

2023

Environmental, Social and Governance (ESG) Report

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT




SHINE WORLDWIDE, INTELLIGENCE DRIVE FUTURE

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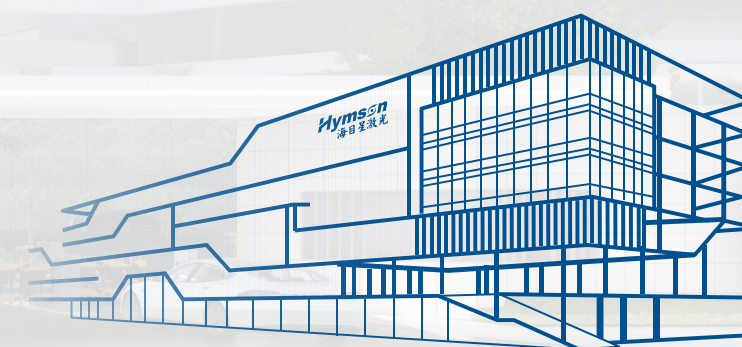
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About This Report

This Report is the first Environmental, Social, and Governance (ESG) report published by Hymson Laser Technology Group Co., Ltd. to disclose our philosophies, practices, and performance in the economic, social, and environmental areas in 2023. By publishing the ESG report, we aim to establish efficient communication channels with stakeholders, jointly explore the path of sustainable development, build consensus, and promote sustainable development.

Reporting period

This Report covers the period from January 1, 2023, to December 31, 2023, with some content carried over to the previous and subsequent years as appropriate.

Reporting scope

Hymson Laser Technology Group Co., Ltd. is the main subject of this Report, including its subsidiaries and joint ventures.

Basis of preparation

Global Reporting Initiative Standards (GRI Standards) of the Global Sustainability Standards Board (GSSB)
Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) by the Chinese Academy of Social Sciences

United Nations Sustainable Development Goals (SDGs) for 2030

Guidelines of Shanghai Stock Exchange for Self-discipline Supervision of Listed Companies

ISO 26000: Guidance on Social Responsibility (2010) by the International Organization for Standardization

The Ten Principles of the UN Global Compact (UNGC)

Data sources

The data used in this Report comes from our official documents, statistical reports, and public information.

Assurance of reliability

Our board of directors warrants that this Report does not contain any false information, misleading statements, or significant omissions.

Guidance on titles

For ease of reading, "Hymson Laser Technology Group Co., Ltd." is sometimes referred to as "Hymson", "the Company", or "We" in this Report. All abbreviations used in this Report have the same meaning as those defined in the Annual Report 2023.

Report availability

This Report is available in electronic format. You may log into our website (www.hymson.com) or the website of the Shanghai Stock Exchange (www.sse.com.cn) to download the electronic version of this Report. You may also contact us by sending an email to ir@hymson.com or calling us at 0755-23325470 to obtain a copy of this Report.

Feedback

For any inquiries or feedback regarding this report, please scan the QR code on the right or reach out through the contact details provided in the "About This Report" section. Thank you!



Executive Address



The year 2023 marks Hymson's 15th anniversary, and a pivotal moment for the industry to transition to a new landscape. Throughout these 15 years, Hymson has steadfastly navigated challenges, guided by our enduring corporate ethos of "Perseverance and Commitment." From our inception, we have aspired to establish Hymson as a frontrunner in the global industrial laser and automation sector. Through relentless effort and strategic expansion, we have remained dedicated to harnessing laser and automation technologies within intelligent industrial manufacturing, thereby delivering superior automation solutions to our clients. We highly value ESG and integrate ESG principles into our research, development, production, sales, and other routine business activities to achieve long-term sustainable development.

Environmental responsibility

While the whole world is transitioning to a low-carbon environment, we actively integrate the concept of green and low-carbon development into our business management, and have established a sophisticated climate governance mechanism to fully manage climate risks and opportunities. Our company headquarters, as well as our major manufacturing bases, Hymson Jiangmen and Hymson Jiangsu, have all been certified with and are effectively maintaining the ISO 14001 environmental management system. Moreover, Hymson Jiangsu was successfully certified for the ISO 50001:2018 Energy Management System during the reporting period. We establish annual targets for environmental protection based on our current circumstances, and strive to achieve these goals by conserving resources, managing energy, implementing technological upgrades, and managing waste. Our aim is to minimize the adverse impact of our development on the environment.

Social responsibility

By adhering to the philosophy that "quality and reliability are fundamental to our excellence", we delve into the "laser + intelligent manufacturing" sector to facilitate the digital and intelligent transformation of the industry through technological innovation and premium services. During the reporting period, we further improved our quality management system, customer service system, and research and development innovation system. We received zero complaints from customers, and achieved a 90% satisfaction rate. Our innovation capabilities have been repeatedly recognized by authoritative third-party organizations. We are committed to diversity and providing an environment that embraces and utilizes talent. We provide our employees with a robust career development platform and are committed to mutual growth. As we continue to grow, we also give back to society by regularly organizing charitable activities and donations to contribute to building a harmonious society.

Governance responsibility

We incorporate ESG principles into our development strategy, maintain a modern corporate governance system, standardize the operation of the board of directors, board of supervisors, and shareholders' meetings, strengthen risk management, and practice business ethics. This approach enables us to make informed decisions and conduct business operations in a standardized manner, effectively safeguarding the rights and interests of our investors. In the context of digital transformation, we enhance operational and production efficiency by developing digital capabilities. We also prioritize information security management to ensure the safety and stability of production and operation.

We envision far and forge ahead with determination. Looking to the future, Hymson will embrace change amidst a culture of responsibility, and steadfastly pursue the great mission of "changing the global equipment manufacturing landscape and promoting manufacturing advancement for humans"! Working with all stakeholders, we will weather any challenges and embark on a journey towards a bright future!

Chairman of Hymson Laser Technology Group Co., Ltd.





Zhao Shengyu

01

About Hymson



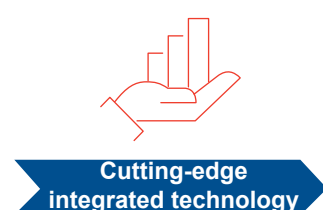
As a laser company that integrates research and development, manufacturing, sales, and service, Hymson leverages our strengths in optics, machinery, electronics, and software. We are dedicated to serving leading enterprises in the lithium battery, photovoltaic, new display technology, 3C products, and sheet metal industries with our mature laser and automation technologies. Relying on relentless technological innovation, we have applied our laser technologies to a broader range of fields, becoming an indispensable force in intelligent manufacturing!

-  Company Profile
-  Services and Solutions
-  Business Operation and Layout
-  A Fifteen-Year Track Record
-  Highlights of 2023

Company Profile

Founded in 2008 and headquartered in Shenzhen, Hymson is a premier provider of integrated laser and automation solutions, recognized as a national high-tech enterprise and a key global supplier of intelligent equipment and cutting-edge technologies. Our business encompasses five primary sectors: intelligent manufacturing for lithium batteries, photovoltaic equipment, new displays, 3C products, and sheet metal.

In the era of Industry 4.0, we steadfastly commit to our mission of "changing global equipment manufacturing landscape and promoting manufacturing advancement for humanity". With this mission, we propel industrial transformation using leading-edge technologies and collaborate with global clients to forge a smarter future.



We have significant technological advantages in optics, machinery, electronics, and software, which are covered by laser, automation, and intelligent manufacturing solutions. Our laser research and development capabilities are among the best in the domestic market. Years of R&D efforts have solidified our intelligent laser equipment's superior performance and stability. Our deep integration of laser and automation technologies enables us to tap into multiple emerging markets. Throughout our years of research and development, we have secured a multitude of core technologies in laser optics and automation.



We highly value talent and recruit specialized professionals for specific purposes based on market development dynamics. Our team consists of talented individuals from around the world, including senior executives with years of experience in developing laser and mechanical automation equipment. We collaborate with universities and scientific research institutions to jointly cultivate professional talent as a key strategy to drive our business development.



We can offer a diverse range of products and solutions for various industries and clients. With strong capabilities in research, development, and technological innovation, we have established solid partnerships with leading and well-known enterprises in consumer electronics, new energy, and other sectors.



Leveraging our core technological advantages to accurately grasp market demands, we provide one-stop solutions including core laser components, intelligent laser-based automation equipment, and complete intelligent and automatic production lines. We also offer customized services tailored to meet our clients' unique needs and respond swiftly to their requests during research and development, production, and sales stages. We have implemented a three-tier professional service system and an efficient collaborative mechanism to provide on-site support, troubleshooting, technical training, and quality testing and assessment services. We maintain regular communication with our clients to beef up our competitive advantages through comprehensive services.



We seize market opportunities by managing our strategies. With our core technologies and qualified talent team, we have become a reliable supplier to leading companies in the industry. We maintain close communication with industry leaders to stay abreast of global R&D trends and the latest market dynamics. This allows us to seize opportunities, formulate targeted market strategies, integrate resources, make early moves, and secure a first-mover advantage. Additionally, we have established an advanced strategic management and internal control system. We actively foster an environment that brings together skilled individuals who share our values and contribute to an inclusive culture. Also, we implement an operating network of business units and project matrices that is centered on research, development, and quality control. To enhance our ability to implement effective strategies, we have implemented systems for scientific development, standardization, quality control, and financial management.



