

C O N N E C T E V O L U T I O N

2024

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

HENGXIN TECHNOLOGY LTD

(Stock Code: 1085)

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PREFACE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE APPROACH

Hengxin Technology Ltd. (the “Company”, together with its subsidiaries, the “Group”) is principally engaged in the research, design, development and manufacture of telecommunications and technological products and production of radio frequency coaxial cables (“RF Coaxial Cables”) for mobile communications and mobile communications systems exchange equipment. The Group’s operations are mainly in the People’s Republic of China (“China” or the “PRC”). The main product and service lines of the Group include: (i) Integrated circuits and digital technology (“Integrated Circuit and Digital Technology”); (ii) New energy and services (“New Energy and Services”); and (iii) Telecommunications (“Telecommunications”).

The Group upholds the sustainable environmental, social and governance (“ESG”) management approach and believes this is the key to its continued success in the future. The Group is committed to dealing effectively and responsibly with ESG-related matters as a core part of its business strategy.

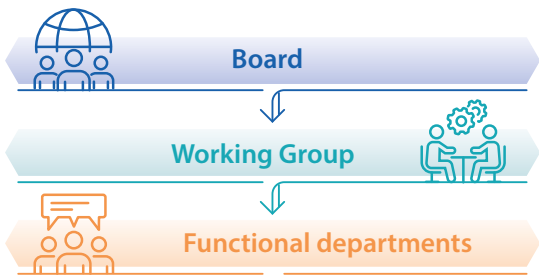
This ESG Report (the “Report”) summarizes the Group’s ESG measures, plans and performance for the year ended 31 December 2024 (“2024” or the “Reporting Period”), and also demonstrates its commitment to sustainable development.

ESG GOVERNANCE STRUCTURE

As a responsible corporate, the Group regards its ESG commitment as part of its responsibility and is committed

to incorporating ESG considerations into its decision-making process. To achieve this goal, the Group has established an ESG governance system consisting of three parts, including the Board of Directors (the “Board”), the ESG Working Group (the “Working Group”) and the functional departments.

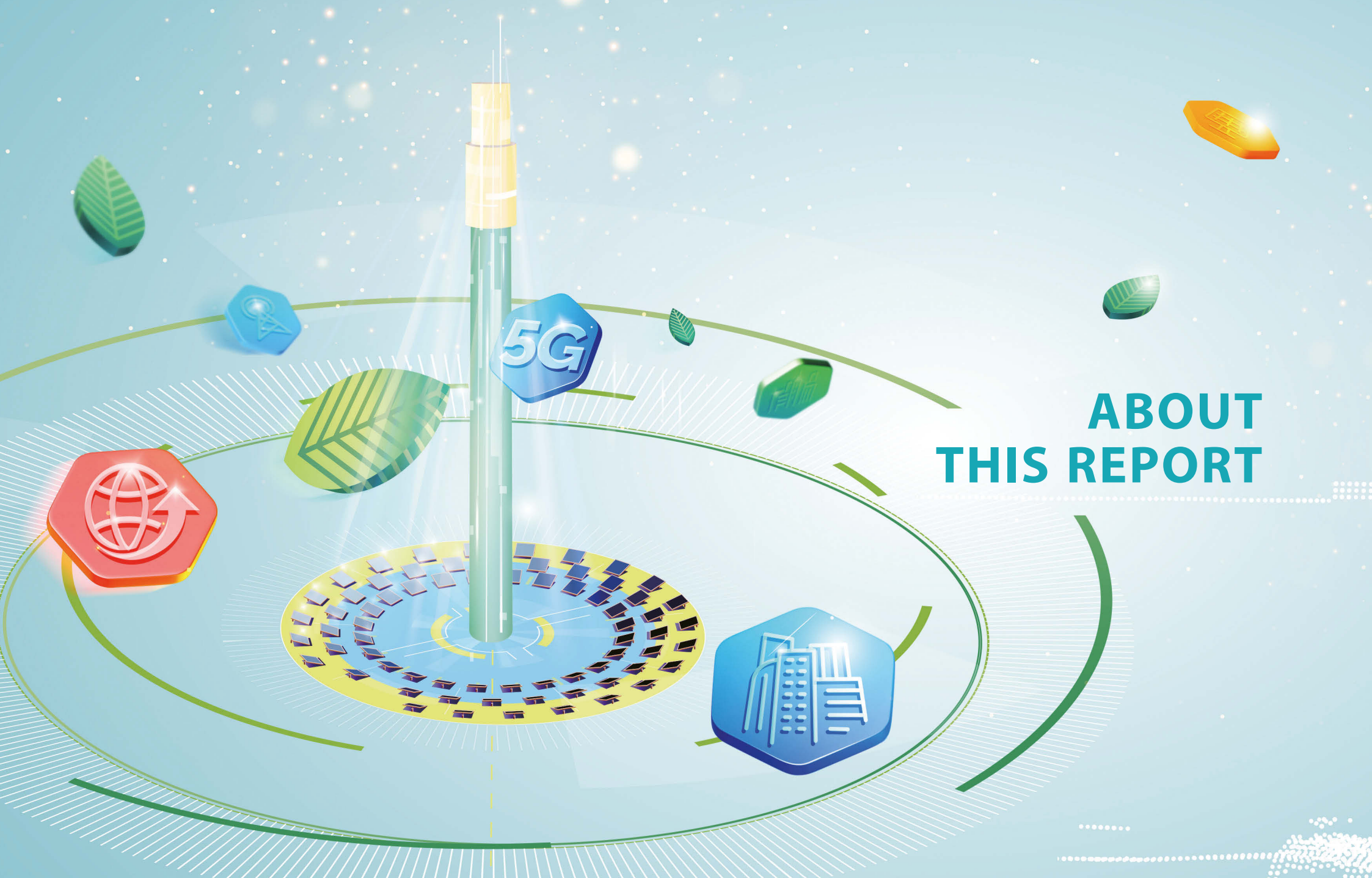
The following is the Group’s ESG governance structure:



Members of the Board have the appropriate skills, experience, knowledge and perspectives necessary to oversee the Group’s ESG matters. The Board has overall responsibility for the Group’s ESG strategy and reporting, and oversees and manages ESG-related matters. The Board shall hold at least one meeting on an annual basis to develop an overall ESG approach, to monitor and evaluate the potential impacts and risks of ESG issues related to the Group’s operation, to review the performance of the Group on ESG-related targets, as well as the materiality of ESG issues, to ensure the effectiveness of risk management and internal control systems of the Group, and to approve the disclosures in the ESG Report.

The Working Group consists of the senior management of the Group and is chaired by an executive director. The Working Group collaborates with an independent third party, and its main responsibilities include analyzing ESG data; monitoring and evaluating the Group’s performance in ESG; ensuring that the Group complies with relevant laws and regulations; identifying and prioritizing the Group’s ESG issues; and assisting in the preparation of ESG reports. The Working Group regularly schedules meetings to discuss and review ESG-related issues, including but not limited to the effectiveness of current policies and procedures, ESG performance, ESG-related risks and opportunities, and the Group’s strategies and targets in terms of sustainable development. The Working Group will also report to the Board at least annually to assist the Board in fulfilling its oversight responsibilities. The Group conducts evaluations for directors in accordance with the Evaluation List for the Board at each financial year, reviews whether relevant policies have been followed in areas such as the board structure, meeting conduct, data and information, corporate strategies and planning, risk management and internal control, and conducts checks and improvements.

The functional departments are responsible for implementing policies related to sustainable development and assisting the Working Group with data collection.



ABOUT THIS REPORT

ABOUT THIS REPORT

REPORTING SCOPE

The reporting scope is determined by the Group in accordance with the principle of materiality, taking into account the corresponding materiality of the entity to the Group's business and operations and its impact on sustainable development. This Report mainly covers principal operating subsidiaries of the Group: Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu"), Shanghai Zhangyu Information Technology Co., Ltd. ("Shanghai Zhangyu") and Zhejiang Zhongguang New Energy Technology Co., Ltd. (浙江中光新能源科技有限公司) and its subsidiaries ("Zhejiang Zhongguang"), as well as Jiangsu Hengxin Technology Co., Ltd. ("Jiangsu Hengxin"), Jiangsu Hengxin Wireless Technology Co., Ltd. and Jiangsu Hengxin Zhonglian Communications Technology Co., Ltd. Unless otherwise specified, the Group obtains ESG key performance indicators ("KPIs") through its operational control mechanism. After the Group's data collection system becomes more mature and the sustainability work is deepened, the Group will continue to expand the scope of disclosure in the future.

REPORTING PERIOD

This Report details the ESG activities carried out, challenges encountered and measures that the Group has taken during the Reporting Period.

REPORTING FRAMEWORK

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information on the Group's corporate governance structure and practices has been published in the Corporate Governance Report section of the 2024 Annual Report.

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and monitoring systems for ESG matters, and confirmed that the disclosed content meets the requirements of the ESG Reporting Guide. Information on the Group's ESG governance structure is set out in the section headed "ESG Governance Structure" of this Report.

The content of this Report follows the reporting principles of the ESG Reporting Guide.

Materiality: The Group has identified material issues through materiality assessment during the Reporting Period, and made the identified material issues the focus of this Report. The materiality of the issues has been reviewed and confirmed by the Board and the Working Group. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: This Report has been prepared in accordance with the ESG Reporting Guide and discloses KPIs in a quantitative manner. Information on the criteria, methodologies, assumptions and/or calculation references used for the KPIs and sources of key conversion factors are appropriately set out.

Consistency: Unless otherwise stated, this Report has been prepared in the same way as the previous year, i.e., the year ended 31 December 2023 ("2023") for comparison purposes. If there is any change in the scope of disclosure and calculation method, which may affect the comparison with previous reports, the Group will explain the corresponding data.

ABOUT THIS REPORT

CHAIRMAN'S MESSAGE

Dear Stakeholders:

Hello everyone, on behalf of the Board, I am pleased to present this Report to summarize the Group's ESG measures, plans and performance during the Reporting Period, and to demonstrate its commitment to sustainable development. This Report has passed the internal review procedures of the Group and has been approved by the Board.

The Group has been committed to providing high-quality mobile communication products to China and the international market in mainland Asia, including providing services to major telecommunications operators in China (such as China Unicom, China Mobile, China Telecom) and major telecommunications equipment manufacturers; and developing sales business to telecommunication operators around the world. The Group continued to improve the sales structure to enhance and increase the 5G antennas and leaky cable business in line with the development direction of industrial upgrading. Meanwhile, through Nanjing Zhangyu and Shanghai Zhangyu, the Group has proactively developed business areas of digital technology and security and integrated circuit supply chain services. The Group also develops the new energy business area through the completion of the acquisition of Zhejiang Zhongguang in the second half of 2023.

At the same time, the Group believes that integrating the concept of sustainable development into corporate operations will help the Group enhance its long-term value and drive its future development. Therefore, the Group has prepared the ESG Policy, strives to develop a sound governance structure and has incorporated ESG considerations into its decision-making process. The Group adopts an effective ESG governance structure and the Board has ultimate responsibility for the Group's ESG strategy, management, performance and reporting. To strengthen sustainable development governance practices, the Group has also established a Working Group to assist the Board in overseeing the Group's ESG matters. For the ESG governance structure of the Group, please refer to the section headed "ESG Governance Structure" in this Report.

The Group also communicates with different stakeholders and conducts materiality assessments to gain an in-depth understanding of the stakeholders' expectations for the sustainable development of the Group. Information on the communication channels of stakeholders and the materiality assessments conducted by the Group are respectively set out in the "Stakeholder Engagement" and "Materiality Assessment" sections. In the future, the Group will continue to maintain close communication with stakeholders, and formulate relevant sustainable development policies and measures with reference to their opinions, so as to enhance the Group's ESG performance.

The Group actively responds to environmental policies such as carbon neutrality, energy conservation and waste reduction, and promotes sustainable development of enterprises. The Group believes that setting ESG-related targets can enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the Group's ESG performance. Accordingly, the Group has set targets for issues that are material to the Group, including greenhouse gas ("GHG") emissions, waste management, energy management and water management. The Board will regularly review the progress of relevant targets through the Working Group and ensure that the Group has sufficient measures and resources to achieve the set targets.

Finally, on behalf of the Board and the management team, I would like to express my heartfelt thanks to our esteemed stakeholders for their unremitting support and valuable contributions to the development of the Group. In the future, the Group will continue to enhance its governance and transparency, provide quality services and will focus on the efficient use of resources to fulfill corporate social responsibility and achieve a sustainable future.

Cui Wei
Chairman

25 March 2025

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CONTACT US

The Group welcomes comments and suggestions from stakeholders. You can provide valuable comments on this Report or its performance in sustainability by sending an email to lfl@hengxin.com.

STAKEHOLDER ENGAGEMENT

The Group values the feedback and participation of different stakeholders on business and ESG aspects. In order to understand and actively respond to the key concerns of various stakeholders, the Group has been maintaining close communication with various stakeholders, including investors and shareholders, customers, suppliers and business partners, employees, governments and regulatory agencies, and society, non-governmental organization (“NGOs”) and the media. By understanding the expectations of its stakeholders and adopting a variety of engagement methods and communication channels, the Group is able to balance differing views and interests of all parties, so as to determine a long-term and sustainable development direction for the Group and the community.

