
	Total hazardous waste imported	Tons	0	0	0
	Total hazardous waste exported	Tons	0	0	0
	Total hazardous waste treated	Tons	0	0	0
	Percentage of hazardous waste transported internationally	%	0	0	0
Environmental protection investment	Environmental protection investment	CNY Ten thousand	94.47	140.66	102.34
	Total investment in energy conservation and emission reduction	CNY Ten thousand	21.62	36.18	40.12
Environmental compliance	Total amount of significant fines for non-compliance with environmental laws and or regulations	CNY Ten thousand	0	0	0
	Total number of non-monetary sanctions for non-compliance with environmental laws and or regulations	Cases	0	0	0
	Cases brought through dispute resolution mechanisms for non-compliance with environmental laws and or regulations	Cases	0	0	0

Social Category

Indicator type	Indicator name	Unit	2025	
Employee rights	Labor contract signing rate	%	100	
	Total number of employees entitled to parental leave	Persons	1,243	
	Total number of employees who took parental leave	Persons	5	
	Total number of employees who returned to work during the reporting period after parental leave	Persons	5	
	Return to work rate of employees who took parental leave	%	1	
Employee employment	Total number of employees	Persons	1,243	
	Total number of discrimination incidents during the reporting period	Cases	0	
	By gender	Male	Persons	1,017
		Female	Persons	226
	By employment type	Labor contract employees	Persons	1,202
		Labor dispatch employees	Persons	25
		Others	Persons	16
	By age	61 years and above	Persons	3
		41 to 60 years	Persons	551
		31 to 40 years	Persons	433
	30 years and below	Persons	256	

Indicator type	Indicator name		Unit	2025	
Employee employment	By education level	Bachelor's degree and above	Persons	313	
		Junior college	Persons	288	
		Secondary vocational and below	Persons	642	
	By employee category	Total number of grassroots employees		Persons	1,076
		Total number of middle management employees		Persons	161
		Total number of senior management employees		Persons	5
		Number of female employees in senior management		Persons	1
	By professional composition	Production personnel		Persons	446
		Sales personnel		Persons	122
		Technical personnel		Persons	163
		Financial personnel		Persons	47
		Administrative personnel		Persons	74
		Transport personnel		Persons	325
		Others		Persons	66
		Employee turnover rate	Total number of employees who left		Persons
	Employee turnover rate		%	13.34	
By gender	Number of male employees who left		Persons	134	
	Number of female employees who left		Persons	29	

Indicator type	Indicator name		Unit	2025	
Employee turnover rate	By age	Number of employees aged 51 years and above who left	Persons	22	
		Number of employees aged 41 to 50 years who left	Persons	27	
		Number of employees aged 31 to 40 years who left	Persons	53	
		Number of employees aged 30 years and below who left	Persons	61	
	By region	Number of employees who left working in Mainland China		Persons	162
		Number of employees who left working in Hong Kong, Macao and Taiwan		Persons	0
		Number of employees who left working in other countries and regions		Persons	1
	By employment type	Labor contract employees		Persons	1,202
		Labor dispatch employees		Persons	25
		Others		Persons	16
Employee training	Total number of employees trained		Persons	8,225	
	Total hours of training on labor rights policies or procedures		Hours	120	
	Percentage of employees trained on labor rights policies or procedures		%	100	
	By gender	Number of male employees trained		Persons	6,498
		Number of female employees trained		Persons	1,727
	By employee category	Number of grassroots employees trained		Persons	7,155
		Number of middle management employees trained		Persons	987
Number of senior management employees trained		Persons	83		

Indicator type	Indicator name	Unit	2025	
Employee training	Total training hours for employees	Hours	191,283	
	Average training hours per employee	Hours	425	
	Percentage of employees receiving regular performance and career development reviews	%	100	
	By gender	Total training hours for male employees	Hours	474
		Total training hours for female employees	Hours	125
	By employee category	Total training hours for grassroots employees	Hours	412
		Total training hours for middle management employees	Hours	56
		Total training hours for senior management employees	Hours	6
Occupational health and safety	Number of work-related injuries	Persons	0	
	Number of work-related accidents	Cases	0	
	Safety incidents and personnel	Number of occupational disease cases	Persons	0
		Number of work-related fatal accidents	Cases	0
		Number of work-related fatalities	Persons	0
	Fatality rate per million working hours	%	0	
	Security practices	Percentage of security personnel who have received formal training on organizational labor rights policies or specific procedures and their application	%	100
	Health and safety investment	Employee occupational health and safety investment	CNY Ten thousand	287
		Safety production investment	CNY Ten thousand	1,651.53