Corporate Culture

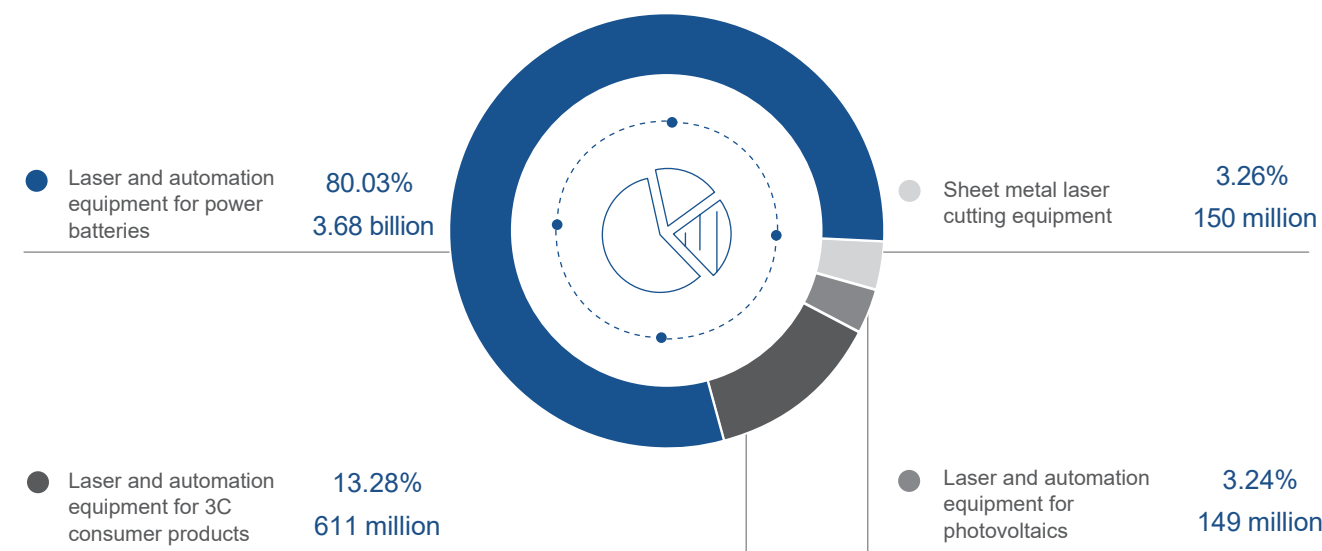


Services and Solutions

Building on our expertise in laser light sources, optical paths, mechanical design, and laser control technologies, we continuously expand our reach across industries and strive to apply laser technology to new sectors. Our products are categorized based on their applications into five main categories. Our products find extensive application in lithium batteries, photovoltaics, new display technologies, 3C products, sheet metal, and various other industries. We offer our clients efficient and reliable solutions for "laser + intelligent manufacturing".

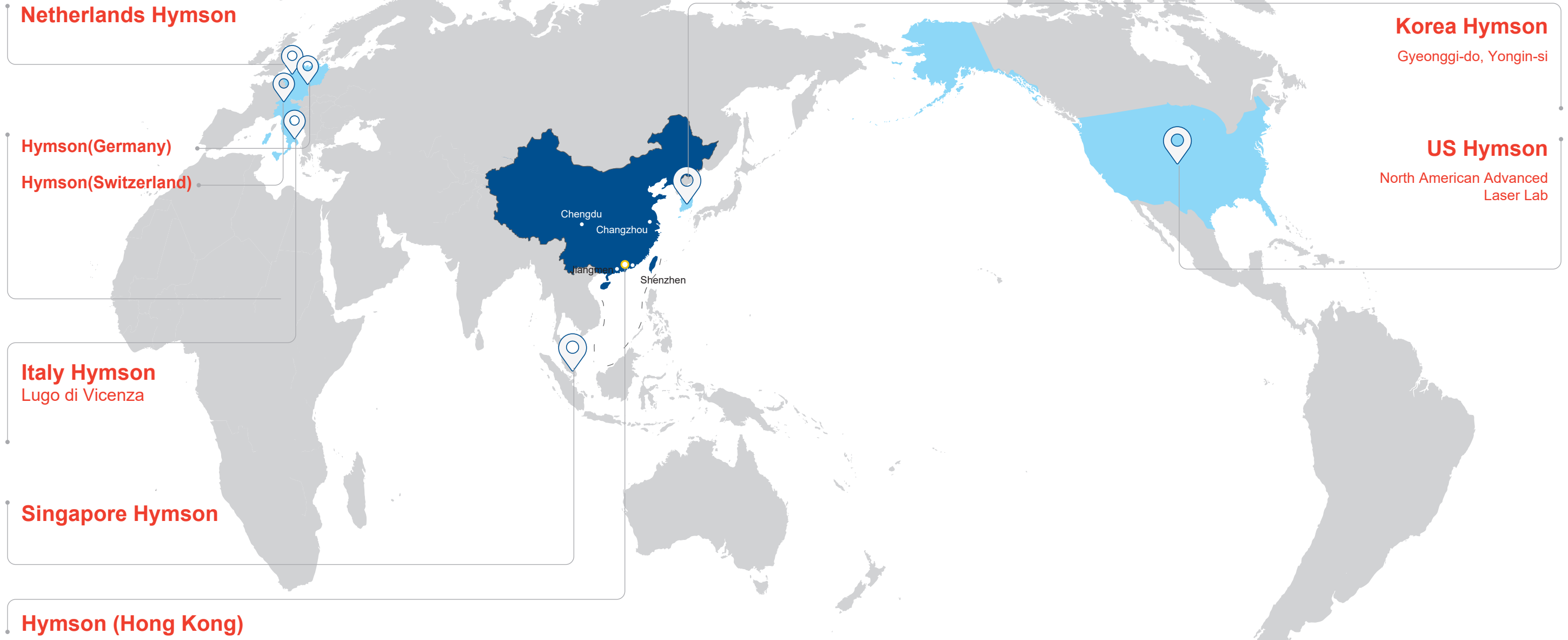
Business Sector	Primary Products	Development Situations
 Laser and automation equipment for power batteries	<ul style="list-style-type: none"> Coating roller solution High-speed laser cutting solution High-speed laser cleaning solution High-speed notching solution High-speed stacking solution Square battery cell assembly solution Large high-speed battery turret solution Fully automated vacuum drying solution Module/PACK assembly solution 	We continuously upgrade and maintain our full portfolio of lithium batteries, covering the core production processes of electrodes, battery cells, and module packs. During the reporting period, we developed a range of innovative products, including 1,600 Double-Deck & Multi-Lane High-Speed Coating Machines, Cutting and Stacking Machines at 0.167s/pcs, as well as Horizontal and Vertical Slitting and Notching Integrated Machines. These products feature high efficiency and precision, and have positioned us as a leading player in the industry's development.
 Laser and automation equipment for 3C consumer products	<ul style="list-style-type: none"> Fully automatic PCB laser marking machine Fully automatic PCB laser cutting machine Dual station glass cutting & forming machine Laser welding machine for battery modules Zero DT reel change machine Automatic test equipment (ATE) Battery PACK airtightness test equipment Battery PACK end-of-life comprehensive test equipment Full-auto steel shell battery cell and PACK assembly line SMA OIS motor automatic assembly line Square aluminum-shell battery PACK line Auto assembly line of battery top covers Auto assembly line of transformers 	We continuously refine our laser welding, cutting, and surface treatment technologies. Our product range includes the fully automatic PCB laser marking machine, the fully automatic PCB laser cutting machine, the dual station glass cutting & forming machine, the zero DT reel change machine, the full-auto steel shell battery cell and pack assembly line, the square aluminum-shell battery pack line, and the auto assembly line of battery top covers. Our goal is to assist our clients in reducing costs and increasing efficiency through these advanced solutions.
 Laser and automation equipment for photovoltaics	<ul style="list-style-type: none"> Auto TOPCon laser primary doping machine Laser-assisted sintering (LAS) device Fully automatic laser scribing machine Large light spot laser scribing machine Fully automatic laser welding machine 	Our solutions encompass all key processes in the production of photovoltaic cells and components. From pioneering TOPCon laser primary boron doping technology to being the first to mass-produce equipment with laser-welded photovoltaic modules and launching LAS rapid sintering equipment, Hymson has increased the photovoltaic conversion efficiency of cells by more than 0.3%. We are actively seeking cooperation opportunities and working with industrial partners to expand the global market for green energy.

Business Sector	Primary Products	Development Situations
 Laser and automation equipment for new display technologies	<ul style="list-style-type: none"> Micro LED mass transfer machine Micro LED mass soldering equipment Mini LED mass soldering equipment Micro LED full-auto removal equipment Mini LED full-auto laser removal equipment Composite film laser cutting equipment Fragile material cutting equipment 	We are continuously overcoming key challenges in chips, display modules, and display integration. At present, the chip size of Hymson's Micro LED/Mini LED laser mass transfer machine is reduced from 50um to 15um, and is expected to go below 10um. Furthermore, we can provide a solution for mass bonding and rework of Mini LED display modules with a yield rate of 99.999%. Moving forward, we will continue to make key technological breakthroughs, driving the mass production and commercialization of Mini/Micro LED chips.
 Sheet metal laser cutting equipment	<ul style="list-style-type: none"> HF-T large-format laser cutting machine HF-H ultra-high power hydraulic laser cutting machine HF-D high power laser cutting machine HF-C medium power laser cutting machine FP four-chuck super-heavy-duty laser pipe cutting machine TP three-chuck heavy-duty laser pipe cutting machine S-series automatic laser pipe cutting machine MP professional laser pipe cutting machine EP universal laser pipe cutting machine 	Our comprehensive solutions include sheet metal cutting machines and laser pipe cutting machines, designed for industries such as automobile, rail transportation, furniture, and machinery equipment.



▲ Revenue Proportion by Product

Business Operation and Layout



Global Headquarters	Domestic bases
Shenzhen Headquarters in China	Bases in Shenzhen, Jiangmen, Changzhou, and Chengdu of China.
Overseas companies	Hymson (Hong Kong), Hymson (South Korea), Hymson (USA), Hymson (Singapore), Hymson (Italy), Hymson (Netherlands), Hymson(Germany), Hymson(Switzerland)

Headquartered in Shenzhen, Hymson now has a number of branches at home and abroad. During the reporting period, we focused on establishing a global presence and building a comprehensive service system encompassing product research and development, pre-sales support, production, and after-sales services. Now we have established subsidiaries in the United States, Italy, the Netherlands, Germany, Switzerland, Singapore, South Korea, Hong Kong, and other countries or regions, highlighting our commitment to internationalizing our equipment.

A Fifteen-Year Track Record

For the past 15 years, our team has been wholeheartedly dedicated to the exploration and advancement of laser technologies. Throughout this journey, we have approached our work with a sense of humility, recognizing the vast potential and complexity of this field. Undoubtedly, the path we have chosen has been filled with challenges, but our unwavering determination has allowed us to overcome every obstacle that came our way.