The Group’s communication channels with stakeholders and the stakeholders’ expectations for the Group are as follows:

Stakeholders	Communication channels	Expectations
Investors and shareholders	<ul style="list-style-type: none">Annual general meeting and other shareholder meetingsFinancial reportsAnnouncements and circularsCompany website and email	<ul style="list-style-type: none">Comply with relevant laws and regulationsCorporate governance systemRisk management
Customers	<ul style="list-style-type: none">Customer satisfaction survey and opinion formCustomer service hotlineCompany website	<ul style="list-style-type: none">Customer information and privacy protectionComply with relevant laws and regulations

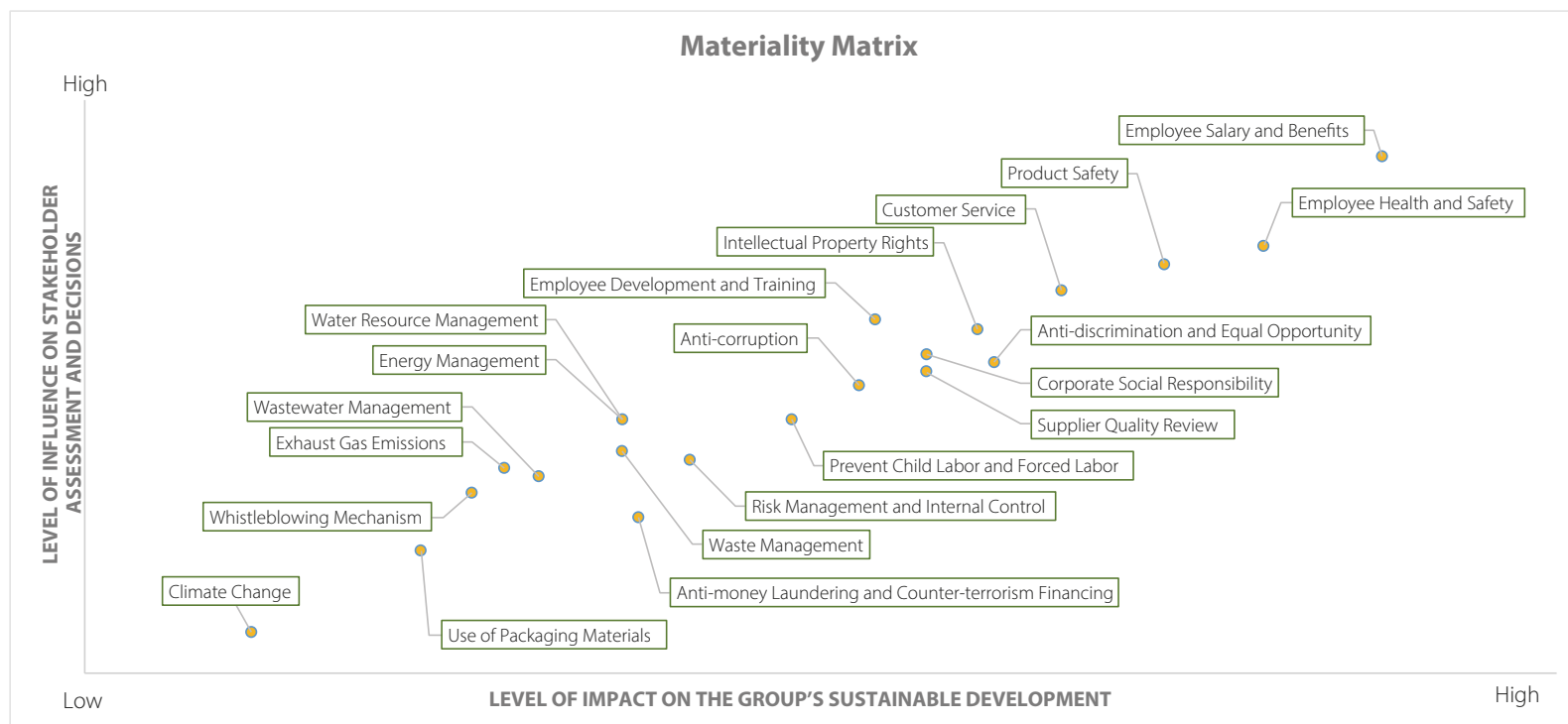
Stakeholders	Communication channels	Expectations
Suppliers and business partners	<ul style="list-style-type: none">Supplier on-site audit management systemSupplier management meetings and eventsEmail	<ul style="list-style-type: none">Corporate reputationFair competitionMaintain good relationshipStable demandPay in time
Employees	<ul style="list-style-type: none">Employee opinion surveyChannels for employees to express opinions (forms, suggestion box, etc.)Regular performance evaluationStaff events and seminarsIntranet and email	<ul style="list-style-type: none">Compensation and benefitsCareer development and trainingEmployee health and safetyLabor rightsCorporate culture
Governments and regulatory agencies	<ul style="list-style-type: none">Regular meetingsOn-site inspectionWritten or electronic communications	<ul style="list-style-type: none">Pay taxes in accordance with the lawBusiness ethicsComply with relevant laws and regulationsPromote economic development and employment
Society, NGOs and the media	<ul style="list-style-type: none">Community activitiesESG reports	<ul style="list-style-type: none">Community involvementEnvironmental protectionComply with relevant laws and regulationsInformation transparencyEconomic development

ABOUT THIS REPORT

MATERIALITY ASSESSMENT

The Group identifies and assesses ESG issues that may affect the Group's business and its various stakeholders through materiality assessment, in order to formulate its sustainable development strategy, set targets and determine the focus areas of ESG reports. The materiality assessment also enables the Group to analyze business risks and opportunities to support the sustainable development of its business.

In order to understand the opinions and expectations of stakeholders on the Group's ESG performance better, the Group adopts a systematic approach to conduct annual materiality assessments. With reference to business development strategies and industry practices, the Group's management and the Working Group have identified and confirmed a list of material ESG issues. The Group compiled a questionnaire based on the list and invited stakeholders related to the Group to rank the materiality of various ESG issues. The Group has analyzed and ranked material issues based on the survey results, and created a materiality matrix. The identified material issues and stakeholder concerns have been reviewed and confirmed by the Board and the management, and disclosed in this Report.



RESPONDING TO CLIMATE CHANGE



RESPONDING TO CLIMATE CHANGE

GOVERNANCE

The Board is responsible for overseeing the Group's climate-related risks and opportunities, and the Working Group is authorized by the Board to monitor the Group's ESG targets. For details, please refer to the section headed "ESG Governance Structure".

STRATEGY

The escalating risks and challenges posed by climate change to the global economy may also have a negative impact on the Group's business. Therefore, the Group understands the importance of identifying and mitigating any significant impacts of climate change. The Group has formulated a Climate Change Policy and a response mechanism to identify and manage risks and opportunities related to climate change, and has implemented corresponding measures to adapt to or mitigate the impact of climate change on its business. The Group has incorporated the factors of climate change risk into ESG risk management, conducted annual risk assessments to identify physical and transition risks, potential impacts and corresponding mitigation measures, and recorded relevant information in the risk database.

With reference to the recommendations of the Task Force on Climate-related Financial Disclosures, the Group has identified the climate-related risks and implemented corresponding countermeasures, summarized as follows:

PHYSICAL RISKS

Climate change has resulted in more frequent and severe extreme weather, including but not limited to typhoons, torrential rains and floods caused by heavy rainfall, threatening the personal safety of the Group's employees and causing damage to buildings and properties. Extreme weather can also increase the time required for transportation or even disrupt it. All of the above extreme weather events have significant potential impacts on the Group's daily operations.

In view of this, the Group conducts a qualitative analysis of relevant risks according to its Climate Change Policy and ESG Policy, and formulates countermeasures, such as: work is completely prohibited under very high risk conditions; effective monitoring and emergency response procedures must be provided under high-risk conditions; relevant management responsibilities and guidelines must be specified to control hazards and further hazard assessment and enhanced control must be conducted under medium-risk conditions. The Group also pays close attention to the latest weather news and recommendations issued by the local governments, and proactively takes the following measures in response to corresponding extreme weather events:

- Storms: the Group regularly checks the effectiveness of drainage facilities to avoid casualties or property damage caused by storms in workplaces, including but not limited to offices and warehouses.
- Flood disaster: the Group regularly organizes emergency evacuation of personnel and daily emergency rescue drills to strengthen employees' emergency response capabilities and strive to minimize damage to buildings and personal injuries caused by floods.

RESPONDING TO CLIMATE CHANGE

TRANSITION RISKS

As society transitions to a low-carbon economy to achieve sustainable development, local governments and regulatory agencies have successively enacted environmental and climate-related legislation or tightened regulations. For example, the government of the PRC is committed to achieving “carbon peaking” by 2030 and “carbon neutrality” by 2060, and the Stock Exchange also requires listed companies to strengthen climate-related disclosures in their ESG Report, resulting in an increase in associated compliance costs. If the legal and regulatory requirements of new environmental and climate change-related requirements are not met in a timely manner or cannot be met, the Group may face compliance risks and reduce its corporate reputation. Therefore, the Group will regularly monitor existing and emerging trends, policies and regulations related to climate change to avoid compliance risks and reputational risks caused by slow responses. In addition, in order to reduce the Group’s impact on the environment and meet the requirements of the Stock Exchange to mitigate and adapt to climate change-related risks. The Group has set environmental-related targets, including reducing GHG emissions, saving electricity and water, and reducing waste at source. The Group will continue to evaluate the effectiveness of the Group’s actions on climate change and enhance its ability to address climate-related issues.

OPPORTUNITIES

Through its new energy business, the Group not only positions itself as a leader in combating climate change, but also highlights its commitment to sustainable practices, thereby enhancing its reputation and brand image. With the increasing global demand for clean energy sources, the Group is expected to benefit from the significant growth potential of its new energy business, opening up new avenues for revenue growth and market expansion. The Group’s business model is aligned with global efforts to mitigate climate change towards a sustainable future. The Group is proactively developing its new energy business with two tower-type molten salt energy storage solar thermal power stations (which are 10 megawatts (“MW”) and 50 MW, respectively) in Delingha, Qinghai, applying high-temperature molten salt thermal energy storage technology to store energy in the form of heat and then convert it into steam, which can provide peak shifting services for the power grid and realize integrated regional energy supply.

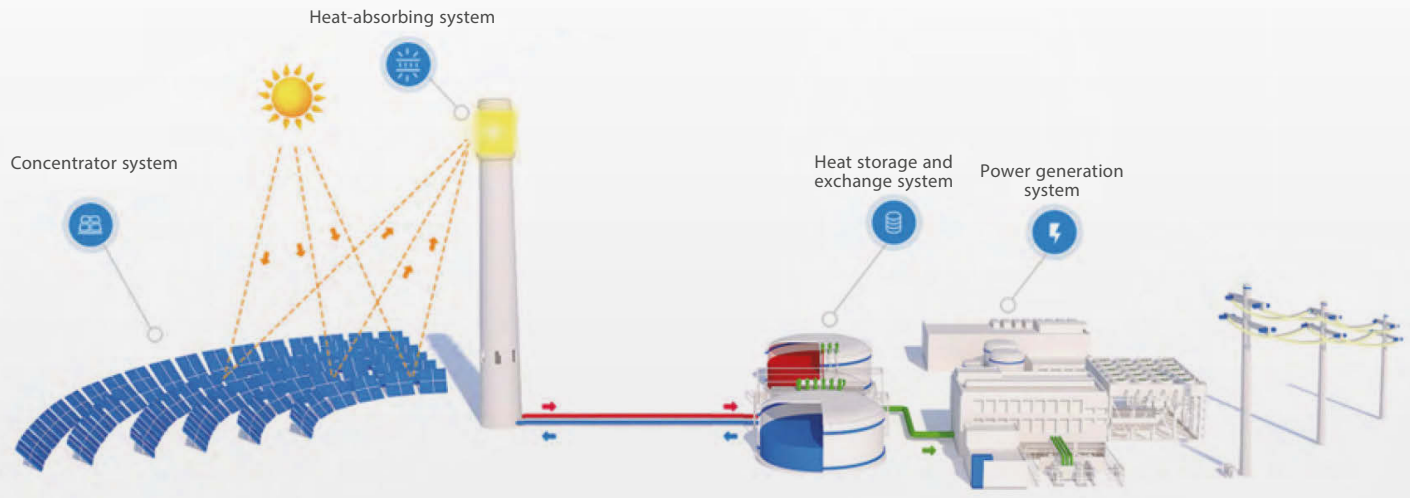
RESPONDING TO CLIMATE CHANGE



CASESTUDY:

QINGHAI ZHONGKONG'S 50 MW AND 10 MW SOLAR THERMAL POWER STATIONS IN DELINGHA

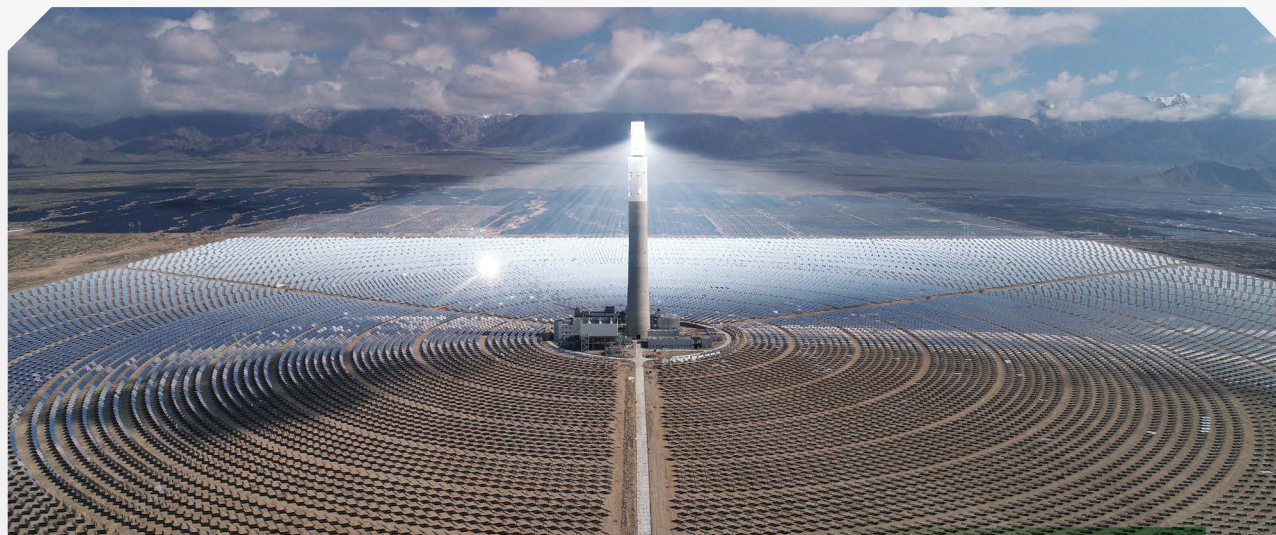
Solar thermal power station makes use of a large number of high-precision intelligent heliostats to gather dispersed direct sunlight in a focused manner and then heat its internal heat-absorbing working medium, with a view to achieving the efficient conversion of solar energy into thermal energy. Its heat storage system stores heated medium (molten salt), and the heat exchange system takes advantage of the high-temperature molten salt to exchange heat with water to produce high-temperature and high-pressure steam when power generation is needed, and then utilizes the steam produced to drive the turbine-generator unit for power generation. The entire system is operated and maintained through a fully intelligent management system, which ensures the safe and stable operation of the system and maximises benefits at the lowest cost.