Indicator type	Indicator name	Unit	2025	
Product responsibility	Number of complaints received regarding products and services	Cases	0	
	Number of product recall incidents	Cases	0	
	Number of product quality training sessions	Sessions	24	
	Number of participants in product quality training	Persons	802	
	Number of quality management system certifications	Companies	1	
	Coverage rate of quality management system	%	100	
Customer service	Customer satisfaction survey status	Score	96.54	
	Total number of incidents of non compliance with laws and or voluntary codes related to marketing, including advertising, promotion and sponsorship	Cases	0	
	Total number of substantiated complaints concerning breaches of customer privacy	Cases	0	
	Complaints from regulatory authorities	Cases	0	
Supply chain management	Total number of suppliers	Companies	2,253	
	By region	Suppliers in Mainland China	Companies	2,000
		Suppliers in Hong Kong, Macao, Taiwan and overseas	Companies	15
		Number of local suppliers	Companies	238
	Percentage of suppliers who have signed the Supplier Code of Conduct	%	100	

Indicator type	Indicator name	Unit	2025
Supply chain management	Number of suppliers that have undergone environmental impact assessments	Companies	44
	Number of suppliers with quality management system certification	Companies	1
	Number of suppliers with environmental management system certification	Companies	1
	Number of suppliers with occupational health and safety management system certification	Companies	1
	Total number of new suppliers	Companies	283
	By assessment type	Percentage of new suppliers screened using environmental criteria	%
Percentage of suppliers screened using social criteria		%	100

Indicator Index

Report Structure	GRI Standards	Topics of Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange
About this Report	2-2, 2-3, 2-4, 2-5, 2-22, 2-27	—
Message from the Chairman	—	—
About Huate Gas	2-1, 2-6	—
Fostering Integrity to Strengthen Governance Foundations		

Report Structure	GRI Standards	Topics of Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange
Scientific Checks and Balances, Guiding the Direction	2-9, 2-12	—
ESG Integration, Enhancing Value	2-11, 2-13, 2-14, 2-16, 2-17, 2-18, 2-26, 2-29, 3-1, 3-2, 3-3	Due diligence and stakeholder communication
Standardized Operations, Preventing Risks	—	—
Integrity in Operations, Sustaining Development	205-1, 205-2, 205-3, 206-1	Anti-commercial bribery and anti-corruption, anti-unfair competition
Safeguarding Clean Gas and Fulfilling the Green Mission		
Strict Compliance, Strengthening the Bottom Line	303-1, 303-2, 303-3, 303-4, 303-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5	Environmental compliance management, pollutant emissions, waste treatment, ecosystem and biodiversity protection
Scientific Response, Prioritizing Carbon Reduction	102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10	Response to climate change
Efficient Utilization, Circular Development	103-1, 103-2, 103-3, 103-4, 103-5	Energy utilization, water resource utilization, circular economy
Advocating Green Practices, Practicing Low Carbon	—	—
Inspiring Momentum to Drive Breakthroughs in Specialty Gases		
Innovation Driven, Leading Development	—	Innovation driven
Collaborative Win-Win, Resilient Supply Chain Assurance	308-1, 308-2, 414-1, 414-2	Supply chain security, equal treatment of small and medium sized enterprises
Pursuing Excellence, Achieving Outstanding Performance	416-1, 416-2	Product and service safety and quality