• Hymson entered the automation field.

2011



- Hymson was recognized as a national high-tech enterprise.
- Green laser products were sold on a massive scale.

2013

- Hymson officially became a qualified supplier for Client A.
- Hymson's PCB laser marking equipment was delivered to major customers in the 3C industry in batches.

2014

- Laser tab cutting machines were delivered in batches with the cutting speed exceeding 30 m/min.
- Hymson Jiangmen was established.
- Hymson Jiangsu was established.



2017

2008

- Hymson was established.



- The first portable laser marking machine was launched.

2012

- Hymson was awarded the second prize in the China Innovation and Entrepreneurship Competition (first place in Shenzhen).
- Hymson assembled a team of researchers to develop the first 5W air-cooled ultraviolet nanosecond laser.



2015

- Hymson became the first in China to mass-produce laser tab cutting equipment, and successfully verified it through major customers in the lithium battery industry.



- Hymson's first batch of power transformer assembly and testing automated production line received a bulk order from major customers in the 3C industry.

2018

- Infrared picosecond lasers were developed and produced.

- Hymson was listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange.



- Equipment for large cylindrical batteries was mass-manufactured.



2020

- Low-power femtosecond lasers were developed.
- The contract for the Chengdu base project was signed.



- Hymson pioneered the TOPCon primary laser boron doping process in the photovoltaic industry.



2022

- Micro LED 50 μm chip mass transfer machines were delivered.
- The cutting speed of laser tab cutting machines exceeded 120 m/min.
- The 3C battery laser cleaning equipment received orders from leading battery manufacturers from South Korea.
- Hymson was honored as a leader in hardcore technologies on the 2022 Sci-Tech Innovation Board.



- Hymson won the Excellent Chinese Patent Award.
- Hymson published two group standards.

2019

- Hymson Italy and Hymson USA were established.
- Ultraviolet and green light picosecond lasers were developed and produced.
- Self-developed ultraviolet picosecond lasers were delivered to major customers in the 3C industry in batches.
- The Jiangmen and Jiangsu bases were officially launched into production.



2021

- Hymson expanded business into the photovoltaic and new display industries.
- High-power ultraviolet and green light picosecond/nanosecond lasers were developed.
- Battery pack fully automatic assembly line was delivered to major customers in the 3C industry in batches.
- Hymson was rated as the Provincial Industrial Design Center in Guangdong Province, and the Municipal Postdoctoral Innovation Practice Base.

2023

- Hymson launched the major technological breakthrough program of Shenzhen.



- Hymson developed the sub-nanosecond laser and the I-series customized picosecond integrated machine.
- Newly-designed 30 ppm power battery assembly lines were produced and delivered.
- Photovoltaic LAS rapid sintering equipment was successfully shipped.

- Hymson signed a strategic cooperation agreement with Jihua Laboratory.



- Hymson accelerated its globalization process by establishing new subsidiaries in the Netherlands, South Korea, Singapore, and Hong Kong of China.

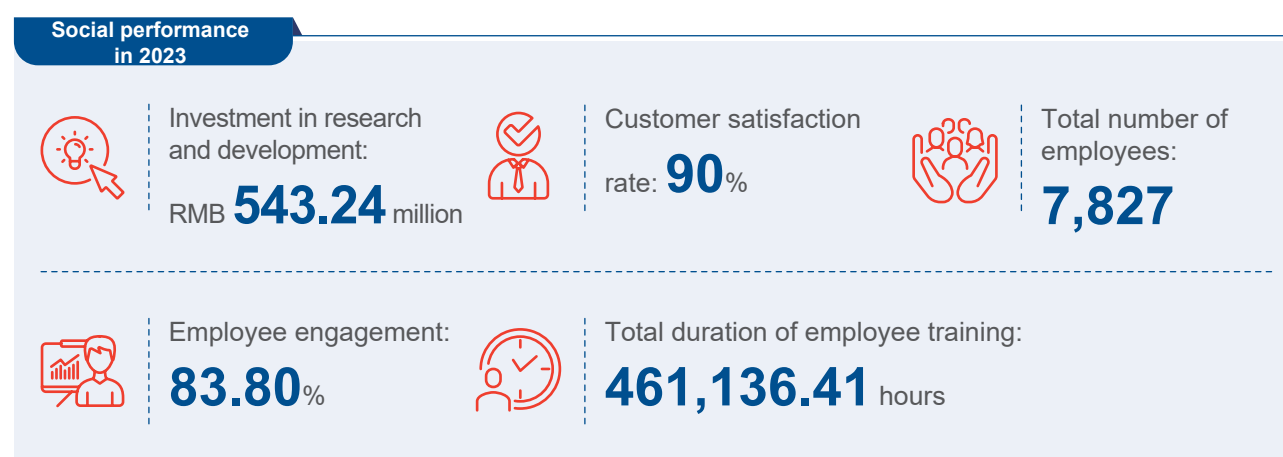
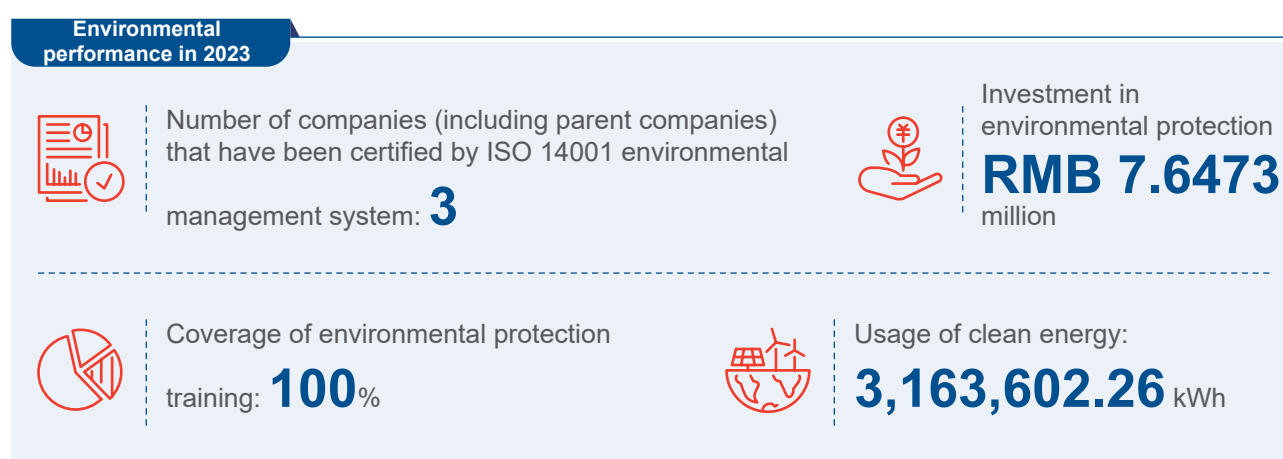
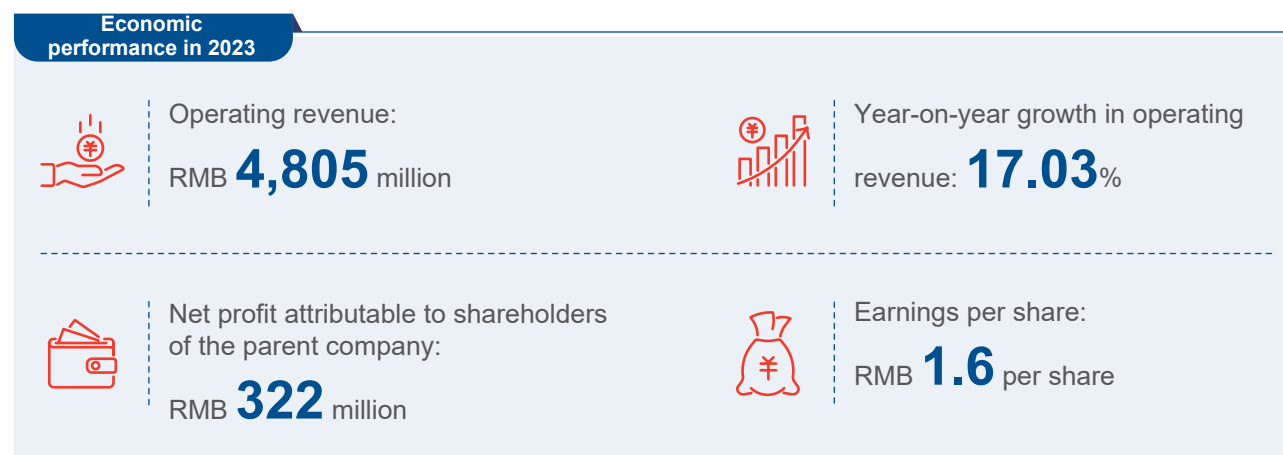
After fifteen years of navigating through various challenges and successes, Hymson is embarking on a new phase of growth and prosperity. Looking to the future, Hymson will uphold an enterprising and innovative mindset while pressing forward to become "a leading brand in the global industrial laser and automation industry".

Highlights of 2023

Annual Milestones



Performance Highlights



Annual Honors

Title of Honor	Issuing Organization
National Labor Day Award	All-China Federation of Trade Unions
Certificate of Qualification for Headquarters Enterprise in Shenzhen	Development and Reform Commission of Shenzhen Municipality
2023 SID China Display Industry Award - Display Component of the Year - Gold (Mass Transfer)	Society for Information Display (SID)
2023 SID China Display Industry Award - Display Component of the Year - Bronze (Laser Repair and Cleaning)	
China Mechanical Industry Science and Technology Award - Third Prize for Technological Progress	China Machinery Industry Federation Chinese Mechanical Engineering Society
Renowned Brand of Guangdong	Guangdong Enterprise Brand Construction Promotion Association Guangdong Specialized Committee for Evaluation of Renowned Brands
Selected on <i>the Third List of Smart Manufacturing Ecosystem Partners of Guangdong Province</i>	Department of Industry and Information Technology of Guangdong Province
The 21st Shenzhen Enterprise Innovation Record - Exemplary Enterprise of Independent Innovation	Federation of Shenzhen Industries Shenzhen Enterprise Innovation Record Organizing Committee
2023 Siemens Digital Industry Software & Machinery Equipment Industry Summit - Innovation Award for Automation Equipment Simulation and Virtual Commissioning	Siemens Digital Industries Software
One of the Eighth Batch of National Enterprises Leading an Individual Field	Ministry of Industry and Information Technology
Leading Enterprise in the Intelligent Manufacturing Industry Chain of laser and Additive Manufacturing	Department of Science and Technology of Guangdong Province
Jiangsu Gazelle Enterprise (Hymson Jiangsu)	Jiangsu Provincial Department of Science and Technology

02

Solidify the Foundation of Sustainable Development



We integrate ESG principles into our daily operations and strategic planning, establishing a strong foundation for our sustainable development. We strictly abide by laws and regulations, continuously improve our corporate governance system, uphold business ethics, and safeguard the rights and interests of investors in a practical manner, creating a clean and ethical environment for the industry. In the context of digital transformation, we improve operational and production efficiency by developing digital capabilities, while continuously enhancing information security management to ensure the safety and stability of production and operation.