RESPONDING TO CLIMATE CHANGE

The concentrator system of the solar thermal power station reflects the sunlight directly and focuses it to the heat absorber at the top of the central tower by exploiting a high-precision intelligent heliostat and large-scale mirror field cluster control system, so as to realize the concentration of solar energy. The tracking accuracy of the heliostat reaches 1.65 mrad, which ensures the efficient utilization of energy, and eliminates the need for angle sensors, with automatic calibration of the entire mirror field and no need for manual supervision. It is maintenance-free for 30 years, and no need to replace the lubricating oil for life. The heliostat has passed the quality inspection by the authoritative third-party organizations CSP Services (Germany) and the German Aerospace Center (DLR), and has obtained the highest rating of "Excellent". The large-scale mirror field cluster control system supports a large-scale heliostat field consisting of 100,000 heliostats, with a light collection area of 2,000,000 square meters and a mirror-to-tower distance of up to 2 km, while the control system's power supply and communication take redundant design to ensure safety and reliability. The heliostats are of strong weatherability, with a working temperature range of -40°C to 65°C , a working wind speed of 24 m/s, and a survival wind speed of 40 m/s.

After the reflection of sunlight, the heat-absorbing system makes use of solar energy to heat its internal heat-absorbing working medium, and converts the gathered solar energy into heat energy with high efficiency. Molten salt heat absorber adopts high-nickel alloy material to solve severe working conditions such as frequent and drastic changes in high and low temperatures, and corrosive environments. It also employs a flexible structural design to minimize the impact of temperature stress and thermal fatigue. By combining with the mirror field energy scheduling system, Zhejiang Zhongguang's real-time monitoring of surface temperature and anti-freezing design guarantee safe operation.



RESPONDING TO CLIMATE CHANGE

The molten salt, after absorbing heat, is transported to the molten salt heat storage system, where the heated molten salt is stored, while the heat exchange system takes advantage of high-temperature molten salt rainwater for heat exchange to generate high-temperature and high-pressure steam, so as to drive the turbine-generator unit to generate electricity. The molten salt heat storage and heat exchange system adopts highly reliable systems and equipment to prevent leakage, which is capable of intermittent operation and frequent starting and stopping, while energy changes are coordinated and controlled, able to withstand large temperature stress, and resistant to thermal fatigue and corrosion. The molten salt storage tanks have undergone rigorous material selection and wall thickness design, as well as expansion and stress analysis, and is equipped with foundation heat dissipation and thermal insulation optimization functions. The molten salt heat storage and exchange system is also provided with an optimized design for variable load heat exchange system, which is able to adapt to variable load operation.

Qinghai Zhongkong's 50 MW solar thermal power station in Delingha, the first demonstration project in China to reach its design value, is located in West Export Photovoltaic (Thermal) Industrial Park in Delingha City, Qinghai Province, with a total investment of more than RMB 1 billion. Equipped with a 7-hour molten salt energy storage system, the solar thermal power station is designed to generate 146 million kWh of electricity annually, which is equivalent to the annual electricity consumption of more than 80,000 households. The station can save approximately 46,000 tonnes of standard coal and reduce carbon dioxide emissions by approximately 121,000 tonnes per year after being fully put into operation, which has sound economic and social benefits. The solar thermal power station has also passed a complete technical assessment by Fichtner, an independent German engineering consulting firm, which found that the design technology of the power station has reached the most advanced level of similar power stations in the world.



RESPONDING TO CLIMATE CHANGE

Qinghai Zhongkong's 10 MW solar thermal power plant in Delingha has been in stable operation for more than 10 years and has achieved 97% of the power generation target, ranking first in the world. In August 2016, it completed the 2-hour retrofit of the molten salt energy storage and adopted the tower-type water/molten salt binary working medium technology pathway to generate electricity, which is the first tower-type solar thermal power plant, the first tower-type molten salt energy storage solar thermal power plant, and the first solar thermal power plant obtaining on-grid tariff approval in China.

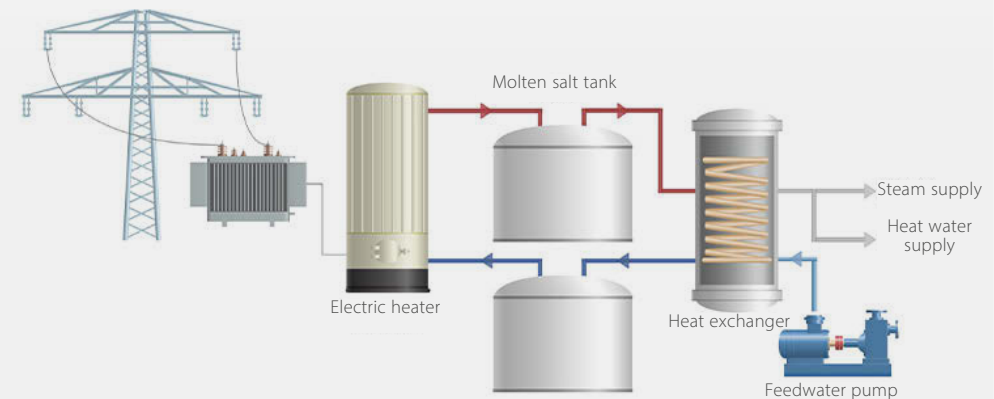


Zhejiang Zhongguang's molten salt energy storage system can not only be applied to solar thermal power generation, but also serve as a new type of energy storage facility in a new power system with new energy as its main body. At the same time, the molten salt energy storage system can be applied to the flexibility retrofits of fire (heat) generator units, realizing the optimal solution of multi-generation of cooling, heating, electricity and steam, and the provision of integrated energy services. The construction period of a molten salt energy storage system is about 8 to 18 months with rapid commissioning capability. Its broad operational applicability covers adjustable temperature ranges from 80 to 600°C. Moreover, molten salt energy storage is a purely physical change, and the whole process is free of explosion, combustion and other risks, with high safety. There has been a long-term experience of stable and safe operation in the chemical industry and other fields, and the risk of leakage of high-temperature molten salt can be completely ruled out through the cofferdam and other precautionary measures. Zhejiang Zhongguang's molten salt energy storage system adopts steam turbine generator sets, which can provide reactive power and rotational inertia for the power grid, and is conducive to voltage stability and frequency stability of the power grid. In addition, it can provide peak shifting, frequency regulation, voltage regulation, system reserve and start-up services for the power grid. Meanwhile, it has a large energy storage capacity, which can realize a wide range and large capacity of energy storage from 10 MWh to 10 GWh.

RESPONDING TO CLIMATE CHANGE

Zhejiang Zhongguang makes full use of its various years of practical experience in the construction, operation and maintenance of solar thermal power stations to vigorously develop its operation and maintenance business, and provide the owners of solar thermal power stations with standardized and systematic operation and maintenance solutions covering the whole life cycle, with a view to escorting the healthy operation of the power stations. Heli (Qinghai) Operation and Maintenance Technology Co., Ltd ("Heli O&M"), a subsidiary of Zhejiang Zhongguang, synchronously activates the whole process management upon receiving the project, entered the site in advance to understand, familiarize with, and master the sub-system debugging and the whole set of start-up debugging and equipment acceptance, and provides the whole process of operation and maintenance and overhaul services. Heli O&M formulates predictive maintenance plans based on equipment condition, development trends and possible failure modes, removes hidden dangers in advance, extends equipment life, minimizes unscheduled downtime and frequency, conducts targeted analysis for unit problems, and analyzes the common problems on similar types of units. Heli O&M avoids problems and optimizes technical reforms through customized solutions and rational proposals. Heli O&M also dispatches different positions such as operation and maintenance manager, shift chief, specialists, and master operators, as well as talents with different professional skills such as concentrated heat collection, heat storage and exchange, steam engine, electrical, thermal control, and chemical water, etc., and all the professionals hold the corresponding qualification certificates. Heli O&M provides a wide selection of spare parts, with warehouses covering equipment, spare parts, materials, work tools and test instruments commonly used in energy power generation and environmental protection operations. Heli O&M also provides fast and convenient supply chain services, and a localized spare parts warehouse, with the fastest response time of half an hour, to help customers realize light assets and zero inventory.

Heli O&M improves the matching of parameters between various systems, reduces the plant power consumption rate, and enhances operational efficiency through its own process optimization package; reduces equipment failures, avoids unplanned shutdowns, and saves maintenance costs by replacing repairs with maintenance through operation and maintenance services such as operation and maintenance hosting, dispatch of professionals, predictive maintenance, joint storage and joint preparation; and relies on the resources of the database of benchmarking projects to assist the owner in solving the pain points including long learning period and the slow production capacity climbing of the solar thermal power station, and shares the benefits of cost reduction and efficiency improvement with the owner. In July 2021, Zhejiang Zhongguang significantly reduced the steam discharge pressure from 10.46 kPa to 6.81 kPa through the transformation of steam turbine discharge technology, resulting in an increase in power generation capacity by 2,000 kWh per hour.



RESPONDING TO CLIMATE CHANGE

Zhejiang Zhongguang has obtained ISO "three systems" certifications, which is an important proof of practicing the integrated development strategy of quality, environment, and occupational health and safety, marking it towards a new stage of high-quality development. In the future, Zhejiang Zhongguang will also take this opportunity to strengthen its quality internally, shape its image externally, improve the corporate management level and service quality, and strive to create a new situation for development.



RISK MANAGEMENT

The Group's management is currently in the process of developing a process to assess the potential climate-related risks and opportunities that may arise from its business operations, evaluating them in terms of their likelihood and financial impacts, as well as the effort required to adapt to and recover from these risks. There is an ongoing dialogue within the Group to discuss current and emerging risks, as well as their potential impacts and mitigation measures. The Group has set carbon reduction targets and implemented corresponding carbon reduction measures to mitigate potential climate-related physical and transition risks. Please refer to the sections "Metrics and Targets" and "Strategy" for the relevant targets and measures respectively.

RESPONDING TO CLIMATE CHANGE

METRICS AND TARGETS

The Group's GHG emissions mainly originate from direct GHG emissions (Scope 1) from refrigerants, fuel consumed by transportation and mirror cleaning vehicles, and natural gas used for cooking, energy indirect GHG emissions (Scope 2) from purchased electricity and other indirect GHG emissions (Scope 3) due to paper consumption and air travel generated in the course of operations. In order to reduce the Group's carbon footprint, the Group has set a target in the year ended 31 December 2021 to gradually reduce the total GHG emissions intensity over the next five years, using the year ended 31 December 2020 ("2020") as the baseline year. In order to achieve the emission reduction target, the Group implements an efficiency plan in the production process to improve energy efficiency and reduce energy consumption. For details of the efficiency plan, please refer to the "Energy Management" section under aspect A2. The Group has also planted trees to absorb GHG from the atmosphere, in order to offset and reduce its total GHG emissions.

During the Reporting Period, the Group's total GHG emissions intensity decreased by about 16.46% from approximately 8.87 tCO₂e per million revenue in 2023 to approximately 7.41 tCO₂e per million revenue in 2024. This was mainly due to a decrease in purchased electricity consumption and an increase in revenue. In addition, the total GHG emissions intensity in 2024 decreased by about 8.41% from approximately 8.09 tCO₂e per million revenue in 2020, thus the Group is on track to achieve its target of gradually reducing the total GHG emission intensity.

During the Reporting Period, the Group's GHG emissions performance is as follows:

Indicator ¹	Unit	2024	2023 ¹
Scope 1 – Direct GHG emissions	tCO ₂ e	261.17	248.20
• Refrigerants			
• Petrol consumed by transportation			
• Diesel consumed by mirror cleaning vehicles			
• Natural gas for cooking			

Scope 1 – Direct GHG reduction	tCO ₂ e	(103.57)	(107.39)
• Additional trees planted			
Scope 2 – Energy indirect GHG emissions	tCO ₂ e	18,204.21	19,656.82
• Purchased electricity			
Scope 3 – Other indirect GHG emissions	tCO ₂ e	302.09	210.35
• Paper waste disposed of at landfills			
• Air travel			
Total GHG emissions (Scopes 1, 2 and 3)	tCO₂e	18,664.71	20,007.98
Total GHG emissions intensity	tCO₂e/million revenue²	7.41	8.87

Remark(s):

- GHG emissions data is presented in terms of carbon dioxide equivalent, with reference to including but not limited to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" published by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025" and the "Notice on the Release of 2022 Electricity Carbon Dioxide Emission Factors" published by the Ministry of Ecology and Environment of the PRC, and the global warming potential values from the Intergovernmental Panel on Climate Change (IPCC)'s "Sixth Assessment Report". The figures for 2023 have been updated.
- During the Reporting Period, the total revenue of the Group was approximately RMB 2,519.99 million (2023: approximately RMB 2,255.90 million). The relevant data is used to calculate other intensity data. The figures for 2023 have been updated.

ENVIRONMENTAL RESPONSIBILITY



ENVIRONMENTAL RESPONSIBILITY

A1. Emissions

The Group firmly believes that a sustainable industrial ecology is inseparable from environmental conservation. Therefore, the Group is committed to environmental protection by minimizing the environmental impact of its current business activities, as well as supports natural and environmental protection programs, and has been in strict compliance with environmental policies, relevant laws and regulations of the government. Meanwhile, Jiangsu Hengxin, a major operating subsidiary of the Group, has consistently passed the certification of ISO14001 environmental management system since 2007. The Group regularly tracks the latest national and regional environmental protection laws and regulations, and uses this as a basis to focus on measures to strengthen environmental protection, so as to comply with relevant laws and regulations of the local government and implement environmental policies.

During the Reporting Period, the Group was not aware of any material non-compliance with environmentally-related laws and regulations that would have a significant impact on the Group. Relevant laws and regulations include but are not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Promotion of Clean Production, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, and other relevant laws and regulations. The Group will continue to strictly comply with relevant laws and regulations, and continue to implement effective measures to prevent and treat wastewater and waste.