Report Structure	GRI Standards	Topics of Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) by Shanghai Stock Exchange
Wholehearted Service, Creating Value	417-1, 417-2, 417-3	—
Strengthening Protection, Safeguarding Assets	418-1	Data security and customer privacy protection
Fostering Harmony to Build a Safe Home Together		
Standardized Employment, Fulfilling Responsibilities	401-1, 401-2, 401-3, 402-1	Employees
Respecting Rights and Interests, Promoting Fairness	405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1	Employees
Empowering Growth, Sharing the Future	404-1, 404-2, 404-3	Employees
Safeguarding Health, Creating a Secure Environment	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	Employees
Practicing Responsibility, Giving Back to Society	411-1, 413-1, 413-2	Social contribution
Appendix		
Key Performance Table	—	—
Indicator Index	—	—
Feedback Form	—	—

Feedback Form

Dear Reader,

Thank you so much for reading this report. We highly value and sincerely look forward to hearing your feedback on this report. Your opinions and suggestions are an important basis for us to continuously improve our ESG information disclosure level and to advance ESG management and practices. We welcome and sincerely appreciate your valuable feedback!

1. What is your overall evaluation of our ESG performance?

Excellent Good Fair Poor Bad

2. What is your overall evaluation of this report?

Excellent Good Fair Poor Bad

3. How do you evaluate our performance in stakeholder communication?

Excellent Good Fair Poor Bad

4. How do you evaluate our performance in product responsibility?

Excellent Good Fair Poor Bad

5. How do you evaluate our performance in environment, safety and occupational health?

Excellent Good Fair Poor Bad

6. How do you evaluate our performance in employee responsibility?

Excellent Good Fair Poor Bad

7. How do you evaluate our overall ESG performance?

Excellent Good Fair Poor Bad

8. What are your comments and suggestions on our ESG performance and this report?

You may contact us through the following methods:

Mailing address: Jinfeng Road, Heshun, Lishui, Nanhai District, Foshan City, Guangdong Province

Contact number: 400-888-1188

Company website: www.huategas.com



Independent Assurance Statement

China Chengxin Green Finance Technology (Beijing) Ltd. ("CCXGF") has been entrusted by Guangdong Huate Gas Co., Ltd. ("Huatae Gas" or the "Reporting Organization") to conduct an assurance engagement regarding the sustainability information presented in Huatae Gas's 2025 Environmental, Social, and Governance report ("ESG Report"). The assurance results will be communicated to users of the ESG Report through an independent assurance statement.

(I) Independence and Competence

CCXGF is an independent third-party provider of green financial services. Its assurance team comprises experts from the ESG industry who possess a thorough understanding of AA1000AS v3 and the necessary skills to conduct ESG assurance. Importantly, CCXGF and its assurance team members maintain no business relationships with Huatae Gas, its directors, or senior management. Additionally, through robust internal controls, including firewalls, CCXGF ensures that there is no conflict of interest, thereby preserving the independence of this assurance engagement.

(II) Responsibility of Huatae Gas

Huatae Gas primarily refers to Guidelines No. 14 for Self-Regulation of Listed Companies-Sustainability Report (Trial) by Shanghai Stock Exchange, Guidelines No. 13 for Self-Regulatory of Science and Technology Innovation Board Listed Companies Sustainability Report Preparation by Shanghai Stock Exchange, Corporate Sustainability Disclosure Standards Basic Standards (Trial) by the Ministry of Finance of the People's Re-public of China, United Nations 2030 Sustainable Development Goals (SDGs)/Sustainability Reporting Standards (GRI Standards) by Global Reporting Initiative. Huatae Gas is required to adhere to the agreed-upon assurance matters and scope with the assurance provider, submit the necessary documentation required for the assurance process, establish an appropriate management and monitoring system for assurance performance indicators, and ensure that the assured performance information remains consistent across all post-assurance disclosure documents.

(III) Responsibility of the Assurance Provider

The CCXGF is responsible for conducting assurance on the ESG Report of the Reporting Organization in accordance with established assurance standards and the mutually agreed-upon scope and content. Utilizing internal control procedures, it effectively evaluates the assurance content and issues an independent assurance statement to the Board of Directors. This statement is intended exclusively for internal use and should not be employed for other purposes.

(IV) Primary Assurance Criteria

CCXGF has conducted the "Type 2 Moderate Assurance" on Huatae Gas's 2025 ESG Report, in strict compliance with AA1000AS v3 standards.