-  Improve Corporate Governance
-  Implement Robust ESG Management
-  Strengthen Risk Management
-  Uphold Business Ethics
-  Digitization and Informatization

Contributions to SDGs



Improve Corporate Governance

We have established and are continuously improving the modern corporate governance structure, including the shareholders' meetings, the board of directors, the board of supervisors, and the management team. In strict accordance with laws, regulations, and regulatory documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies in China*, and the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange*, we have established, enhanced, and implemented a comprehensive set of regulations and systems. These include the *Articles of Association*, the *Rules of Procedure for Shareholders' Meetings*, and the *Rules of Procedure for Board of Directors*. We continuously refine our corporate governance structure to establish a scientific and effective decision-making mechanism and internal management system. We fully leverage the roles of the board of directors, the board of supervisors, and independent directors to ensure scientific decision-making, standardized operations, and effective safeguarding of the interests of the company as well as those of small and medium shareholders.

During the reporting period, we received the following accolades in the domain of corporate governance:

-  We were honored as the "Public Company Most Favored by Investors" at the Crystal Ball Awards for Investor Relations of Public Companies 2022, organized by the *Securities Market Weekly*.
-  We were recognized as one of the "Top 100 Growing Chinese Listed Companies" at the 17th Awards for the Value of Listed Companies in China, presented by the *Securities Times*.
-  We were rated by *Caijing Magazine* as the Leader of Hardcore Technologies on the Sci-Tech Innovation Board, the Leading Figure, and the winner of the Star of Board Secretary Award in 2022.



Board of directors, board of supervisors, shareholders' meetings

Our shareholders' meetings, board of directors, and board of supervisors operate in compliance with regulations. Independent directors significantly contribute to enhancing our corporate governance structure and protecting the interests of small and medium-sized investors. Under the board of directors, there are four specialized committees: the Strategic Committee, the Audit Committee, the Nomination Committee, and the Compensation and Performance Evaluation Committee. These committees play a vital role in regulating corporate governance, strengthening management of routine operations, and deliberating on significant matters.

The board of directors comprises nine directors, of which three are independent, making up 33.3% of the board. There is one female director. We place a high emphasis on diversity, considering factors such as skills, knowledge, experience, gender, background, age, and independence. All current directors boast substantial professional expertise and robust educational backgrounds in fields like laser technology, mechanical automation equipment, accounting, law, and management. This diversity ensures the board's capacity for well-informed decision-making, contributing to the company's long-term stability and growth.

During the reporting period



Number of shareholders' meetings convened:

5



Number of meetings of the board of directors convened:

8



Number of meetings of the board of supervisors convened:

7



Number of meetings of specialized committees under the board of directors convened:

8



Investor relations management

We continue to safeguard the rights of investors and promote the steady development of the Company through smooth communication with investors and conforming information disclosure.

Investor communication

We genuinely respect and protect the rights of investors, strictly adhering to regulations such as the *Working Guidelines for the Relationship Between Listed Companies and Investors*. We also follow the Administrative Regulations on Investor Research and Media Interview and Reception to ensure our interactions with the media and investor research are properly regulated. By clearly defining basic principles, clarifying reception responsibilities, emphasizing reception details, and standardizing reception procedures, we enhance our communication and interaction with media and investors, thereby improving our investor management capabilities.

During the reporting period, we facilitated shareholder participation in decision-making by providing a network voting platform for shareholders' meetings. This ensured that small- and medium-sized investors could exercise their rights. We hosted various briefings, including an annual performance briefing, first-quarter, semi-annual, third-quarter performance briefings, and an online collective reception day for investors. These meetings allowed us to exchange information with investors on key issues like company performance, corporate governance, development strategy, business conditions, financing plans, equity incentives, and sustainable development. We actively engage with small- and medium-sized investors on platforms such as sns.sseinfo.com, stock forums, and Xueqiu.com, offering in-depth analysis, explanations, and responses to their concerns based on disclosed information. Furthermore, we have established an Investor Relations section on the official website for real-time updates on our stock price and relevant announcements, contributing to a positive image in the capital market.

Information disclosure

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange*, the *Self-Regulatory Guidelines for Listed Companies No. 2 of Shanghai Stock Exchange: Management of Information Disclosure Affairs*, and the *Articles of Association*, we have established a comprehensive set of internal rules and regulations to strengthen our information disclosure management and ensure our operations are both lawful and compliant. They include the *Administrative Regulations for Information Disclosure*, the *Administrative Regulations for Temporary Suspension and Exemption of Information Disclosure*, the *Internal Reporting Regulations for Material Information*, and the *Regulations for Registration and Management of Insiders*. We are committed to fulfilling our information disclosure obligations, adhering to principles of truthfulness, accuracy, completeness, timeliness, and fairness. This commitment ensures that investors are well-informed and can fully exercise their rights to information and participation, thus providing solid protection for their interests. We strictly follow the information disclosure regulations set forth by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange, issuing various regular and ad-hoc announcements. For specific details on these announcements, please visit the Shanghai Stock Exchange website at www.sse.com.cn.

Beyond mandatory disclosure requirements, we actively pursue voluntary disclosure to foster a positive interaction with the capital market.

We promptly share information that could materially affect shareholder and stakeholder decision-making, ensuring that all shareholders have equal access to information.

Implement Robust ESG Management

Committed to "changing global equipment manufacturing landscape and promoting advancement in manufacturing for humanity", we incorporate ESG principles into our corporate strategies and daily operations. By establishing a comprehensive ESG management system, we enhance our corporate governance and establish a solid foundation for sustainable development. In this process, we actively identify and monitor the critical concerns of our stakeholders, incorporating these insights into our strategic development plans. This approach enables us to create long-term value for shareholders, clients, employees, and other stakeholders, affirming our commitment to "becoming a leading brand in the global industrial laser and automation industry".

ESG management framework

We have established an ESG management framework that encompasses governance, management, and execution. The board of directors is responsible for developing ESG goals as well as reviewing and making decisions on significant ESG-related matters. The chairman serves as the chair of the ESG Committee, composed of heads from key business units and departments integral to ESG efforts. The ESG Committee is responsible for researching, analyzing, and evaluating the implementation of ESG initiatives, and proposing recommendations for ESG development.





The Committee regularly updates the board of directors on our ESG endeavors and assesses annual ESG reports before their submission for the board's review. The ESG Working Group, operating under the Committee, manages the day-to-day ESG activities and executes the Committee's decisions. Responsibilities include organizing committee meetings, executing specific ESG projects within the company, and preparing ESG reports.



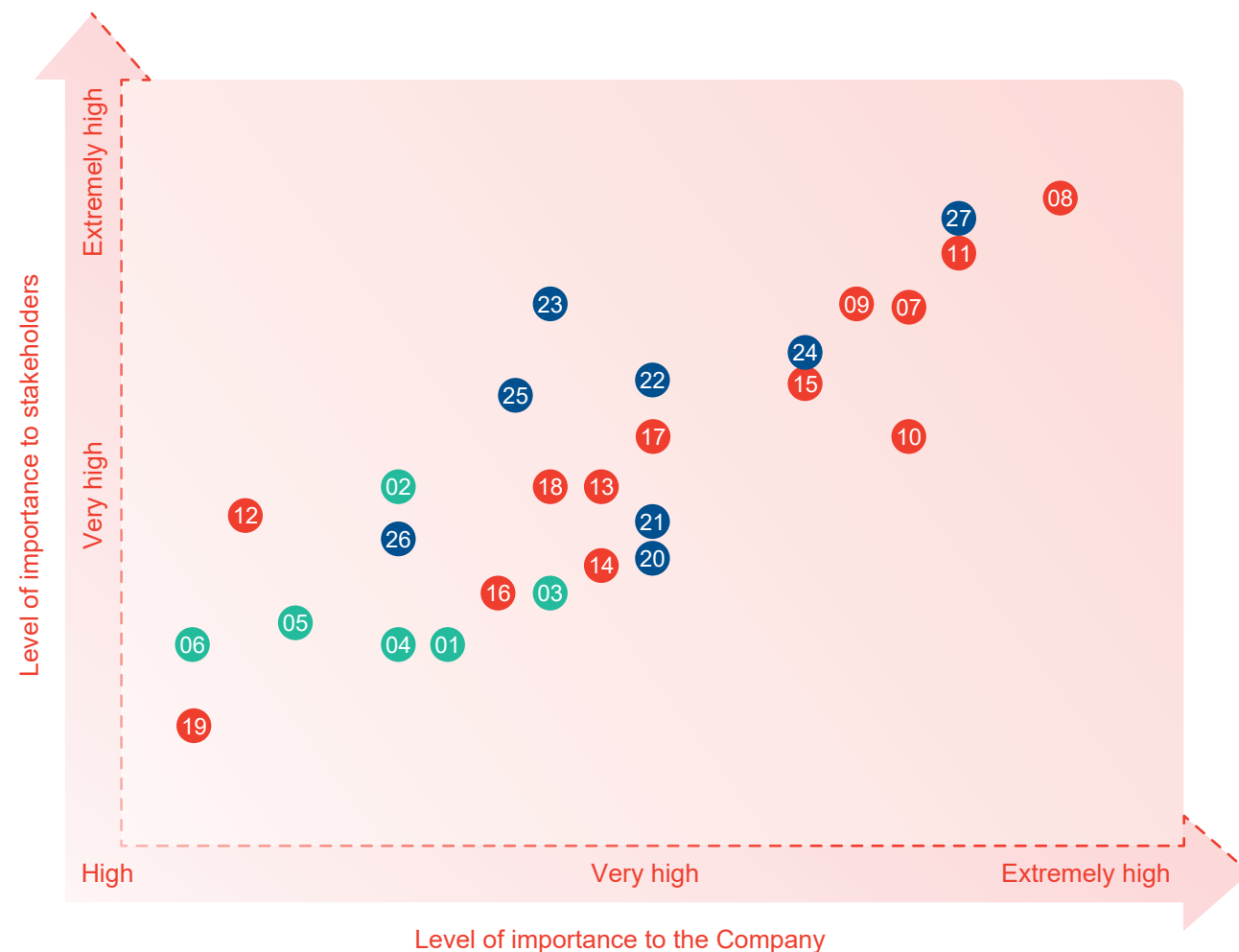
▲ ESG management framework

Materiality analysis

We identify and analyze material topics based on strategic planning, industry trends, stakeholder demands, international standards, and best practices among peers. Through stakeholder research, we identify and finalize the annual list of material topics, and develop our management objectives and strategies for these key areas. These efforts are detailed in the annual report, underscoring our commitment to sustainable development.