Exhaust Gas Emissions

In the course of the Group's business operations, exhaust gas emissions are mainly derived from fuel consumed by transportation and mirror cleaning vehicles, which mainly includes nitrogen oxides, sulfur oxides and particulate matter. During the Reporting Period, the increased use of Zhejiang Zhongguang's mirror cleaning vehicles has resulted in a rise in exhaust gas emissions. In response to the above-mentioned exhaust gas emissions, the Group has signed a "Transportation Agreement" with the transportation companies to control and manage the operation and equipment of the Group's vehicles and transportation companies' vehicles for logistics, so as to reduce the exhaust gas emissions of vehicles. The Group has also actively adopted the following emission reduction measures, focusing on reducing exhaust gas emissions from the use of its own vehicles:

- All vehicles of the Group must use unleaded petrol;
- Carry out monthly maintenance on the vehicles of the Group to effectively reduce fuel consumption, thereby reducing carbon emissions and exhaust gas emissions;
- Procure regular fuel for vehicles, and conduct annual inspections to ensure that vehicles meet relevant emission standards;
- Reduce the number of business trips through electronic communication methods such as video conferences and WeChat conferences; and
- Actively take energy-saving measures mentioned in the section headed "Energy Management" under aspect A2.

ENVIRONMENTAL RESPONSIBILITY

During the Reporting Period, the Group’s exhaust gas emissions performance is as follows:

Type of Exhaust Gas ¹	Unit	2024	2023
Nitrogen oxides (NOx)	kg	674.51	569.46
Sulphur oxides (SOx)	kg	0.92	0.85
Particulate matter (PM)	kg	49.11	41.35

Remark(s):

1.
- The calculation method of exhaust gas emissions data is based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.

Wastewater Management

The Group’s wastewater emission is mainly domestic sewage, including clean water. During the operation period, the Group has formulated relevant operating procedures for third-party units’ operations in the Group and other sewage treatment, such as the Control Procedures on Pollutant Discharge, to manage and control sewage treatment. Specific measures include:

- Use non-phosphorus detergents for the canteens;
- Filters are installed in wastewater discharge ports to reduce sewage discharge;
- Grease trap, fume purification and other equipment have been installed in the canteens, while a qualified supplier is commissioned to clean up and maintain the equipment regularly; and
- Refrigerators, freezers and central air-conditioners all employ fluorine-free equipment.

All these control measures are implemented throughout the manufacturing plant, and the Group has also installed special purification equipment to treat domestic sewage. The Group entrusts an independent third-party organization to monitor the internal and surrounding environment of the factory area every year, and has also formulated relevant water-saving measures. During the Reporting Period, the Group’s wastewater discharge was water consumption, and the specific measures to reduce water consumption and the water consumption in total have been explained in the “Water Resources Management” section under aspect A2.

Waste Management

The Group adheres to the principles of waste management and is committed to the rational management and disposal of waste generated from business activities in order to reduce the impact of waste on the environment. The Group strictly abides by relevant environmental protection laws and regulations, identifies the source of waste in daily production and business processes, and reduces and eliminates waste through project control. In addition to reducing waste through production methods such as improving the utilization rate of raw materials, the Group also understands the importance of instilling sustainable development and environmental awareness among its employees. Therefore, the Group has set a target in 2023 to carry out at least one environmental protection promotion activity every year to raise employees’ awareness of waste reduction in order to achieve waste reduction at the source. The Group held a parent-child tree planting event themed “Tongxin Green Guardians Initiative: Tree-Planting for a Sustainable Future” (童鑫守護植此青綠) in 2024 to have people understand knowledge about tree planting and environmental protection and to promote waste reduction, and achieved the above targets. In the future, the Group will continue to hold environmental protection promotion activities every year to enhance employees’ environmental protection awareness.

ENVIRONMENTAL RESPONSIBILITY

In addition, the Group has implemented relevant control procedures, such as the Control Procedures on Solid Waste and the Control Procedures on Pollutant Discharge, for the waste disposal of its own operations and outsourced units. The policies above have specified the sorting method of waste: waste listed in the “National Hazardous Waste Inventory” is hazardous waste; and waste other than hazardous waste is general waste. The Group specifies a storage location by waste category, sorts them out centrally, and then transfers them to a qualified institution for disposal. The Group also commissions an independent third-party organization to monitor the internal and surrounding environment of the factory site every year to optimize its waste treatment and control. The following table summarized the storage and disposal of solid waste:

Waste classification	Types	Storage location	Treatment method
Hazardous waste	Waste batteries, waste fluorescent lamps, waste bulbs, waste oil rags, and waste oil	Hazardous waste depository in miscellaneous storage	Sort them out centrally, and then transfer them to a qualified institution for disposal
	Bottles for pesticides		
	Waste electronic devices		
	Cartridges, toner cartridge and ribbon		
	Waste paint barrels and waste spray paint bottles		
	Waste chemical solvent boxes (Includes alcohol, printing ink, cleaning fluid, writing ink, diluent, refill fluid, etc.)		
General waste	Waste copper, waste aluminum and waste plastic	Scrap storage	Hand over to waste recycling personnel for recycling and handling
	Waste plastic film, waste cartons and waste paper		
	Waste wooden frames	Miscellaneous storage	Recycle by suppliers, manufacturers or other companies
	Household waste		Handle by the Environment and Sanitation Office of Dingshu
	Waste sawdust	Carpentry room	Make sawdust trays

ENVIRONMENTAL RESPONSIBILITY

Hazardous Waste

The Group’s hazardous waste mainly includes waste oil, waste oil rags, waste activated carbon, waste ink and empty barrels, which are generated during the manufacturing process of RF Coaxial Cables, accessories and antennas. Hazardous wastes are collected by the staff on duty, placed in the hazardous waste collection location according to the Group’s Management and Control Procedures on Hazardous Chemicals, and then collectively handed over to qualified outsourcing organizations for unified treatment. The following are the relevant measures taken by the Group to reduce hazardous waste:

- Change the original cooling oil used for machine tools to dry paint to reduce the generation of waste oil, and the used dry paint is recycled;
- Reduce liquid leakage to avoid waste oil rags; and
- Choose high-quality activated carbon products to increase the use time and reduce the amount of waste.

During the Reporting Period, the Group’s intensity of hazardous waste decreased by about 66.67% from approximately 0.003 tonnes per million revenue in 2023 to approximately 0.001 tonnes per million revenue in 2024. The decrease was mainly attributable to the reduction of maintenance work and the implementation of environmental protection equipment upgrades in 2024. The recycling volume of hazardous waste reached approximately 3.13 tonnes, accounting for about 93.43% of the total amount of hazardous waste generated in 2024.

During the Reporting Period, the performance of the Group’s major hazardous waste generation volume is summarized as follows:

Types of hazardous waste	Unit	2024	2023
Waste oil	tonnes	1.47	3.47
Waste oil rags	tonnes	0.19	0.26
Waste activated carbon	tonnes	1.66	3.48
Waste ink	tonnes	0.03	0.03
Empty barrel ¹	tonnes	–	0.06
Total amount of hazardous waste	tonnes	3.35	7.30
	tonnes/ million revenue		
Intensity of hazardous waste		0.001	0.003

Remark(s):

1. Empty barrels have been processed by outsourced companies since 2024, resulting in the unavailability of related data to the Group.

Non-hazardous Waste

As the Group is a manufacturer of RF Coaxial Cables, accessories and antennas, the non-hazardous wastes generated during operation are mainly waste copper, waste aluminum, waste plastic and packaging waste, followed by household waste and food waste. Non-hazardous wastes are collected by the staff on duty, and placed in the corresponding storage locations pursuant to the Group’s Control Procedures on Solid Waste according to the type of waste, including scrap storage, miscellaneous storage and carpentry room, and then collectively handed over to qualified outsourcing organizations for unified treatment. In order to reduce the waste generated during the operation of the Group’s business, the Group has strictly formulated various management measures and recycling procedures.

ENVIRONMENTAL RESPONSIBILITY

The following are the methods used by the Group to dispose of non-hazardous waste, as well as relevant measures to reduce production:

Waste classification	Treatment method	Reduction measures
Waste copper (bronze, brass), waste aluminum and waste plastic	Hand over to waste recycling personnel for recycling and handling	<ul style="list-style-type: none">• Improve the utilization rate of materials and use hot extrusion pieces for production
Waste plastic film, waste cartons and waste paper	Hand over to waste recycling personnel for recycling and handling	<ul style="list-style-type: none">• Except for official documents, double-sided printing is used for documents circulated within the Group to the extent possible• Use paper that has been printed on one side to draft documents and make notes and internal memos• Use the Group's internal email system to deliver and share electronic reports to reduce paper printing

Waste classification	Treatment method	Reduction measures
Waste wooden material	Hand over to local farmers for recycling	<ul style="list-style-type: none">• Improve product packaging design and reduce the amount of packaging
Household waste and food waste	Hand over to local third-party sanitation service companies for disposal	<ul style="list-style-type: none">• Organize the "Empty Plate Operation" to encourage employees to reduce food waste

During the Reporting Period, the Group's non-hazardous waste intensity increased by approximately 40.38% from approximately 0.52 tonnes per million revenue in 2023 to approximately 0.73 tonnes per million revenue in 2024. This was mainly attributable to the Group's inventory sorting and optimization of waste wood data collection procedures during the Reporting Period. As the Group recycled waste from previous years during the Reporting Period, the recycling volume of non-hazardous waste reached about 1,932.88 tonnes in 2024, exceeding the total amount of non-hazardous waste generated in 2024.

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During the Reporting Period, the performance of the Group’s major non-hazardous waste generation volume is summarized as follows:

Types of non-hazardous waste	Unit	2024	2023
Waste copper (bronze, brass), waste aluminum, waste plastic	tonnes	1,306.33	945.98
Waste plastic film, waste cartons, and waste paper	tonnes	81.38	54.17
Waste wooden material	tonnes	302.63	22.20
Household waste	tonnes	132.28	133.31
Food waste	tonnes	16.33	22.30
Total amount of non-hazardous waste	tonnes	1,838.95	1,177.96
Intensity of non-hazardous waste	tonnes/million revenue	0.73	0.52

A2. Use of Resources

The Group integrates the concepts of resource conservation and environmental protection into its business operations, and is committed to optimizing the use of resources in all its business and production operations. The Group prescribes specific provisions on the

conservation of electricity, raw materials, water resources and paper, educates employees to save resources, and monitors the consumption of energy and resources. Jiangsu Hengxin, the main operating subsidiary of the Group, has passed the audit of ISO14001 environmental management system certification and ISO50001 energy management system certification. The Group effectively monitors the utilization of and has formulated the assessment systems for the utilization rate of water, electricity and raw materials.

Energy Management

The energy consumed by the Group in the course of its operations includes electricity, petrol used by the Group’s administrative vehicles, diesel consumed by mirror cleaning vehicles and natural gas used for cooking. In order to reduce energy consumption and exhaust gas emissions, and improve the sustainability of operation, the Group has formulated the Management and Control Procedures on Energy Resource, which is in compliance with the national standard GB/T23331-2020 Energy Management System Requirements and Guidelines for Use, ISO50001 Energy Management System Requirements and Guidelines for Use and RB/T119-2015 Energy Management System Machinery Manufacturing Enterprises Certification Requirements. The personnel in each district take charge of workshop lighting, office building lighting, street lights, air-conditioning and other production equipment to reduce idle equipment and unnecessary electricity consumption. The power factor should be no less than 0.9 after capacitor compensation for electricity consumption. Through the control and assessment of the use of energy and resources, the Group saves energy and resource consumption and implements various energy saving and emission-reduction management regulations.

ENVIRONMENTAL RESPONSIBILITY

In order to effectively reduce energy consumption in the long run, the Group has set a target in 2023 to carry out at least one environmental protection promotion activity every year to raise employees' awareness of energy conservation. The Group held a parent-child tree planting event themed "Tongxin Green Guardians Initiative: Tree-Planting for a Sustainable Future" (童鑫守護植此青綠) during the Reporting Period to have people understand knowledge about tree planting and environmental protection and to promote energy conservation, and achieved the above targets. In the future, the Group will continue to carry out environmental protection promotion activities every year to improve employees' awareness of environmental protection.

Regarding electricity consumption for operation, the production equipment of the Group adopts frequency conversion control technology, and the central air conditioner of the office building also adopts frequency conversion split control to closely monitor and evaluate electricity consumption by collecting monthly consumption data. In addition, the Group uses advanced energy-saving lamps for lighting and also puts forward energy-saving and emission-reduction management requirements for production processes and employees' daily activities, such as not turning on lights when there is no one in the workplace, and stipulating the reasonable use of air conditioners according to weather conditions. As for the petrol used in vehicles, in addition to the measures for vehicles described in the section "Exhaust Gas Emissions" under aspect A1, the Group also rationally arranges employee travel methods, such as encouraging employees to adopt public transport, and share corporate vehicles. Regarding the natural gas used for cooking in the canteen, the Group reasonably allocates side dishes for employees' working meals to reduce the use of natural gas. Through the implementation of the above measures, employees' awareness of energy conservation has been enhanced. In support of the concept of "green and low-carbon, energy-saving first" and in response to the strategy of energy conservation and carbon reduction, the Group has adopted the green and low-carbon production mode and implemented the following energy-saving measures:

- Leased or purchased rechargeable forklifts to replace conventional diesel-engined forklifts, and adopted automatic peak avoidance strategies to take advantage of the low tariff for charging during the valley periods;
- Equipped with an electrical visual inspection system at the plants to monitor the electrical energy usage of each plant online in real time;
- Used air conditioning as needed and advocated to use air conditioning for 1 hour less every day;
- Set the temperature level of the air-conditioning strictly in accordance with the standard of "the indoor air conditioning temperature should not be lower than 26°C in summer and not higher than 20°C in winter";
- Cut off the power to the air-conditioning when no one is around and closed doors and windows when the air conditioning is on;
- Encouraged to use stairs to/from the third floor or below and promoted the closure of some lifts during break times;
- Placed electric appliance and equipment in a reasonable manner and place photocopiers, printers and other equipment in locations conducive to heat dissipation to improve operational efficiency and reduce electricity consumption;
- Changed the lighting in public areas such as corridors to LED sensor lights, and switched off lights when no one is around;
- Switched on lights as needed during office hours;

ENVIRONMENTAL RESPONSIBILITY

- Promoted the use of high-efficiency lighting appliances (low-power LED energy-saving lights or sensor lights) in plants, made full use of natural light in the daytime and minimize the use of lighting lamps;
- Used the monorail crane for the copper strip in the workshop, and transported the copper strip used for production by the rail crane, which can reduce the use of forklift; and
- Phased out obsolete and high energy consumption air compressors and procured new energy efficient air compressors to improve energy efficiency.