(V) Assurance Content and Scope

Based on the type and depth of assurance, we assess the degree to which the ESG report prepared by Huatae Gas conforms to the AA1000 four principles (Inclusivity, Materiality, Responsiveness, and Impact);

- We evaluate the reliability and quality of specific performance information presented in the report;
- The scope of assurance primarily covers Huatae Gas and its subsidiaries (details as specified in the 2025 Annual Report of Guangdong Huatae Gas Co., Ltd.).

(VI) Assurance Procedures

To ensure the effective implementation of the assurance work, CCXGF has developed a comprehensive assurance plan and timeline, approaching the task with an objective mindset. The primary procedures undertaken include:

- Assessed Huatae Gas's adherence to AA1000 principles, and reviewed stakeholder engagement practices and operational workflows based on collected evidence;
- Conducted sampling audits on specific performance information and evaluated their reliability and quality;
- Independently recalculated the selected performance information; and
- Other work deemed necessary by CCXGF.

(VII) Conclusion

In accordance with the AA1000AS v3 standard, CCXGF has performed a Type 2 Moderate Assurance assessment on the sustainable development information disclosed in the Reporting Organization's ESG Report, leading to the following definitive conclusions:

ESG Report's Conformity with AA1000 (2018) Principles

-Inclusivity: While focusing on its own high-quality development, Huatae Gas attaches great importance to the legitimate rights and interests of its stakeholders. The company comprehensively understands the expectations and demands of its stakeholders, actively builds communication with them, maintains positive and effective interaction, and takes effective measures to ensure continuous and effective communication with its stakeholders. At the same time, the company incorporates the demands of core stakeholders such as the government and regulatory authorities, shareholders and investors, employees, customers, suppliers, and the community into its management processes.

-Materiality: When assessing important issues, Huatae Gas ranks them from two dimensions: "impact significance" and "financial significance", and creates an importance issue matrix diagram. It combines industry policy trend analysis, industry benchmark, and collects opinions through distributing stakeholder questionnaires, etc. It also draws on best practices in the same industry



and, after discussions with the management and expert teams, ultimately identifies and summarizes important issues, guiding the company to promote sustainable development work in a targeted and focused manner. The ESG report complies with the requirements of the materiality principle.

-Responsiveness: In the ESG report, Huatae Gas has made clear responses to the issues of concern to stakeholders in the environmental dimension (climate change response and environmental compliance management); social dimension (occupational health and safety, research and development and innovation); and governance dimension (anti-commercial bribery and anti-corruption), etc. The ESG report complies with the requirements of the responsiveness principle.

-Impact: As the first company in China's gas industry listed on the STAR Market and a pioneer in the localization of specialty gases, Huatae Gas has formulated the "Management Measures for Responding to Climate Change", driving green transformation through top-level design and establishing an integrated governance system covering strategic planning, implementation, and supervision and evaluation. At the same time, Huatae Gas has incorporated climate risks into its corporate risk management system, establishing a company climate risk assessment and management process mechanism, forming a closed-loop management of climate risk identification, assessment, response, and improvement.

We have assured the quality of the following ten key performance indicators in the ESG report:

- Total purchased electricity
- Direct (Scope 1) greenhouse gas emissions
- Indirect (Scope 2) greenhouse gas emissions
- Total energy consumption
- Total general solid waste
- Environmental protection investment
- Number of female employees
- Employee turnover rate
- Number of new patent applications in the year
- Number of trademarks and word registrations held

No substantial errors were found during the assurance process of the specific performance information mentioned above.

(VIII) Limitations

Due to the lack of internationally recognized and universal standards for evaluating and



measuring non-financial information, these different but acceptable evaluation methods and measurement techniques may have a certain impact on the comparability of data among different institutions.

The CCXGF team's assurance was explicitly confined to the specific performance indicators identified in this assurance statement, excluding other ESG metrics.

The review process was conducted solely through interviews with Huatae Gas's internal management and the verification of documentation, and it did not include consultations with external stakeholders.



China Chengxin Green Finance Technology (Beijing) Ltd.

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