Steps	Main Issues
 Establishment of a material topic database	<ul style="list-style-type: none"> We identify a list of ESG topics relevant to the Company by considering our ESG background (geographical location, business activities, business relationships), standard policies, industry practices, and expert opinions. These topics are categorized into environmental, social, and corporate governance areas.
 Stakeholder research	<ul style="list-style-type: none"> We pinpoint key stakeholder groups and determine the most effective ways and channels for communication. By applying the double-materiality principle, we design both online and offline questionnaires. We invite key stakeholders from both inside and outside the company to rate the materiality of the listed topics.
 Assessment and prioritization of materiality	<ul style="list-style-type: none"> We review the feedback and scores from the questionnaires, and assign stakeholder weights based on expert opinions. We create a materiality matrix based on the impact of material topics on our sustainable development and stakeholders.
 Confirmation and reporting of key topics	<ul style="list-style-type: none"> We confirm the material topics by considering expert opinions. The ESG Committee reviews these significant topics, submits them to the board of directors, and prioritizes their disclosure in the annual ESG report.

Matrix of material topics



- | Environment | Society | Corporate Governance |
|--|--|--|
| 01 Improve the environmental management system | 07 Product Quality and Safety | 20 Improvement of ESG Governance Framework |
| 02 Address climate change | 08 Research, Development, and Innovation | 21 ESG Risk and Opportunity Management |
| 03 Energy and resource consumption management | 09 Information Security and Privacy Protection | 22 Communication with stakeholders |
| 04 Management of wastes | 10 Sustainable Supply Chain | 23 Internal Control and Risk Management |
| 05 Green office | 11 Excellent Customer Service | 24 Business ethics |
| 06 Noise control | 12 Industry Development Promotion | 25 Diversity in Board of Directors |
| | 13 Employee Rights Protection | 26 Investor Rights Protection |
| | 14 Employee Care | 27 Intellectual Property Protection |
| | 15 Employee Training and Development | |
| | 16 A Comfortable Working Environment | |
| | 17 Occupational Health and Safety | |
| | 18 Competitive Compensation and Benefits | |
| | 19 Community Engagement and Involvement | |

Communication with stakeholders

Key Stakeholders	Topics	Partial Communication and Response
Shareholders	<ul style="list-style-type: none"> Improvement of ESG Governance Framework Investor Rights Protection Internal Control and Risk Management Diversity in Board of Directors 	<ul style="list-style-type: none"> Convene shareholders' meetings and performance briefing sessions Regularly disclose operational and financial information Regularly and routinely communicate with investors Strengthen the risk control system Promote gender and background diversity within the board
Clients	<ul style="list-style-type: none"> Product Quality and Safety Information Security and Privacy Protection Excellent Customer Service Research, Development, and Innovation Industry Development Promotion 	<ul style="list-style-type: none"> Improve the quality management system and safety management system Enhance information security and privacy protection measures Respond to clients' demands quickly and improve action plans Provide training and technical support for clients Establish a long-term partnership Continuously conduct R&D innovation and digital construction Drive the ecological design of products in the entire lifecycle
Employees	<ul style="list-style-type: none"> Intellectual Property Protection A Comfortable Working Environment Employee Rights Protection Employee Care Employee Training and Development Occupational Health and Safety Competitive Compensation and Benefits 	<ul style="list-style-type: none"> Refine intellectual property management Establish a mechanism for talent development Strengthen the construction of an occupational health and safety management system Provide holiday care and cultural activities Improve the salary system and strengthen performance management
Governments and regulatory organs	<ul style="list-style-type: none"> Business Ethics Internal Control and Risk Management Energy and Resource Consumption Management 	<ul style="list-style-type: none"> Strictly abide by the laws and regulations of each operating location Strengthen anti-corruption management and improve the reporting mechanism Operate with integrity and pay taxes according to the law Apply lean energy management for sustainable development
Suppliers	<ul style="list-style-type: none"> Sustainable Supply Chain 	<ul style="list-style-type: none"> Establish fair and transparent procurement principles and procedures Sign commitments to responsibility with suppliers Conduct regular communication and training with suppliers
Communities	<ul style="list-style-type: none"> Community Engagement and Involvement 	<ul style="list-style-type: none"> Carry out charitable donations Organize charity events
Partners	<ul style="list-style-type: none"> Industry Development Promotion 	<ul style="list-style-type: none"> Participate in industry summits and forums Become members of related industry associations

Contributions to SDGs



Uphold Business Ethics

In compliance with the *United Nations Convention Against Corruption*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other domestic and international guidelines and regulations, we have developed a series of institutional documents, including the *Code of Business Conduct*, the *Regulations on Rewards and Penalties for Transparent Procurement*, the *Regulations on Rewarding Whistleblowers Reporting Violations in Procurement*, the *Administrative Regulations on Anti-Money Laundering*, and the *Code of Conduct for Employee Compliance*. These documents aim to regulate the business conduct of employees, promote and protect fair competition, prevent commercial corruption, bribery, fraud, and money laundering, and strive to create a clean and upright environment for the industry.

Anti-corruption and anti-bribery

Strengthening integrity governance plays a crucial role in optimizing business operations and ensuring sustainable development for companies. We have implemented an anti-corruption and anti-bribery integrity management system, requiring all employees to sign a *Letter of Commitment to Integrity*. We carry out training and promotional activities on anti-corruption and anti-bribery, uphold a reporting mechanism, and promote fair trade practices to prevent conflicts of interest, demonstrating our firm commitment to fighting corruption and bribery.

- According to the *Code of Conduct for Employee Compliance*, employees must not allow relationships with any current or potential suppliers, subcontractors, representatives, clients, competitors, regulators, or any other employees to influence their independent judgment and reasonable decision-making. Employees shall avoid any actions that could potentially conflict with their own or their relatives' interests, and the interests of Hymson and our affiliates, including, but not limited to, assisting competitors, competing with Hymson, holding dual roles with Hymson's suppliers, misusing Hymson's working hours and assets, or exploiting Hymson's influence for personal gain.

- The *Code* also strictly prohibits employees from engaging in any form of bribery, corruption, or similar improper conduct in business activities. This includes not offering, promising, authorizing, giving, or accepting any form of bribery, commercial or financial benefits, cash payments, or valuable gifts to influence business behavior or decisions, secure business opportunities, gain unfair advantages, or interfere with independent judgment. Furthermore, employees are not allowed to engage in such actions through relatives or by prompting others to do so.

- For procurement personnel, any detected bribery in business dealings must be refused and reported to the Audit Department. Suppliers who fail to refuse or report bribery attempts and instead acquiesce will be considered complicit, facing corresponding consequences. We reserve the right to investigate any unfair advantages gained by suppliers and to audit transactions between the parties.

- We have established the *Regulations on Rewards and Punishments for Transparent Procurement* and the *Regulations on Rewarding Whistleblowers Reporting Violations in Procurement*. Those documents set forth penalties for procurement personnel of different levels engaged in misconduct, such as accepting commercial bribes, colluding in bidding processes, or receiving kickbacks. Additionally, they provide rewards for procurement personnel who report misconduct and help recover losses. The Procurement Department and other procurement-related organizations must report any suspected violations of the transparent procurement policies to the Audit Department for investigation. In addition, we regularly conduct publicity campaigns on transparent procurement. These campaigns involve sending weekly emails to all procurement personnel, which include the procurement code of conduct, integrity management regulations, guidelines for suppliers' business conduct, and the rewards and penalties regulations. Our aim is to foster a clean and ethical supply chain.

During the reporting period



Number of employees who have received anti-corruption and anti-bribery training:

1,686



Average duration of anti-corruption and anti-bribery training for employees:

3 hours



Number of directors who have received anti-corruption and anti-bribery training:

4



Average duration of anti-corruption and

anti-bribery training for directors: 1 hour

1 hour



Anti-corruption and anti-bribery training coverage for employees:

90%

Case Hymson's procurement team participated in an anti-corruption education campaign

To reinforce self-discipline and foster a culture of anti-corruption and integrity, we regularly organize transparent procurement promotion activities. During the reporting period, our procurement team was honored to participate in an anti-corruption education event organized by the United Party Branch of the Longhua District Safety Construction Promotion Association, held at the Bao'an Detention Center. The procurement supervisors, key personnel, and relevant employees from the headquarters and industry centers were present to receive education. Guided by police officers, they viewed an educational video and had the opportunity to interact directly with detainees, witnessing firsthand their rehabilitation efforts. This experience significantly heightened our participants' commitment to integrity.