During the Reporting Period, the Group’s total energy consumption intensity decreased by approximately 12.89% from approximately 17.07 MWh per million revenue in 2023 to approximately 14.87 MWh per million revenue in 2024. This was mainly due to a decrease in purchased electricity consumption and an increase in revenue. The Group also produced approximately 146,870.63 MWh of renewable energy and used approximately 5,004.63 MWh during the Reporting Period, with the rest being sold to local electricity suppliers.

During the Reporting Period, the Group’s energy consumption performance is summarized as follows:

Energy types	Unit	2024	2023 ¹
Direct energy consumption ²			
Petrol consumed by vehicles	MWh	298.69	296.83
Diesel consumed by vehicles	MWh	312.91	265.41
Natural gas for cooking	MWh	289.71	188.21
Self-generated renewable energy	MWh	5,004.63	3,289.42
Total direct energy consumption	MWh	5,905.94	4,039.87
Indirect energy consumption			
Purchased electricity	MWh	31,569.08	34,467.52
Total indirect energy consumption	MWh	31,569.08	34,467.52
Total energy consumption	MWh	37,475.02	38,507.39
Total energy consumption intensity	MWh/million revenue	14.87	17.07

Remark(s):

1. The figures for 2023 have been updated.
2. The unit conversion calculation is based on the conversion factors in “Energy Statistics Manual” issued by the International Energy Agency.

ENVIRONMENTAL RESPONSIBILITY

Water Resources Management

In order to conserve water resources, the Group has prepared the Management and Control Procedures on Energy Resource and ESG Policy, and the relevant department conducted statistics and analysis of water consumption on a monthly basis, and promptly found out the reasons for abnormal consumption and made improvements. The Group recycles industrial water, and regularly checks and repairs water leaks in a timely manner during the operation period; cleaning staff strictly control the frequency of cleaning and water consumption to avoid excessive water consumption; and employees also save water in their daily work. Furthermore, the Group promotes water conservation in the plant area and posts water-saving signs at all water points to encourage all employees to develop the habit of consciously saving water in order to reduce water consumption. In addition, the Group has set a target in 2023 to maintain stable or reduce water consumption in its main business each year while operating at a similar level. Through the implementation of the above measures, employees' awareness of water conservation has been improved. Based on the geographic location and business nature of operations, the Group has no problems in obtaining suitable water sources.

During the Reporting Period, the Group's total water consumption intensity increased by approximately 2.71% from approximately 63.02 m³ per million revenue in 2023 to approximately 64.73 m³ per million revenue in 2024. The Group is still working towards achieving the above water consumption targets. In the future, the Group will continue to stabilize or reduce the total water consumption intensity each year, under a similar level of operation.

During the Reporting Period, the Group's water consumption performance is summarized as follows:

Water consumption	Unit	2024	2023
Total water consumption	m ³	163,107.00	142,175.00
Total water consumption intensity	m ³ /million revenue	64.73	63.02

Use of Packaging Materials

In the production process, the Group uses cartons, wood and other packaging materials (such as plastic packaging films) for packaging purposes. In order to reduce the use of packaging materials, the Group enhanced packaging methods through technological improvements, such as using plywood and replacing solid wood pallets with wood chip pallets, thereby reducing wood waste.

During the Reporting Period, the Group's major packaging materials consumption performance is summarized as follows:

Packaging materials	Unit	2024	2023
Carton	pieces	630,095.00	820,055.00
Wood	m ³	9,300.00	9,500.00
Other packaging materials	tonnes	83.00	130.00

ENVIRONMENTAL RESPONSIBILITY

The Group produces a wide range of product types and models, and product packaging will also vary according to different customers' demands. Therefore, the Group calculated the packaging materials consumed by each independent production unit based on the major packaging materials used for the main product types. During the Reporting Period, cartons were the packaging materials for modules, and each set of modules used approximately 0.14 cartons (2023: approximately 0.12 cartons); wood was the packaging materials for coaxial cables, and approximately 0.08 m³ (2023: approximately 0.07 m³) of wood was used per kilometer of coaxial cables; other packaging materials were the packaging materials for antennas, and approximately 0.0008 tonnes (2023: approximately 0.002 tonnes) of other packaging materials was used per antenna.

A3. The Environment and Natural Resources

The production, operation and services of the Group significantly impact the environment and natural resources. Therefore, the Group has formulated the Control Procedures on Environmental Factor Identification and Review to identify the environmental factors that can be controlled and may have a significant impact on the Group's activities, products or services, including but not limited to air pollution and water pollution, solid waste, energy and resource consumption, noise pollution, and other environmental problems. The Group has also obtained the China Environmental Labeling (Type II) product certification.

The Group sorts out, collects, stores, moves and handles potential hazardous substances of raw materials for antennas, cables and other products in accordance with the national and industrial standards, and monitors them in an all-round manner, which effectively prevents the products from causing any harm to the environment. The Group has in place engineering departments and teams to continuously track the sold products, learn about the engineering application of the products, assist in solving various problems that occur during the construction process, and deal with a variety of events that may result

in environmental damage or pollution in a timely manner. The Group has also formulated the Management Rules of Hengxin Technology on Environmental Greening to achieve the goals of "zoning responsibilities, standardization and orderliness, joint management, and environmental beautification", and to inspect, supervise, guide and assess the Group's responsible parties for the management of environmental sanitation and greening.

The Group advocates corporate social responsibility and takes environmental protection, health and safety as the starting point, and strictly abides by relevant national laws and regulations when conducting various business activities. The Group also identifies relevant risks, takes control measures, and announces the performance of the Group in environmental protection, occupational health and safety, and corporate social responsibility. Meanwhile, the Group strengthens the awareness of corporate social responsibility internally, actively practices energy saving and emission reduction, vigorously implements lean management and continuously improves the efficiency of resource utilization and value creation.

The Group regularly convenes a cost analysis meeting every month to review and analyze the costs and material consumption of each department and determine if there are any irregularities. The Group encourages all of its employees to spot any potential wastefulness or non-compliance, so that it can constantly make improvements to reduce the waste generated by its business operations.

SOCIAL RESPONSIBILITY



SOCIAL RESPONSIBILITY

B1. Employment

The Group believes that human resources are the cornerstone of the Group's long-term operation and development, and the sustainable growth of its business depends on good recruitment and retention practices. In view of this, the Group has standardized labor and employment management to ensure the occupational health and safety of employees, respect and safeguard the legitimate rights and interests of employees, and ensure that every employee can receive fair treatment. The Group also actively promotes a diversified working environment, and strives to create a friendly and harmonious working environment as well as labor relations.

The Group has formulated relevant human resources management policies to ensure the welfare of employees and enable employees to actively integrate their personal pursuits into the long-term development of the Group. The Group has formulated several internal management rules, including the Management Rules of Hengxin Technology on Recruitment, the Management Rules of Hengxin Technology on Remuneration, the Management Rules of Hengxin Technology on the Post Grades, the Management Rules of Hengxin Technology on Employee Attendance, the Management Rules of Hengxin Technology on International Talent Cultivation, the Management Rules of Hengxin Technology on Professional Talent Cultivation, the Management Rules of Hengxin Technology on Employee Resignation, the System of Hengxin Technology on Employee Welfare and the Management Rules of Hengxin Technology on Labor Contracts etc., to clarify management procedures in relation to terms of recruitment, remuneration, working hours and holidays, other benefits, welfare, and resignation, and offer equal opportunities for talent development. The Group's Guidance Manual for New Employees regulates remuneration management, and formulates or adjusts remuneration distribution methods in a reasonable manner in accordance with the law, taking into account the Group's operating conditions and economic benefits, as well as employees' work performance, competence

and performance appraisal. The Group pays remuneration for labor once a month after the employee has provided normal labor. The remuneration paid shall not be lower than the minimum wage standard stipulated by the local government. The Group generally pays wages on the 15th day of the following month for the period from the 1st to the last day of each month, or one to two days earlier or later if the payday falls on a public holiday or a statutory holiday. The Group's System of Hengxin Technology on Employee Welfare further standardizes employee benefit management, builds a harmonious enterprise, enhances the cohesion of the Group, and improves employee satisfaction. Employee benefits include social security, housing provident fund, high temperature subsidies, paid leave, holiday fees, summer supplies, health checkups, birthday congratulations, work-related injuries, illnesses and assistance, working meals, working clothes, accommodation, round-trip transportation expenses for Spring Festival, retirement souvenirs, commercial accident insurance, mobile phone bill subsidies, employee training, etc. Relevant expenses are charged to salary costs or the labor union budget; if there is any change, it will be adjusted by the human resources department or the labor union according to actual conditions.

The Group actively accepts the supervision by the city-wide labor union and labor law supervision program organized by Yixing Labor Union, including: inspection of the conclusion and performance of labor contracts and collective contracts; salary payment, implementation of working hours and the rest and leave system; contribution of various social securities; formulation, revision and enforcement of labor rules and regulations; implementation of labor safety and health management regulations; special protection regulations for female employees; as well as potential labor relation contradictions, resolution of labor disputes, and implementation of the workers' congress system, etc.

SOCIAL RESPONSIBILITY

During the Reporting Period, the Group was not aware of any serious violations of employment-related laws and regulations that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China. As of 31 December 2024, the number of employees of the Group covered by this Report was 1,209. The number¹ of employees by different categories is as follows:

Category	As of 31 December 2024		
By gender	Male	Female	Total
	947 (78.33%)	262 (21.67%)	1,209 (100.00%)
By age group			
<30	270 (22.33%)	83 (6.86%)	353 (29.19%)
30-39	386 (31.93%)	137 (11.33%)	523 (43.26%)
40-49	219 (18.11%)	36 (2.98%)	255 (21.09%)
≥50	72 (5.96%)	6 (0.50%)	78 (6.46%)
By employment type			
Full-time	947 (78.33%)	262 (21.67%)	1,209 (100.00%)
Part-time	–	–	–
By employee category			
Senior management	19 (1.57%)	2 (0.17%)	21 (1.74%)
Mid-level management	36 (2.98%)	9 (0.74%)	45 (3.72%)
Junior level	62 (5.13%)	52 (4.30%)	114 (9.43%)
Professional and technical	246 (20.35%)	51 (4.22%)	297 (24.57%)
Marketing	83 (6.87%)	15 (1.24%)	98 (8.11%)
Production	470 (38.87%)	112 (9.26%)	582 (48.13%)
Others	31 (2.56%)	21 (1.74%)	52 (4.30%)
By geographical region			
China	947 (78.33%)	262 (21.67%)	1,209 (100.00%)

Remark(s):

1. The Group has refined its data collection process during 2024 to offer more detailed information on employee distribution. Therefore, it was unable to provide comparative data.

SOCIAL RESPONSIBILITY

During the Reporting Period, the number and rate¹ of employee turnover by different categories are as follows:

Category	2024
Overall	130 (10.75%)
By gender	
Male	97 (10.24%)
Female	33 (12.60%)
By age group	
<30	42 (11.90%)
30-39	50 (9.56%)
40-49	31 (12.16%)
≥50	7 (8.97%)
By geographical region	
China	130 (10.75%)

Remark(s):

1. The rate of employee turnover = number of employee turnover during the Reporting Period ÷ number of employees at the end of the Reporting Period × 100%. The Group has refined its data collection process during 2024. Therefore, it was unable to provide comparative data.

During the Reporting Period, the number and rate¹ of new employee hires by different categories are as follows:

Category	2024
Overall	259 (21.42%)
By gender	
Male	233 (24.60%)
Female	26 (9.92%)
By age group	
<30	141 (39.94%)
30-39	83 (15.87%)
40-49	29 (11.37%)
≥50	6 (7.69%)
By geographical region	
China	259 (21.42%)

Remark(s):

1. The new hire rate = number of new employee hires during the Reporting Period ÷ number of employees at the end of the Reporting Period × 100%. The Group has refined its data collection process during the Reporting Period and provides this data starting from 2024.

SOCIAL RESPONSIBILITY

Employee Compensation and Benefits

In order to establish a fair and reasonable remuneration and welfare system, as well as to standardize the Group's remuneration management, the Group has formulated the Management Rules of Hengxin Technology on Remuneration and the Management Rules of Hengxin Technology on the Post Grades applicable to all of its employees. According to the nature of the post (divided into six categories including management, marketing, professional, technical, operations, and general affairs), posts of the same nature shall adopt the same payroll model while posts of different natures adopt different payroll models. Posts that have similar value requirements are grouped into the same grade, and employees at the same grade are divided into different levels based on their skills, work experience, educational background, etc. New recruits have a basic post grade when joining Jiangsu Hengxin and will then be promoted according to its grade and technical level assessment system. The Management Rules of Hengxin Technology on Paid Annual Leave and relevant supplementary terms have also been formulated by the Group to standardize the administration of employees' annual leave. The labor union convenes conferences annually, and the Group signs the Corporate Collective Contract with employees thereon, explaining the proposed wage system to be implemented. The Group's Corporate Collective Contract is signed by the corporate representatives and the employee representatives through collective negotiation in accordance with the relevant provisions of the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and Regulations on Collective Contracts of Jiangsu Province. At the beginning of each year, both parties determine the wage level for the current year through equal consultation, taking into account the relevant national guidance on wage growth and the enterprise's wage level for the previous year, the enterprise's production and operation status, the price index of residents' living expenses and other relevant factors. Employee representatives shall participate in the discussion of corporate representatives on labor remuneration or changing the wage distribution system and distribution method.

In the event of any dispute arising from the performance of the contract, the two parties shall resolve it through consultation. If such negotiation fails, the two parties may apply to the Municipal Labor Dispute Arbitration Committee for arbitration. At the beginning of each year, employee representatives may propose requirements and revisions to the Group's Management Systems of Hengxin Technology on Performance Points and the Management Rules of Hengxin Technology on Employee Reward and Punishment in place. The labor union organizes employee representatives and managers to promote and publicize the proposed relevant systems to be implemented, which will be officially released and enacted upon completion of the publicity period if no objection is raised.

Employee Recruitment, Promotion and Dismissal

The Group actively implements the strategy of strengthening its enterprise with talents, and continuously establishes and improves its talent recruitment and selection system. During the recruitment process, the Group strictly adheres to the Labor Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, and the Group's Special Collective Contract on the Protection of Female Employees, and is guided by the principles of "fairness, impartiality, and openness" in matters of employment environment and recruitment conditions. For those who meet the employment conditions for the position, the interview team (generally consisting of the head of the human resources department, the direct supervisor, and the head of the department to which the post belongs) holistically evaluates the candidates, and then, after a strict recruitment process, the hiring situation will be summarized to the department leadership and management team for review and approval of the hiring results. For female candidates, the Group strictly complies with the Regulations on the Scope of Prohibited Labor for Female Employees promulgated by the Ministry of Labor and reasonably arranges their posts. Currently, the majority of female employees work in office, product assembly and auxiliary production departments.

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As one of the important development strategies of the Group, based on the principle of “attract, retain, cultivate and utilize talents”, the Group is committed to creating a sound environment for all kinds of talents to shine and tap into their greatest potential. The Group applies the concept of “merit-based appointment” to the employment mechanism and implements a series of employment systems such as the job competition system and the duty performance reporting and assessment system, thus effectively selecting the best employees under the mechanism of “promoting the able, demoting the mediocre, and dismissing the incompetent” and creating a platform for talents to showcase their capabilities. A platform for development has been created with reference to the strategic plan for international development of the Group to offer high-quality human resources and a good training environment. All employees of the Group can, in accordance with the Management Rules of Hengxin Technology on Promotion to and Competition for Managerial Positions and the Management Rules of Hengxin Technology on International Talent Cultivation and giving due regard to the conditions of job competition and talent cultivation, lodge their applications for the Group's talent cultivation programme in writing, then the Human Resources Department will process the applications for the talent cultivation program and suitable candidates will be admitted to the talent cultivation system. Meanwhile, a ranking mechanism for technical personnel was initiated in 2019, which explicitly sets forth the competency and remuneration standards, and sets up targets with respect to learning and talent nurturing for the development of technical personnel.

According to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Regulations on Collective Contracts of Jiangsu Province, the Group will provide economic compensation in accordance with laws and regulations for situations involving the Group's unilateral proposal to terminate labor contracts.

Working Hours and Holidays

Pursuant to the Labor Law of the People's Republic of China and the Regulations of Jiangsu Province on Salary Payment, the corporate representatives and the employee representatives concluded the Corporate Collective Contract, the Special Collective Contract on Labor Safety and Health, the Special Collective Contract on the Protection of Female Employees, the Special Collective Contract on Wages, and the Special Collective Contract on Working Hours through negotiations, which clearly states remuneration, working hours, holidays and leaves, social security, welfare and other relevant matters.

Anti-discrimination and Equal Opportunity

The Group provides equal employment opportunities and fair job treatment, does not make discriminatory demands, and opposes any form of discrimination in the workplace, regardless of gender, race, marriage, biological, surname, geography, and religious belief, to protect workers' right of equal opportunities to employment; has clearly established a recruitment system, and prohibits any discriminatory terms in the recruitment descriptions or any express or implied discriminatory provisions in the conditions of employment, eliminates any form of identity discrimination and regards anti-discrimination as part of its social responsibility; upholds the principle of equal pay for equal work and ensures that women enjoy the same rights as men in terms of labor remuneration, benefits and welfare. During the Reporting Period, the Group had no confirmed incidents of discrimination.

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The Group also values women's rights. The labor union regularly leads and organizes the signing of the Special Collective Contract on the Protection of Female Employees with female employees, to ensure labor protection during pregnancy, maternity leave, breastfeeding leave, and other benefits for female employees, while also ensuring that positions are assigned reasonably based on their physical conditions. The Management Rules of Hengxin Technology on Employee Attendance and the System of Hengxin Technology on Employee Welfare also clearly stipulate benefits related to maternity leave, miscarriage leave, and special examinations for women. For female employees who are in need of recuperation during their pregnancy or cannot return to their normal work after their pregnancy leave due to personal reasons, an application for the termination of labor contract can be sought.

B2. Health and Safety

The Group attaches great importance to the health and safety of employees and is committed to providing employees with a healthy, safe and comfortable working environment. The Group strives to eliminate potential hazards in the workplace, and strengthen management in all aspects to ensure the safety and health of employees during work.

During the Reporting Period, the Group was not aware of any serious violations of laws and regulations related to health and safety that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the Labor Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China and the Fire Protection Law of the People's Republic of China.

During the past three years including the Reporting Period, the Group has not recorded any accidental incidents of work-related fatalities. The Group has 1 (2023: 3) recordable work-related injury incident, the number of lost working days due to work-related injuries was approximately 43 days (2023: approximately 471 days), and the number of lost working days due to work-related injuries per million revenue was 0.017 days. The Group has established the Management Rules of Hengxin Technology on Work-related Injuries to regulate and manage the procedures for handling work-related injuries. After the occurrence of work-related injury accidents, the Group should take immediate measures to send the injured employee to the hospital for medical treatment. No medical insurance card is allowed to be used, and such accidents shall be reported in a timely manner. If an employee is injured in an accident or is diagnosed or recognized as having an occupational disease in accordance with the regulations, he/she shall, within 30 days from the date of occurrence of the accident or the date of diagnosis or recognition of occupational disease, submit an application for recognition of the work-related injury to the local social insurance administrative department. In the event of special circumstances, the time limit for application may be appropriately extended with the consent of the social insurance administrative department. After the recognition of work-related injury accidents, the injured employee shall be notified in a timely manner to receive the work-related injury certificate, and after the relative stability of the injury after treatment, he/she shall be asked whether to apply for labor capacity disability level appraisal. If he/she needs to apply for the labor capacity appraisal, he/she shall fill out the application form for the labor capacity disability level appraisal in accordance with the appraisal procedure, and then go to the designated hospitals for disability appraisal according to the time agreed in the appointment letter for labor injury appraisal; Otherwise, such employee applies for reimbursement of medical expenses after signing an undertaking to waive the labor capacity disability level appraisal and other related matters. Employees who suffer from injuries or occupational diseases due to work-related accidents are entitled to medical treatment for work-related injuries.

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Employees who are injured at work shall seek medical treatment at a medical institution with which a service agreement has been signed, and in case of emergency, they may first go to the nearest medical institution for first aid. If an employee with a work injury undergoes rehabilitation at a medical institution specified in the service agreement, and the costs incurred align with the work injury insurance treatment project catalog, work injury insurance drug catalog, and work injury insurance hospitalization service standards, then these costs will be covered by the work injury insurance fund.

Employee Health and Safety

The Group is committed to providing a healthy and safe working environment for all employees, strictly observes the Work Safety Law of the People's Republic of China and other related regulations, and formulates safety production measures, aiming to prevent any accidents from occurring. Jiangsu Hengxin, a major operating subsidiary of the Group, has obtained the ISO45001 occupational health and safety management system certificate, and a qualified third-party occupational health verification center inspects the workshops annually to ensure the health and safety of employees. In order to further standardize the safety production work in the factory area, strengthen the implementation of safety responsibilities, enhance safety production management, regulate employee behavior, prevent personal injury, fatal accidents and serious accidents, ensure the safety of the Group's property and employee lives, and achieve procedural control of safety management, the Group has formulated the Management System of Hengxin Technology on the Red Line of Safety Production. The safety unit is responsible for the supervision and management of safety production in the factory area. Each center unit and related parties and units are responsible for the on-site red line management of safety production under their jurisdiction. It is strictly prohibited to operate without a license or direct unlicensed personnel to operate special equipment or engage in special operations; it is strictly prohibited to smoke in non-smoking areas or work after drinking; it is strictly prohibited

to dump hazardous chemicals in the workshop at will, and to mix hazardous wastes with other items; when entering the required workshop for operation, it is strictly prohibited to wear loose clothing (loose collars, loose cuffs, and loose hems), scarves or long decorative clothing, and female workers must have their hair tied up; it is strictly prohibited to start safety facilities for operation without confirming their normal operation (protective covers, protective plates, light curtains); it is strictly prohibited to touch operating and running equipment, facilities, and objects without taking safety measures; fire evacuation passages must be unobstructed, and it is strictly prohibited to move fire-fighting equipment without an emergency; in flammable and explosive areas, it is strictly prohibited to carry out hot work in violation of regulations without hot work approval, and it is strictly prohibited to work at heights without wearing a safety belt as required and enter confined space areas for work without work permits; it is strictly prohibited to carry or privately store controlled knives, hazardous chemicals and other prohibited items in the factory area and dormitory area; it is strictly prohibited to late reporting, underreporting, false reporting, or conceal production safety accidents. For violations of the red line, fines will be imposed by the Group depending on the severity of the circumstances. Those who violate the red line of safety and cause personal and property accidents in safety production will be dealt with in accordance with the Management Rules of Hengxin Technology on Employee Reward and Punishment and the Management Rules of Hengxin Technology on Work-related Injuries. Meanwhile, the Group arranges pre-employment physical checkups for new employees, and arranges occupational health checkups and welfare-based physical checkups for incumbent employees each year. In addition, managers of workshops are also trained to handle medical emergencies and each workshop is equipped with a medical kit. Employees engaged in special operations are required to receive training at the designated training institutions and can only engage in the operations after obtaining the qualification certificate. The Group has also established the Control Procedures on Emergency Preparedness and Response, which stipulates the preventive and handling measures for various potential accidents or emergencies of the Group, in order to prevent

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or reduce the possible accompanying environmental impacts or occupational hazards, including fire, chemical leakage, pressure vessel explosion, mechanical work-related injuries, heat stroke, electric shock, etc. The Emergency Response Plan formulated by the Group stipulates the handling methods, duties and requirements in the event of various emergencies in order to minimize the environmental and safety impacts caused by emergencies, and organizes relevant personnel to conduct training on the content. The emergency facilities and materials required in the emergency response plan must be well-equipped, and employees who encounter work-related accidents will be investigated and handled in accordance with the Management Rules of Hengxin Technology on Work-related Injuries. The Group regularly monitors the effectiveness of the above policies and procedures.

The Group has promoted a factory-wide safety culture, convened monthly safety meetings and conducted hazard inspections and corrective actions every month. Each year in June, its designated safety production month, Jiangsu Hengxin organizes activities covering issues such as safety production education, emergency drills for hazardous chemical leaks, fire hose usage, forklift operation, safety hazard investigation, and healthy living. In addition, Jiangsu Hengxin has launched a competition named "Health and Safety Cup" to promote workplace safety at all levels within the Company, and conducted activities such as the safety pledge and signature campaign, collection and appreciation of adages on safety, promotion of and education on road traffic safety as well as fire drills and practices. During the Reporting Period, the Group's employees participated in a series of safety training and drills, including safety training on resumption of work and production, forklift safety training, special emergency response plan drills for oil leakage accidents in the warehouse, and environmental protection emergency drills, etc.

In addition, the Group cares for employees and attaches great importance to their mental health, encourages employees to achieve a balance between work and life, and organizes social activities to enhance team cohesion, relieve work pressure and create a good working atmosphere. The Group also provides life health and safety information to employees to enhance their health awareness.

B3. Development and Training

The Group aims to introduce a healthy atmosphere of cultivating, selecting and utilizing talents, and tailors a career development path to the personal growth and abilities of each employee. To promote sustainable human resources development, the Group has created a mentoring program and implemented dynamic management for reserve talents. In recent years, the Group's employees have been awarded the titles of "Social Mothers" and "Outstanding Communist Party Members" by the government every year, and the employee of Jiangsu Hengxin was awarded the honor of "National Outstanding Worker of the Labor Union" during the Reporting Period.

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Employee Development and Training

In order to ensure that employees keep abreast of the times and continue to make progress, the Group has also implemented an “Internal Trainer” system and formulated the Management Rules of Hengxin Technology on Training to standardize the learning system and lay a solid foundation for the realization of knowledge sharing, encouraging employee development and achieving knowledge transparency. Meanwhile, the Group actively organizes a variety of activities including operational skills training, thematic training, and outreach training to help employees learn skills through activities and promote the improvement of their overall quality, while enhancing the Group’s overall competitiveness.

The Group’s employees are divided into six categories, which are management, marketing, professional, technical, operations, and general affairs. The management category consists of managers at the deputy director level and above; the marketing category includes employees engaged in sales locally and overseas; the professional category is composed of employees from human resources, administrative management, planning management, business management, supply management, production support, job information, and financial management, etc.; the technical category covers technical engineers engaging in technical processes, production technology, technology research and development, quality engineering, mechanical engineering, and electrical engineering, etc.; the operations category consists of frontline production workers; and the general affairs category includes logistics staff and drivers.