Anti-money laundering

In our commitment to standardizing anti-money laundering practices and preventing money laundering and related illegal activities, we periodically identify and assess risks of money laundering. Following this, we have formulated the *Administrative Regulations on Anti-Money Laundering* in accordance with the laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Counterterrorism Law of the People's Republic of China*, and other regulatory requirements. Our risk control measures, derived from our risk assessment findings and obligations in anti-money laundering, include client identification, retention of client identity information and transaction records, transaction monitoring, reporting of large-sum and suspicious transactions, watchlist monitoring, and asset freezing. These measures are incorporated into our operational processes to effectively mitigate money laundering risks.

Anti-monopoly and fair competition

Adhering to laws that ensure fair market competition, such as the *Competition Law* and the *Anti-Monopoly Law*, we mandate that our employees refrain from exchanging sensitive information with competitors, colluding, or engaging in any conduct that undermines fair competition. This includes bid rigging, forming price alliances, disrupting bidding processes, dividing markets, and restricting production volumes. Our strict compliance with these principles underscores our dedication to fostering a fair and competitive market environment.

Reporting system

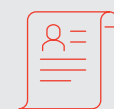
We have established and maintained a well-developed reporting system and process to encourage internal and external stakeholders to report and monitor any violations of business ethics. Our objective is to continuously review and reinforce the effectiveness of the business ethics monitoring system.

Reporting process

Our employees and stakeholders with direct or indirect economic relationships with us can report violations through various means such as reporting hotlines, email, letters, or in-person interviews. We encourage whistleblowers to provide a detailed account of the incident, the name and address of the reported individual, specific details of the parties involved, the whistleblower's name and contact information, and the desired outcome. Also, whistleblowers are encouraged to provide evidence of any harm to their own interests or the interests of the company, as well as any other relevant materials related to the report.




Our Audit Department will receive those reports. When processing reported incidents, the Audit Department adheres to a truth-based approach. Any member of the Audit Department with a conflict of interest regarding the reported individual will proactively recuse themselves.



The Audit Department responds to reports within 5 working days of receipt and provides the investigation results and corresponding measures to the whistleblower within 3 months, depending on the investigation's progress.


Reporting channels

Reporting hotline



0755-28197985-8118

Reporting email



zhuangds@hymson.com

Whistleblower protection

We encourage whistleblowers to report violations in their real name. For those who prefer to remain anonymous, their wishes will be respected, but they shall provide a means of contact. We implement special protective measures for whistleblowers and give priority to internal whistleblowers for salary increases and awards. If whistleblowers experience unusual job transfers, the Audit Department will offer additional support and options. Special attention will be given to their resignations to prevent them from being subjected to covert exclusion or retaliation. The Audit Department strictly maintains the confidentiality of whistleblower and report information to prevent leakage or loss. Any personnel found violating confidentiality rules will face strict punishment, and those suspected of committing a crime will be referred to judicial authorities for further investigation.

Reward for whistleblowers

If the information provided by the whistleblower about the misconduct of procurement personnel, suppliers, and other partners is verified as true after investigation, we will provide the whistleblower with a cash reward. The amount of the reward will be based on the effectiveness of the clues provided, the nature of the case, and the severity of the misconduct. The rewards for reporting will be distributed through a confidential channel by the Human Resources Center to prevent unnecessary consequences for the whistleblower.

Digitization and Informatization

Digitization is an inevitable trend in business development. At Hymson, we are dedicated to optimizing the functionality of our core support systems. Although we have achieved significant milestones in digital construction, we continue to fortify data security management to mitigate information security risks, ensuring the safety and stability of our production and operations.

Digital construction

Our Enterprise Resource Planning (ERP) system is integrated with the Product Lifecycle Management (PLM) system, Supplier Relationship Management (SRM) system, Customer Relationship Management (CRM) system, Electronic Human Resources (EHR) system, and Office Automation (OA) system, linking up research and development, design, production management, procurement, supply, warehousing management, and after-sales service, creating a cohesive chain that synergizes logistics, capital, and information flows. During the reporting period, we have developed several platforms and updated the business system to further enhance the operational efficiency.





S.N.	System Name	Functional Modules	Scope of Implementation
1	Computer network and communication system	Internet behavior management, network permission management, asset management, instant messaging, email, endpoint security, wired & wireless networks, dedicated lines, conference management, access control systems, surveillance systems	Coverage: Entire group
2	Enterprise Resource Planning (ERP) system	Sales management, procurement management, research and development management, production and manufacturing management, inventory management, supply and demand planning management, project management, quality management, financial management	Coverage: Departments of research and development, sales, procurement, logistics, warehouse, production, finance, and after-sales service across the group and its subsidiaries/branch companies
3	Product Lifecycle Management (PLM) system	Project management, process management, document management, material management, BOM management, change management	Coverage: Products from the Lithium Battery Industry Center, the 3C Industry Center, the Sheet Metal Industry Center, the New Display Industry Center, the Photovoltaic Industry Center, as well as products from the Research Institute and their delivery
4	Supplier Relationship Management (SRM) system	Purchase order collaboration, inquiry management, receipt collaboration, account reconciliation management, and bidding management	Coverage: The procurement departments of the group and its subsidiaries/branch companies
5	Customer Relationship Management (CRM) system	Customer management, lead management, contract management, project delivery management, and after-sales management	Coverage: The Lithium Battery Industry Center and the Sheet Metal Industry Center
6	Electronic Human Resources (EHR) system	Personnel file management, organizational management, attendance management, contract management, salary management, fingerprint management for access control, dormitory management	Coverage: All departments of the group and its subsidiaries/branch companies
7	Office Automation (OA) system	Portal management, form management, process management, meeting management, vehicle management, knowledge community, asset management	Coverage: All departments of the group and its subsidiaries/branch companies

Information security management

In order to regulate information security measures, effectively control the protection of privacy and data security, and prevent any leakage of sensitive information, we continuously strengthen our information security management to prevent security risks and ensure the safety and stability of production and operations.

In strict accordance with the laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *Management Rules for Multi-Level Protection of Information Security*, we have formulated the *Information Security Management Manual* and the *Network Security Management Procedure* to clarify the objectives and principles of information security, strengthen the standardized management of our informatization tools and business information systems, and ensure their proper and smooth operation. The Shenzhen Headquarters, along with Hymson Jiangmen and Hymson Jiangsu, successfully obtained ISO27001 Information Security Management System certification in December 2020 and have since maintained its effective operation. During the reporting period, we did not encounter any data breach incidents. The main production facilities were certified by TISAX, achieving a 100% accomplishment rate in information security management objectives.

Information security policies

- 
Implement risk control to ensure information security

- 
Comply with regulations to guarantee business growth


Information security goals

- Number of leaks of classified information throughout the year: **0**
- Completion rate of daily (at least once a day) and annual backup of ERP/OA data: **100%**
- Proportion of annual downtime of the ERP/OA system in the total time of the year: **0.1%**

Information security management measures

Cybersecurity

- We established an information security management organization and clearly defined each department's responsibilities;
- We implemented appropriate control measures according to the provisions of Annex A of the ISO 27001 management system;
- We developed the *Network Security Management Procedure* to clearly specify the deployment of firewalls at the network boundaries;
- We created the *Data Center Management Regulations* to regulate data center access, electrical safety, and other issues;
- We formulated the *Administrative Regulations on Accounts, Passwords, and Permissions* to manage and regularly review the accounts and permissions for OA, ERP, PLM, and many other systems;
- We engaged an external agency to scan for vulnerabilities in our business systems, analyze and assess identified vulnerabilities, and develop improvement plans.

Privacy and data security

- We developed the *Data Backup Management Procedure* to clearly define the classification of data backup methods and management;
- We encrypted the research and development drawings to prevent unauthorized access;
- We created the *Guidelines for Information Classification and Processing* to categorize information based on its sensitivity, and establish corresponding control requirements;
- We formulated the *Control Procedure for Information Security Risk Assessment* to regularly identify information assets, assess risks, and take appropriate measures;
- We developed the *Information Security Incident Management Procedure* to regulate the handling process for information security incidents of different categories;
- We established the *Regulations on Safety and Protection of Employee Personal Information* to standardize the procedures of information collection, usage, and protection, and ensure the security and confidentiality of employees' personal information.

Information security training

- We developed the *Human Resources Security Management Procedure* to instill information security awareness among employees at various human resources management stages, including recruitment, admission, training, departure, promotion, and transfer. This includes conducting background checks and assessing new hires' qualifications and capabilities;
- We established an annual information security and trade secret training plan for new and existing employees, covering fundamental knowledge of information security, ISO27001 management system standards, TISAX information security standards, and information security management policies, objectives, and measures. Employees acquire knowledge through practical exercises, written exams, or oral assessments.

03 Empower Digital and Smart Transformation for the Industry



Holding fast to our original mission of "changing the global equipment manufacturing landscape and promoting manufacturing advancement for humanity," Hymson has steadily expanded its service capabilities. Leveraging decades of professional expertise and robust R&D capabilities in "laser + intelligent manufacturing," we now serve sectors including consumer electronics, power batteries, photovoltaics, sheet metal processing, and smart homes. Through a sophisticated product quality management system and after-sales service system, we provide clients with premium intelligent manufacturing solutions that can empower their efforts in digital and intelligent upgrades, thus contributing to the low-carbon and green development of society.

-  Guarantee Product Quality and Safety
-  Strengthen Research, Development, and Innovation Capabilities
-  Enhance Intelligent Manufacturing Capabilities
-  Improve the Customer Service System
-  Build a Sustainable Supply Chain
-  Develop Together with the Industry

Contributions to SDGs



Product Quality and Safety

Believing in the philosophy that "quality and reliability are the foundation of our excellence", we have established a comprehensive quality management system in accordance with the ISO 9001:2015 international quality management standard. We have also developed a series of documents including the *Incoming Quality Control Management Standards*, the *Process Quality Control Management Standards*, and the *Finished Product Quality Control Management Standards* to systematically and normatively manage material procurement, material admission, material inventory management, production process, finished product inspection, non-conforming product management, finished product inventory management, and finished product shipping. This comprehensive approach ensures the quality and safety of our products and underscores our commitment to delivering reliable and satisfactory services and solutions to our clients.