The Group pays attention to talent cultivation through cross-specialisation and focuses on the development of “Four Teams” (i.e. technical, backup, reserve, and overseas talent teams) that are aligned with the future development of the Group. In accordance with the cultivation programs for the “Four Teams”, and the implementation of a job rotation training system with a focus on job practice supplemented by deputation, the Group has established a diversified talent training model. In order to adapt and meet the needs of rapid development, the Group has formulated the Management Rules of Hengxin Technology on Lecturer to ensure that the lecturers are consistent with the Group’s business philosophy, and a series of complete selection criteria and scoring systems have been established to specify the types of courses and job duties. This promotes and supports employees in receiving comprehensive and effective training in response to the needs of the Group from all aspects. At the same time, the Group also formulated the “Internal Lecturer Rating and Assessment Criteria” and “Lecturer Incentive” mechanisms for lecturers to ensure the continuous improvement of the level and positive performance of lecturers, in line with the Group’s goals and philosophy. The Group has also formulated the System of Hengxin Technology on the Talent Cultivation and Development Framework. After completing the standard course training for the position and passing the assessment, the employees may take the initiative to apply to the Human Resources Department or the Human Resources Department may arrange for the training of relevant courses for the higher level positions or other parallel positions. The full score of the standard course for employees is 100 points, and the standard course consists of three major categories: public course, professional course and management course. The weighted score of each type of standard course is determined according to factors such as position series, position type and position name, as shown in the table below:

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No.	Categories	Positions	Weight score of management courses	Weight score of public courses	Weight score of professional courses	Total
1	Management	Deputy director	30	20	50	100
2		Director	30	20	50	100
3		Deputy manager	30	20	50	100
4		Manager	30	20	50	100
5		Assistant of deputy general manager	50	20	30	100
6		Deputy general manager	50	20	30	100
7	General manager		50	20	30	100
8	Profession		10	20	70	100
9	Marketing		10	20	70	100
10	Technology		10	20	70	100
11	Operation		10	20	70	100
12	General affairs		10	20	70	100

The Construction and Management Rules of Hengxin Technology on the Talent Cultivation Framework of the Group further implements the talent strategy by assessing lecturers according to the three dimensions of “position rank, cumulative lectures given in previous stage and training skill level”, and lecturers who satisfy two of these dimensions will be eligible to pass the assessment and become lecturers of the corresponding level. Lecturers

in each unit of the Group are uniformly managed by the Human Resources Department with reference to the rank of lecturer. For the recognition of the cumulative lectures given in previous period, each unit shall provide training certificates and the validity period of the lectures shall be traced back to 12 months upwards. The specific lecturer levels and the corresponding standards for lecturers at each level are as follows:

Lecturer rank	Position rank	Cumulative lectures given in previous period	Training skill level
Experienced lecturer	Assistant of deputy general manager and above	12	Competency assessment ≥ 95 points
Senior lecturer	Deputy manager and above		Competency assessment ≥ 90 points
Intermediate lecturer	Deputy director and above		Competency assessment ≥ 85 points
Lecturer			Competency assessment ≥ 80 points
Assistant lecturer	Regular staff	0	Competency assessment ≥ 75 points

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Regarding training courses, the Group arranges professional training and development plans for employees including financial services expertise, IT expertise, customer service or product information training, lectures and guidelines on relevant regulations, anti-corruption professional training, and other related training courses. The Group also strongly encourages directors and senior management to participate in training related to the Listing Rules and corporate governance of the Stock Exchange, to improve the level of internal control and corporate governance continuously. In addition, the Group also encourages accountants and the Group's secretarial staff to regularly update relevant professional knowledge. During the Reporting Period, the training and development data by different categories are as follows:

Category	Percentage of trained employees ¹	Breakdown of trained employees ²	Average training hours ³	Percentage of employees receiving regular performance and career development reviews ⁴
	2024	2024	2024	2024
Overall	96.11%	/	33.42	66.34%
By gender				
Male	97.04%	79.09%	32.87	64.94%
Female	92.75%	20.91%	35.40	71.37%
By employee category				
Senior management	66.67%	1.20%	33.38	95.24%
Mid-level management	82.22%	3.18%	35.04	93.33%
Junior level	86.84%	8.52%	8.27	100.00%
Professional and technical	97.64%	24.96%	61.20	99.33%
Marketing	95.92%	8.09%	19.79	91.84%
Production	100.00%	50.09%	20.66	32.99%
Others	88.46%	3.96%	97.00	94.23%

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Remark(s):

- 1. The percentage of trained employees = number of trained employees during the Reporting Period ÷ number of employees at the end of the Reporting Period × 100%. The Group has refined its data collection process during 2024. Therefore, it was unable to provide comparative data.
- 2. The breakdown of trained employees = number of trained employees during the Reporting Period ÷ total number of trained employees during the Reporting Period × 100%. The Group has refined its data collection process during 2024. Therefore, it was unable to provide comparative data.
- 3. The average training hours = number of training hours during the Reporting Period ÷ number of employees at the end of the Reporting Period. The Group has refined its data collection process during 2024. Therefore, it was unable to provide comparative data.
- 4. The percentage of employees receiving regular performance and career development reviews = number of employees receiving regular performance and career development reviews during the Reporting Period ÷ number of employees at the end of the Reporting Period × 100%. The Group has refined its data collection process during 2024 and provides this data starting from 2024.

B4. Labor Standards

Prevent Child Labor and Forced Labor

The Group strictly prohibits any child labor and forced labor. According to provisions of the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations of Jiangsu Province on Collective Contracts and the Group's Special Collective Contract on the Protection of Female Employees, the Group only hires employees aged 18 full years and above. The Management Rules of Hengxin Technology on Recruitment also expressly prohibits the employment of those under 18; those who are unable to provide complete information before reporting for duty; those who hold fake ID cards, academic certificates, or other fake certificates; those who are involved with local black or evil forces or gangs or those who have a record of violating the law, or those who have been sued and wanted by judicial authorities; and foreign workers who have not gone through the domestic employment procedures and so on. The Group opposes forced labor and child labor and related matters, to protect the rights and interests of the employees. This minimum age requirement is specified in the recruitment information published on all recruitment channels of the Group. The Group also informs the candidates of this requirement during interviews and employment procedures, and double checks the identity information of the candidates within the scope as permitted by national laws and regulations.

In addition, the Management Rules of Hengxin Technology on Employee Attendance prescribes that all departments of the Group shall exercise strict control and review overtime hours. To improve work efficiency and fully utilize normal working hours, in the event that overtime is unavoidable due to task demands, an overtime application must be submitted and approved in advance. Meanwhile, the Group has set up a labor union where employees can negotiate and monitor their rights and interests on equal footing, so as to prevent any circumstances of forced labor from happening.

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During the Reporting Period, the Group was not aware of any serious violations of laws and regulations related to child labor and forced labor that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. If any employee is suspected being involved in a violation of the law, the employee shall report to the department head or the Human Resources Department. Once the Group finds any non-compliance with relevant labor laws, regulations or standards, the relevant employment contract will be terminated immediately.

B5. Supply Chain Management

The Group attaches great importance to the management of potential environmental and social risks in the supply chain. Therefore, the Group has established a strict and standardized procurement policy system and supplier selection process, such as the Management Regulations of Hengxin Technology on Materials Suppliers and the Regulations of Hengxin Technology on Supplier Admission to more effectively strengthen the supervision of the supply chain and procurement process. The Group also encourages suppliers to use low-carbon and energy-efficient products and materials to promote their sustainable development. During the Reporting Period, the Group had a total of 131 suppliers (2023: 388 suppliers). The distribution of suppliers by geographical region is as follows:

By geographical region	2024	2023
China	131	386
Hong Kong	–	2

Supplier Quality Review

The Group selects suppliers through a bidding process based on a number of factors, such as the ability to maintain a stable quality of products, pricing, on-time delivery, financial conditions, and service levels, etc. The Group also conducts supplier certification and assessment, including their credit background, the relevant certificates or permits that they possess, production capacity, equipment and product quality, etc. The Group conducts on-site inspections for the suppliers that meet the relevant requirements, and only suppliers that pass sample testing are enlisted as qualified suppliers of the Group. In addition, suppliers need to ensure that the products and parts (including semi-finished products, finished products, raw materials, ancillary products and packaging, etc.) they provide are all in compliance with the limit requirements of the “European Union Restriction of Hazardous Substances Directive (“RoHS”) 2011/65/EU Annex II Amends Directive (EU) 2015/863”. All of the suppliers were engaged and evaluated under the aforementioned practices.

For the procurement of major bulk materials, the Group invites bidding from time to time, with the proportion of the procurement through bidding accounting for approximately 99% of total procurement. The Group sets up a bid invitation team consisting of heads of the related departments and the General Manager, which will comprehensively evaluate the proposals of qualified suppliers and determine the successful bidders by considering a variety of factors, including bidding price and product quality, etc. For suppliers that have worked with the Group in the past, the timeliness of their delivery, the level of services and other relevant factors are also taken into consideration. The Group assesses

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its suppliers fairly and justly by material categories quarterly, half-yearly or yearly, and the performance assessment results serve as an important basis for subsequent bid invitation and bid evaluation. In addition, the Group selects certain major suppliers by inspecting and auditing their factories based on actual conditions each year, for the purposes of checking and verifying the supply of raw materials and their on-site management and control.

Supplier Environmental and Social Risk Review

The Group has been committed to ensuring that suppliers meet the environmental and social risk control requirements and strictly abide by national laws and regulations. All major suppliers are required to carry out standardized operations in accordance with the requirements of their customers, such as environmental, occupational health and safety and other aspects. Therefore, the Group also requires its suppliers to undertake their corporate social responsibility and comply with labor laws and other relevant laws and regulations. During bid invitations, the Group requires suppliers to sign the Supplier Social Responsibility Proposal, Supplier Environmental Protection Treaty and Non-use Conflict Minerals Agreement, Anti-terrorism Commitment, Business Partner Trade Safety Supplementary Agreement, Business Partners Comply with C-TPAT Trade Safety Policy Statement/Agreement and Compliance Commitment, to ensure that the relevant corporate policies of the suppliers align with the policies of the Group.

The Group also has formulated the Management and Control System of Hengxin Technology on Business Risk to regulate the sales and procurement business activities, thereby preventing and controlling business risks. Measures include but are not limited to requesting information from suppliers, conducting business exchanges with them, and on-site inspection of the supplier's operations, etc. The Group integrates the information obtained to form a written "Customer Personnel Business Communication Report" and "Customer Operation Site Inspection Report", and draw up a list of Class A customers

for procurement based on the situation to submit to the credit evaluation agency for certification, thereby greatly reducing social and environmental risks in the supply chain.

The Group attaches importance to the environmental impacts of the purchased goods and services. More environmentally friendly products or services should be procured by the Group when it is feasible, to minimize negative impacts to the environment and human health, and conserve natural resources. To encourage suppliers to pursue sustainable development in their operations, the Group maintains close communication with suppliers and shares the latest knowledge about quality and safety, good employment and environmental practices. The Group also provides necessary guidance on how to implement environmental measures throughout the supply chain. During the Reporting Period, the Group had 23 new suppliers, of which 100% suppliers were selected against the Group's environmental criteria.

The Group maintains a stable relationship with its suppliers, and has never encountered any significant problems with regard to the supply of raw materials to meet its production needs, and does not rely on any specific supplier to provide raw materials. The Group will regularly monitor the effectiveness of the above policies and procedures.

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B6. Product Responsibility

Emphasizing product quality and service quality has always been the operating principle of the Group. Therefore, the Group has always adhered to product quality excellence, actively implementing internal control and maintaining communication with customers to ensure to produce and provide high-quality and safe products for all customers.

During the Reporting Period, the Group was not aware of any violations of laws and regulations related to products and services related to health and safety, advertising, labeling and privacy matters, and remedies that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Law of the People's Republic of China on Technology Contracts.

Product Safety

In order to improve production efficiency and minimize product quality problems, the Group actively invests in the procurement of new advanced manufacturing equipment to provide reliable equipment support for the inspection of production materials and products. All materials used by the Group meet the requirements under the RoHS, which limit the use of certain hazardous substances in electronic and electrical devices. The Group also requires its raw material suppliers to provide appropriate supporting documents and conduct regular reviews.

The Group adopts a standardized quality control system in each production process, including production process, finished product inspection and service. The Group also has a professional quality control team responsible for quality control work to ensure that the quality of the products meets various standards. In addition, the Group also requires the inventory warehouse to do the necessary dust-proof, moisture-proof, fire-proof and explosion-proof protection to ensure the quality and safety of materials and products. Jiangsu Hengxin, the principal operating subsidiary of the Group, has obtained ISO9001 quality management system certification. The Group has also formulated the Control Procedures on Substandard Products and Control Procedures on Product Recall to control the product recall process. During the Reporting Period, the Group did not receive any cases of sold or shipped products requiring recall due to safety and health reasons (2023: nil). The Group's Control Procedures on Product Recall categorize recalls into three types based on health problems or deaths of users; recalls where the hazard or defect in the recalled product is predictably capable of causing serious health problems or deaths of users are classified as Class I recalls, recalls where the hazard or defect in the recalled product is likely to cause temporary health problems to users are classified as Class II recalls, and recalls where the recalled product itself is not likely to cause adverse health reactions in users, but only violates the relevant policies and regulations of the home country or importing country are classified as Class III recalls.

For Class I recalls, the Group shall ensure that all hazardous or defective products are recalled and scrapped; for Class II recalls, the Group shall ensure that all hazardous or defective products are recalled and repaired or disposed of; and for Class III recalls, the Group shall ensure that the product does not continue to be sold or used in the market. After a product is recalled, the Group must analyze the cause, formulate feasible preventive and corrective measures, and, after obtaining approval, notify all internal staff and customers.

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Customer Service

The pursuit of maximum customer satisfaction is the basic criterion of the Group's customer service. The Group provides consumers and customers with a high-quality and warm service experience through standardized service quality, humanized service process and standardized service management. The Group has established a Management System on Product Return and Exchange, and a project service department to deal with all kinds of issues reported by customers and responds to customer demands round the clock. A report will be submitted while the Group will continuously resolve the customer's problem.

The sales managers of the market development department keep detailed records of all the returned and exchanged products, including the reasons for the returns, the detailed names, specifications, models and selling prices of the returned products, whether a contract is signed, the order date, etc., and conduct onsite check and confirmation. Certificates of customers' return request must be shown if there is any customers' reason for the return. After approval from the regional manager, the returns and exchanges are handled by the finance team of the business department, and the acceptance form of the returned products will be filled out for record. Then, the returned products will be sent to the quality department and technical department for re-inspection and repair. Only the products that have been repaired and qualified can be sold in the market again. The Group will immediately address cases of customers requesting returns or exchanges, reship products, and ensure that they are qualified for the customers' receipt and use.

During the Reporting Period, the Group received a total of 3 (2023: 2) complaints about products and services, including the 0.8 km RF Coaxial Cables, 2 antennas and 2 jumpers. In order to protect the rights and interests of customers and after-sale satisfaction, the Group took immediate follow-up actions, retrieved the products immediately upon being informed, and processed exchanges for the customers. Therefore, the Group has reached a consensus with customers in all complaint cases. The return and exchange percentages for the Group's RF Coaxial Cables products, antenna products and module products were 0.00068%, 0.0018% and 0.000045%, respectively.

Customer Privacy Protection

The Group implements a high level of security and confidentiality standards to protect the privacy of personal data, strictly abides by the regulations on data privacy, and is committed to safeguarding and protecting personal data. The Group has an internal policy on the collection of personal data from data subjects and the processing of such data, and will regularly monitor the effectiveness of relevant policies. In accordance with the Management Implementation Details of Hengxin Technology on Confidentiality, the Group is required to comply with the privacy policy statement to inform customers of the general policies and practices regarding the collection, storage and use of personal data. In addition, the Group must comply with the personal data collection statement when collecting personally identifiable information from individuals, so that customers can be aware of certain matters related to the collection of their specific personal data.

Unless with the written consent of the customer, the Group will not use personal data for promotional purposes or provide personal data to third parties for such purposes. At the same time, the Group maintains security measures to prevent unauthorized use of personal data. During the Reporting Period, the Group did not receive any substantiated complaints of invasion of customer privacy or loss of customer data.

SOCIAL RESPONSIBILITY

Intellectual Property Rights

The Group attaches great importance to intellectual property rights, so the Group actively applies for patents and protects its intellectual property rights. To drive innovation, the Group has established a reward system for various types of innovations and patents based on their degree of novelty and their contribution to the Group, and rewarded their creators accordingly. As of 31 December 2024, our research and development team accounts for approximately 19.19% of the total workforce. By actively encouraging employee to participate in research and development, the Group aims to further enhance product quality and technical standards, bringing more innovative solutions to the market. During the Reporting Period, a total of 16 authorized inventions and 6 newly developed radio frequency products were secured in terms of radio frequency products. A total of 17 invention patents were filed and 8 new antenna products were developed in terms of wireless products.

The Group has been certified as an intellectual property management demonstration unit, and complies with the GB/T29490-2013 Enterprise Intellectual Property Management Standards to actively promote the corporate intellectual property management works. The Group has set up an intellectual property management unit consisting of specific employees with relevant knowledge, skills and experience to deal with matters in relation to product advertising, labeling and privacy of the Group. In addition, the Group has also established a sound working mechanism and a systematic, standardized, and normalized system for intellectual property management, and regularly organizes and develops intellectual property education and training in accordance with the regulatory

requirements of the Regulations of Jiangsu Province on Enterprise Intellectual Property Management to ensure further standardization of intellectual property management, promote its broader application, accelerate the conversion of intellectual property rights into productivity and improve the core competitiveness of the Group.

The Group adheres to the requirements of scientific ethics, identifies and evaluates the environmental and social impact of its research and development projects, and strictly prohibits research and development projects that infringe upon the fundamental rights of individuals or jeopardize the public interest of society.

Advertising and Labeling

The Group promulgated the Management Rules of Hengxin Technology on Branding, Market Planning and External Publicity Targets as its corporate promotion policies. By cooperating with professional advertising media and new media, the Group has expanded its promotional scope and strengthened its promotional efforts to constantly enhance its overall brand image and boost its presence and reach in the industry, domestic and overseas markets as well as in the social sphere.

The Group strictly abides by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. All product and business information related to the Group must be strictly reviewed before being released to the public to prevent any use of false information to mislead customers in the process of publicity, promotion and exhibition.

SOCIAL RESPONSIBILITY

B7. Anti-corruption

The Group understands that sound corporate governance is essential to its sustainable development. Therefore, the Group attaches great importance to anti-corruption and honesty and system construction, and strives to create a fair, open, just, standardized and efficient internal management atmosphere, and requires employees, especially the management, to regard honesty, trustworthiness, and integrity as the most basic code of conduct.

During the Reporting Period, the Group was not aware of any serious violations of laws and regulations related to bribery, extortion, fraud and money laundering that had a significant impact on the Group, including but not limited to the Criminal Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China, the Company Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China. During the Reporting Period, there were no confirmed incidents of corruption or public legal cases regarding corruption brought against the Group or its employees (2023: nil).

Anti-money Laundering and Counter-terrorism Financing

The Group has formulated the Management System of Hengxin Technology on Integrity Credit Risk, the Management System of Hengxin Technology on Anti-corruption and Integrity and the Management Rules of Hengxin Technology on Invoices to strengthen management and control over the integrity credit risks of employees, suppliers and customers, eliminate and mitigate risks of losses incurred by the Group due to the dishonest behavior of employees, suppliers or customers, while auditing, verifying, using and managing the integrity credit risk information in an orderly manner, so as to prevent damages from external integrity credit risks. The Group strictly prohibits any form of

bribery or other improper payment of money in the course of business operations. The Management System of Hengxin Technology on Anti-corruption and Integrity of the Group strictly opposes anyone taking advantage of the work convenience and the power in his hand to embezzle or misappropriate corporate property through improper means, opposes the use of corporate public resources to engage in malpractices such as favoritism or fraudulent practices, using public office for private gain and benefiting private interests at the expense of the Company to seek improper benefits for oneself or others; resolutely opposes acts that violate the principles of fairness and justice and seek illegal benefits through all improper means. Employees are not allowed to accept personal cash, shopping cards and coupons, securities and payment vouchers from any business company. In cases where acceptance cannot be refused for various reasons, it must be promptly reported to the Company's administrative module for unified processing. This includes samples and product gifts that the business company does not retrieve; holiday gifts, gift baskets, etc. given by business company; other valuable physical items, activities, etc. with practical value donated by the business company; the collective inspection, studies, travel and other outdoor activities organized by the business company; various types of cash, shopping cards and coupons, securities and payment vouchers that cannot be refused as gifts from business companies. These provisions are applicable to all business activities, regardless of whether the person involved is a government official or from the business community, and such payments should not be confused with reasonable and limited expenditures for gifts, rewards and other legitimate activities directly related to the businesses and operation of the Group.

SOCIAL RESPONSIBILITY

To ensure that employees understand and prevent any forms of illegal activities from occurring in daily operations, thereby safeguarding the Group's compliance operations and reputation, the Group strives to provide compliance training for directors and employees, and encourages them to actively understand the latest developments and future trends in global anti-money laundering and compliance work. During the Reporting Period, 8 directors of the Group received an average of approximately 1.5 hours of training (2023: 5 directors and 271 employees received a total of approximately 7.5 hours and 391 hours, respectively). The training covered relevant laws on anti-corruption, anti-money laundering and counter-terrorism financing, corporate integrity governance and ethics.

Whistleblowing Mechanism

The Group has formulated the Fraud and Whistleblowing Policy, which aims to establish and promote control measures to assist in the detection and prevention of fraud and other violations. The Group is committed to the highest standards of ethical and legal business practices, and will not tolerate any retaliatory actions against complainants, including termination of employment, demotion, written condemnation, failure to grant rewards or welfare, or any form of discrimination, refusal, or threat. All data will be kept confidential. Employees should report the wrongdoing in writing, in person, by mail or via email to the company secretary of the Group. If reporting to the administrative staff is inappropriate, the whistleblower can report directly to the chairman of the Audit Committee (the "AC"). After receiving the report, the administrator should investigate and submit the matter to the management or the AC. The AC will maintain records of all reports, actions taken and results under this policy with the assistance of administrative personnel, and report the records to the Board. The address is 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624. The Group explained in detail the clearly accessible channels to report fraud, corruption, fraud or other similar incidents, as well as the investigation procedures after receiving a complaint.

The Group intends to protect whistleblowers from general concerns such as confidentiality and potential retaliation. Therefore, for employees who file good faith accusations under the reporting mechanism, even if the report is later proven to be unfounded, the Group will not take disciplinary actions. The Board, acting on the recommendations of the AC, has the responsibility to ensure the maintenance, regular review, and updating of the policy. Revisions, amendments, and alterations to the policy can only be implemented upon approval by the Board with the recommendations of the AC, and employees must be notified in writing when these changes occur.

B8. Community Investment

The Group believes that giving back to society by participating in social activities and contributing to society is a form of demonstrating corporate citizenship. Therefore, the Group always pays attention to the difficulties and needs of the society and disadvantaged groups, actively repays and contributes to the society, and promotes social harmony. The Group actively cooperates with public welfare and charitable organizations, organizes social activities for the purpose of public welfare and charity, and establishes a good public image while fulfilling its social responsibilities. Over the years, the Group has established various types of awards and funding programs, such as scholarships, bursaries, etc., to encourage students from poor families and with excellent academics to become professionals in various industries. The Group has also developed relevant policies, such as the Notice on the Launch of "All-staff Charity" Activity Program and the Management Rules on Labor Union Activities, which stipulate that party members and activists must participate in the "All-staff Charity" activities at least twice a year, while other employees should participate in such activities at least once a year.

SOCIAL RESPONSIBILITY

Corporate Social Responsibility

The Group has always incorporated social responsibility into its overall development by actively participating in charitable donations and partnerships, and mobilizing employees to be involved in community activities, so as to bring tangible changes to the community. The Group has participated in various public welfare activities such as poverty alleviation, education donations and community construction.

During the Reporting Period, the Group continued to undertake the mission of returning to society through the following activities:

Type	Month	Activities
Poverty Alleviation	January	The Group participated in the poverty alleviation procurement activity organized by the Huangtuyuan Speciality Products Cooperative in Yanchang County and donated a total of approximately RMB 110,000.
	May	The Group donated a total of approximately RMB 20,000 to the People’s Government of Baren Township in Shule County, Xinjiang.
	September	The Group donated a total of approximately RMB 500,000 to the Yixing Charity Federation.
Caring for the Elderly	December	The Group donated a total of approximately RMB 26,000 to the Senior Citizens Association in Dingshu Town, Yixing City.
Community Construction	August	The Group donated a total of approximately RMB 50,000 to the Rural Revitalization and Development Service Center in Huanan County, Heilongjiang Province for the fresh corn processing project in Yugong Village, Tuoyaozi Town, Huanan County.
	August	The Group donated a total of approximately RMB 3,000 to the Office of the People’s Government in Shule County, Xinjiang for incentives projects for primary cadres.
	September	The Group donated a total of approximately RMB 50,000 to the Science and Technology Bureau in Shule County, Xinjiang for publicity and training project in High-tech Park, Shule County.
Education Donation	November	The Group participated in the targeted donation activity of Dingshu Senior High School organized by Yixing Charity Federation to provide charitable education and donated a total of approximately RMB 100,000.

STOCK EXCHANGE'S ESG REPORTING GUIDE INDEX

Mandatory Disclosure Requirements		Chapter/Statement
Governance Structure Reporting Principles Reporting Scope		Preface and Environmental, Social, and Governance Approach – ESG Governance Structure Reporting Framework Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Responsibility – A1. Emissions
KPI A1.1	The types of emissions and respective emissions data.	Environmental Responsibility – A1. Emissions – Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Responding to Climate Change – Metrics and Targets
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Responsibility – A1. Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Responsibility – A1. Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Responding to Climate Change – Metrics and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Responsibility – A1. Emissions – Waste Management

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Responsibility – A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption (e.g., electricity, gas or oil) by type in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Environmental Responsibility – A2. Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Environmental Responsibility – A2. Use of Resources – Water Resources Management
KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	Environmental Responsibility – A2. Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	Environmental Responsibility – A2. Use of Resources – Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Responsibility – A2. Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Responsibility – A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change – Strategy
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

STOCK EXCHANGE'S ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social Responsibility – B1. Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social Responsibility – B2. Health and Safety
KPI B2.1	The number and rate of work-related fatalities in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	

STOCK EXCHANGE'S ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Responsibility – B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Social Responsibility – B4. Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Responsibility – B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are enforced and monitored.	Social Responsibility – B5. Supply Chain Management – Supplier Quality Review
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Responsibility – B5. Supply Chain Management – Supplier Environmental and Social Risk Review
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Responsibility – B5. Supply Chain Management – Supplier Environmental and Social Risk Review

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Social Responsibility – B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Responsibility – B6. Product Responsibility – Product Safety
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Social Responsibility – B6. Product Responsibility – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social Responsibility – B6. Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and product recall procedures.	Social Responsibility – B6. Product Responsibility – Product Safety, Customer Service
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social Responsibility – B6. Product Responsibility – Customer Privacy Protection

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social Responsibility – B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social Responsibility – B7. Anti-corruption – Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social Responsibility – B7. Anti-corruption – Anti-Money Laundering and Counter-terrorism Financing
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests.	Social Responsibility – B8. Community Investment
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	

GRI STANDARDS INDEX

Statement of use	Hengxin Technology Ltd. has reported the information cited in this content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Chapter/Statement
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	For details, please refer to the annual report of the Group.
	2-2 Entities included in the organization’s sustainability reporting	Reporting Scope
	2-3 Reporting period, frequency and contact point	About this Report – Reporting Period, Contact Us This Report will be issued on 30 April 2025.
	2-4 Restatements of information	Responding to Climate Change – Metrics and Targets Environmental Responsibility – A2. Use of Resources – Energy Management, Water Resources Management
	2-5 External assurance	This Report has not undergone external assurance.
	2-6 Activities, value chain and other business relationships	For details, please refer to the annual report of the Group.
	2-7 Employees	Social Responsibility – B1. Employment
	2-8 Workers who are not employees	The Group had no workers who are not employees.
	2-9 Governance structure and composition	Preface and Environmental, Social, and Governance Approach – ESG Governance Structure For other details, please refer to the annual report of the Group.
	2-22 Statement on sustainable development strategy	Preface and Environmental, Social, and Governance Approach – ESG Governance Structure
	2-26 Mechanisms for seeking advice and raising concerns	Social Responsibility – B7. Anti-corruption
	2-27 Compliance with laws and regulations	During the Reporting Period, the Group had no significant instances of non-compliance with laws and regulations, nor were there any fines.
	2-29 Approach to stakeholder engagement	Stakeholder Engagement

GRI STANDARDS INDEX

GRI Standard	Disclosure	Chapter/Statement
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment
	3-2 List of material topics	
Climate Change, Risk Management and Internal Control		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responding to Climate Change
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
Exhaust Gas Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility – A1. Emissions – Exhaust Gas Emissions
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility – A1. Emissions – Waste Management
GRI 306: Waste 2020	306-3 Waste generated	
	306-4 Waste diverted from disposal	

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GRI Standard	Disclosure	Chapter/Statement
Energy Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility – A2. Use of Resources – Energy Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	
	302-3 Energy intensity	
Water Resource Management, Wastewater Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility – A1. Emissions – Wastewater Management Environmental Responsibility – A2. Use of Resources – Water Resources Management
GRI 303: Water Resources and Effluents 2018	303-5 Water consumption	Environmental Responsibility – A2. Use of Resources – Water Resources Management
Use of Packaging Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility – A2. Use of Resources – Use of Packaging Materials
GRI 301: Materials 2016	301-1 Materials used by weight or volume	
Employee Salary and Benefits, Anti-discrimination and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B1. Employment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	

GRI STANDARDS INDEX

GRI Standard	Disclosure	Chapter/Statement
Employee Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B2. Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
403-9 Work-related injuries		
Employee Development and Training		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B3. Development and Training
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
Prevent Child Labor and Forced Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B4. Labor Standards
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	

GRI STANDARDS INDEX

GRI Standard	Disclosure	Chapter/Statement
Supplier Quality Review		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B5. Supply Chain Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	
Product Safety, Customer Service, Intellectual Property Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B6. Product Responsibility
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Anti-corruption, Anti-money Laundering and Counter-terrorism Financing, Whistleblowing Mechanism		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B7. Anti-corruption
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	
Corporate Social Responsibility		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Responsibility – B8. Community Investment
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	

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