Quality management system

Our main production facilities have all been certified with and are actively maintaining the ISO9001:2015 quality management system. Also, in order to effectively maintain the quality system, we have established a quality management organization led by the Headquarters' quality center and supported by other quality management departments to effectively implement our quality philosophy.



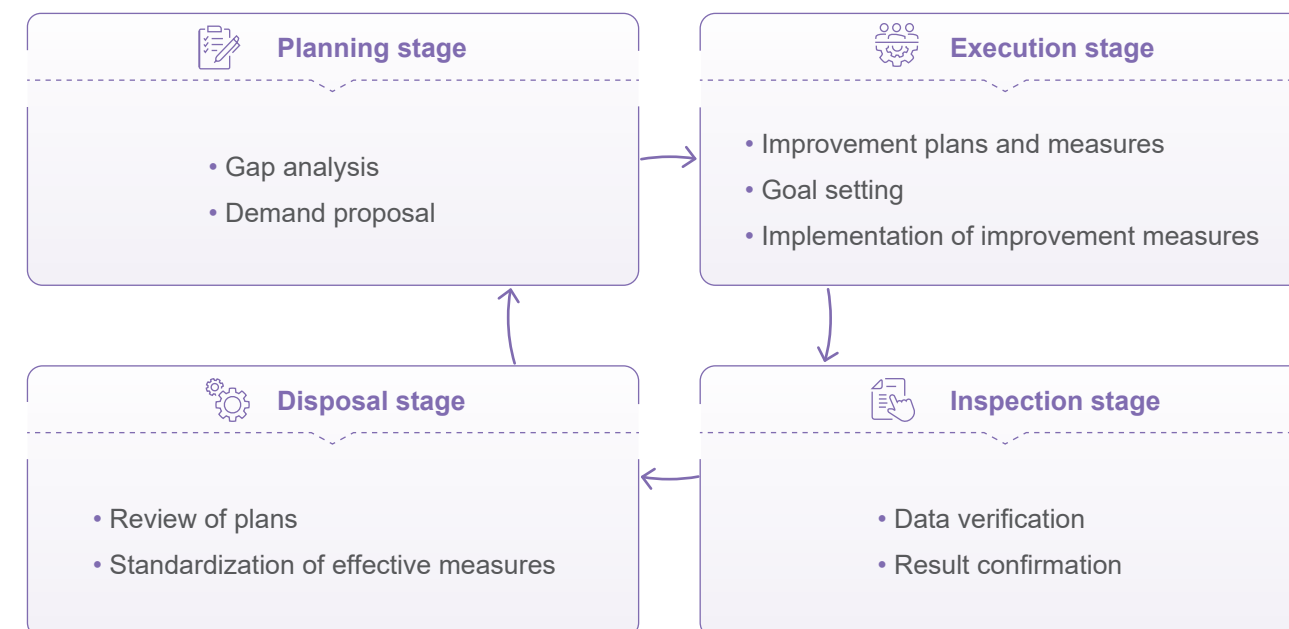
▲ Quality management structure

Certification Standard	Main Production Facilities	Certification Agency	Validity Period of Certification	Certified Entity
ISO 9001:2015	Shenzhen Base	Société Générale de Surveillance Limited (SGS)	February 11, 2026	Hymson
	Jiangmen Base	Société Générale de Surveillance Limited (SGS)	February 11, 2026	Hymson Jiangmen
	Changzhou Base	Société Générale de Surveillance Limited (SGS)	February 11, 2026	Hymson Jiangsu

▲ Certification of quality management system

Continuous quality improvement

By establishing the *Control Procedure for Continuous Quality Improvement*, we guarantee the effectiveness of the quality management system using quality policy, quality objectives, audit results, data analysis, corrective and preventive actions, and management review.



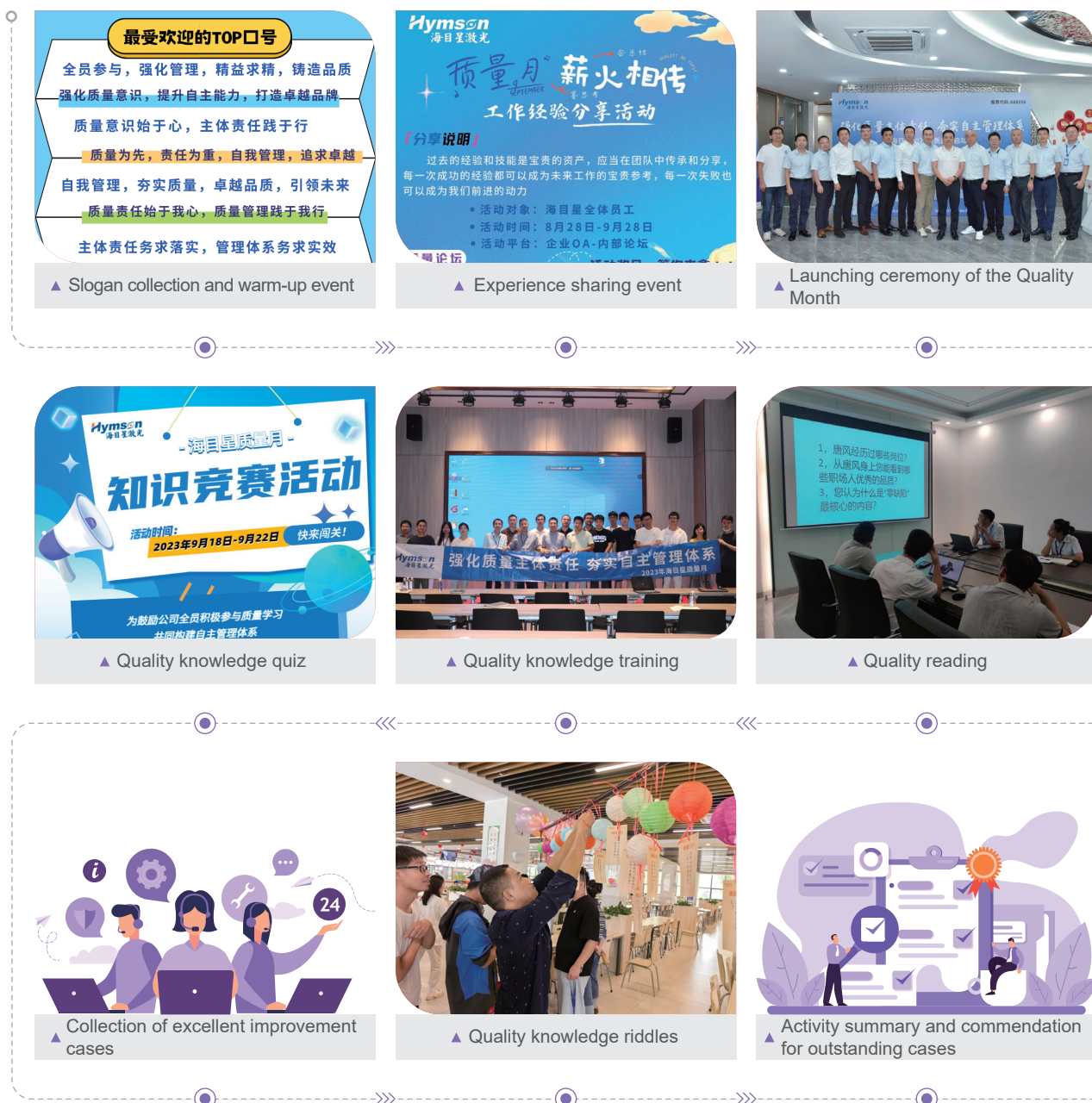
Quality training for suppliers

We regularly organize quality training sessions for our suppliers to share our quality requirements, knowledge, and management experience with them, aiming to foster mutual growth. During the reporting period, we conducted continuous quality improvement management training for more than 13 suppliers, significantly enhancing their quality management capabilities.

Construction of a quality culture

To cultivate a quality culture, we annually organize "Quality Culture Month" events, conduct monthly quality management training sessions, and hold weekly quality empowerment training sessions. These activities are designed to promote quality awareness and professionalism, continuously elevating our quality management standards.

During the reporting period, we partnered with our production bases in Jiangmen and Changzhou to launch the "Quality Month" event concurrently. Activities regarding quality management system certification included slogan collection, experience sharing, quality reading, quality knowledge training, quizzes, collection of excellent improvement cases, and quality knowledge riddles, engaging all employees in fostering a quality culture and effectively enhancing their quality awareness and skills.



During the reporting period



No product non-compliance or recall events were encountered.



Coverage of quality training for employees: **100%**



Intelligent Manufacturing

Hymson is committed to advancing intelligent manufacturing technologies and enhancing equipment production through the use of digital platforms, software products, and core technologies. This commitment drives technological transformations and upgrades within the industry. Currently, we have applied five major intelligent manufacturing technologies, including virtual debugging, digital simulation, and digital twin platforms. These technologies have greatly boosted the efficiency and quality of our research and development, production, and debugging processes, enabling us to consistently deliver satisfactory products and services to our clients. Furthermore, the adoption of these technologies significantly reduces material and energy consumption during production, thereby bolstering our low-carbon production capabilities.

Virtual debugging



Virtual debugging involves the integration of digital software with hardware and real logic programming. This process connects a virtual production line model with physical control devices to conduct functional tests on complex manufacturing systems.

- **Accelerated research and development:** It effectively promotes technological advancement in research and development, production, testing, and technologies related to quality, improves product quality in an all-round manner, and shortens the research and development cycle by 20%.
- **Improved quality:** It enhances technological development across research, production, and testing, leading to a 10% reduction in product defects and lower equipment failure rates for sustainable, efficient production.
- **Reduced cost and improved efficiency:** It shortens the research and development cycle, reduces material consumption, optimizes production capacity, lowers inventory, and enhances service quality, resulting in a 5% reduction in change costs.
- **Shortened lead time:** It significantly cuts and accurately predicts production cycles, reducing delivery lead time by 10%.

Industrial digital physical simulation computing platform



Digital simulation involves modeling digital systems and developing applications to simulate and analyze the operation of these systems. The results guide planning, design, and operational management in real-life scenarios. This includes logistics simulation technology, cell forming and notching simulation technology, motion simulation technology, and more.

Applications of physical simulation technology

- **Electromagnetic engineering:** Design a new heating system, optimize the heating structure, improve heating efficiency, and reduce energy consumption based on the principle of electromagnetic induction.
- **Structural engineering:** Analyze the critical modules and core components of equipment for their strength, stability, and durability, and optimize structural design to enhance static and dynamic characteristics by using the finite element method.
- **Fluid dynamics:** Design flow channels and dust removal structures and produce standardized design solutions based on the principles of fluid mechanics, with shortened design cycles and improved design quality.
- **Thermodynamics:** Evaluate the thermal load capacity and stability of key components for battery heating based on thermodynamic principles; design component-level/system-level heat dissipation and heating structures to ensure uniform heating of batteries and reduce energy consumption.
- **Multi-field coupling:** Analyze the factors affecting the jitter of the conveyor belt during the heating process in the oven based on fluid-structure integration (FSI) simulation, design a rational air supply structure, and improve the stability of the conveyor belt in the oven.
- **Machinery-electron integration:** Realize the simulation and bi-directional optimization of control algorithms and mechanical models based on the machinery-electron integration and simulation system for dynamical models and control models.

- **Advantages of tension simulation technology:** It enables advanced tension simulation to identify design risks and ensure design scheme accuracy.
- **Advantages of notching simulation technology:** It can simulate and analyze the actual notching process of battery cells before production. This assessment allows for parameter adjustments based on simulation results to ensure alignment of battery cell tabs.
- **Advantages of logistics simulation technology:** It allows for early validation of various layout options, facilitates factory planning and design, and reduces planning time. It simulates actual production capacity, conducts advanced benefit analysis, and assists in making informed decisions. It plans for the layout in advance to reduce the cost of later modifications.
- **Advantages of motion simulation technology:** It can simulate the high-speed kinematic coupling of various types of control systems, allowing for the early recognition of motion states.

Digital twin platform



This platform leverages Model-Based Definition (MBD) and Model-Based Enterprise (MBE) technologies to create digital models for enterprises and products. It utilizes Web-GL 3D visualization and simulation analysis to model and analyze the entire product lifecycle, including material calculation, product design, manufacturing processes, production, and product maintenance. This integration builds a cohesive physical information system, facilitating interaction between physical factories and the virtual company.

- **Lightweight Access:** It utilizes the innovative WebGL 2.0 and 3D engine to achieve lightweight deployment and enable remote access through web browsers, with model occupancy of less than 100 MB.
- **Real-time simulation of operation status:** It can simulate the real-time operation status of equipment, provide convenient and intuitive access to the physical properties, parameters, and operation status, and give users a quick view of physical equipment's operation status with a synchronous delay of less than 500 ms.
- **Rapid troubleshooting:** It utilizes IoT data collection and big data processing to diagnose and troubleshoot issues 50% faster.
- **Improved client satisfaction:** It prevents downtime by analyzing data and monitoring the system, significantly increasing client satisfaction by 80%.

PC software framework platform



The platform is divided into the application presentation layer, the platform support layer, CBB (Common Building Blocks), the data service layer, and the device support layer. Each module corresponds to its respective basic microservice and Dynamic Link Library (DLL). The data service layer is the core of data and business support for the entire project, divided into multiple sub-layers such as data collection, cleansing, storage, analysis, application, and mining.

- **High efficiency and quality:** It adopts a modular development approach for PC software to improve code reusability, reduce development time, and enhance development efficiency.
- **High reliability and scalability:** It reduces software maintenance cycles and costs, achieves efficient low-code development, and improves software quality and stability, with high reliability and scalability.
- **Self-developed core:** Featuring independently developed and controllable technology, it offers a lightweight and visually enhanced interface to improve operational efficiency.
- **Improved intelligent analysis:** It can analyze intelligent data on devices, suggest technological parameters, and improve product quality, thereby indirectly increasing product yield.

PLC software framework platform



This platform uses PLC (Programmable Logic Controller) modular development technology for standardized function module development in automation equipment. It integrates automatic code generation technology for unified IO and electrical configurations, simplifying PLC code generation.

- **Standardized code management:** It manages software versions uniformly and utilizes standardized modular codes to minimize fault rates.
- **Shortened development cycle:** It adopts modular and reusable codes to shorten the development time, and uses automatic code generation tools to improve development efficiency and shorten debugging time.
- **Increased reusability:** It enhances the reusability of programs and improves the delivery capability and quality of system control software on a large scale.
- **Improved quality of code design:** It reduces the cost of PLC program development, enhances development quality, shortens the development cycle, and lowers maintenance costs.

During the reporting period



We were honored with the Innovation Award for Automation Equipment Simulation and Virtual Commissioning by Siemens.

Research, Development, and Innovation

Committed to embracing challenges and learning from honest mistakes, we continuously develop innovative technologies and products focused on "laser + intelligent manufacturing." These efforts are driven by new demands and pain points of our clients. Our aim is to provide stable and reliable intelligent manufacturing solutions, facilitating smart industry upgrades.

During the reporting period



Amount invested in R&D:
RMB

543.24
million



As a proportion to
operating revenue:

11.31 %



Number of R&D
personnel:

2,217



As a proportion to the total
number of employees:

28.33 %

Innovation platform

We have established an innovation system for research and development that is centered on the common technologies, general technologies, and strategic new technologies of the Hymson Research Institute, underpinned by the innovative applied technologies of industry-specific R&D laboratories, and combined with various pilot and trial production bases and platforms at home and abroad. Meanwhile, we maintain technical exchanges and collaborations with prestigious institutions, including Tsinghua University, South China University of Technology, Southern University of Science and Technology, Beijing University of Technology, South China Normal University, Jiangsu University, Shenzhen Institute of Information Technology, Ningbo Institute of Materials Technology and Engineering, CAS, the Jihua Laboratory, and Guangdong Academy of Sciences, among other higher education and scientific research institutes. Our goal is to continuously drive innovation in lasers and intelligent manufacturing through both independent and collaborative research and development efforts. During the reporting period, we established the Shenzhen Intelligent Laser Achievement Commercialization Base in collaboration with South China University of Technology. We also signed a strategic cooperation agreement with Jihua Laboratory to jointly foster innovative research and development in intelligent manufacturing for new displays. Additionally, in collaboration with the Shenzhen Institute of Information Technology, we co-founded the Advanced Manufacturing and R&D Center of Laser Technologies. This partnership marks a significant milestone in industry-academia collaboration within the field of laser manufacturing.

Innovative accomplishments and recognition

After 15 years of dedication to innovation, our company has established a robust capability in research, development, and innovation, earning repeated recognition from authoritative third parties. As of the end of the reporting period, we have earned several prestigious qualifications and certifications, including the "National High-Tech Enterprise", the "Leading Enterprise in the Intelligent Manufacturing Industry Chain of laser and Additive Manufacturing", the "Guangdong Provincial Intelligent Manufacturing Equipment Engineering Technology Research Center for Power Batteries", the "Guangdong Industrial Design Center", the "Smart Manufacturing Ecosystem Partners of Guangdong Province", the "Shenzhen Headquarters Enterprise", the "Enterprise Technology Center of Shenzhen", and the "Postdoctoral Innovation Practice Base of Shenzhen".

Market recognition from innovative products

Our excellence in research and development has led to the launch of groundbreaking products and technologies that have received widespread acclaim from our clients.

Equipment	Advantages
Auto TOPCon laser primary doping machine	<ul style="list-style-type: none"> The TOPCon laser primary boron doping equipment is the first of its kind in the N-type photovoltaic cell industry. Designed for selective laser processing, the machine applies self-developed lasers and specialized optical path design to achieve BSG (Beam Sampling Grating) laser direct doping. It features precise visual localization, high-speed flexible mechanical transmission, and a fragmentation rate below 0.02%. It has achieved a client-side efficiency gain of over 0.25%, demonstrating superior productivity, precision, and efficiency.
LAS rapid sintering equipment	<ul style="list-style-type: none"> The equipment uses laser-assisted rapid sintering to process the metal paste on the front side of the silicon wafer, creating a better ohmic contact between the paste and the wafer. Meanwhile, the charging effect optimizes the grid line electrode, improves contact resistance, and achieves high-efficiency output of solar photovoltaic cells. This significantly increases the photovoltaic efficiency of TOPCon cells. The LAS technology can improve cell conversion efficiency, resulting in a gain of over 0.2%. Additionally, it can increase photovoltaic conversion efficiency of cells by more than 0.3%.
Laser welding equipment for photovoltaic junction boxes	<ul style="list-style-type: none"> By adopting state-of-the-art laser welding technology, this equipment provides significant advantages in terms of welding yield rate, energy consumption, and stability, proven by a welding yield rate exceeding 99.85% and energy consumption as low as 2KW/H. It can be seamlessly integrated with automated production lines to enable automatic material feeding and discharge control, fully automated mechanical positioning of components, and visual display of welding areas. The entire machine is controlled by an industrial PC and PLC, with modular and flexible programming design, CCD automatic positioning, and result detection. This allows for effective monitoring of the welding process and results, ensuring stable welding processes and high-quality weld seams.
Micro LED chip mass transfer machine	<ul style="list-style-type: none"> The machine is designed to transfer Micro LED chips onto temporary substrates and schedule RGB chips. It uses a self-developed array laser as the light source, coupled with a high-precision marble platform and a fully automated monitoring system. This enables efficient and high-yield mass transfer of Micro LED chips. Our customizable products break the foreign monopoly on optical systems and key materials for mass transfer, facilitating the industrial upgrade of new display technologies. Our yield can reach over 99.99% with an efficiency of 25-100kk/h. Currently, the applicable chip size has been reduced from 50um to 15um, and is expected to go below 10um.

Equipment	Advantages
Intelligent laser repair machine	<ul style="list-style-type: none"> The machine is fully compatible with the inverted COB process and uses in-house high-performance lasers and an independently developed optical integration system. It features composite multi-layer micro-nano material finishing, high-resolution real-time closed-loop processing, and AI-based defect recognition. It enables the repair of wafers, removal of thin films and chips, and finishing of solder pads for defects that occur during the Mini&Micro LED process. This leads to a significant improvement in clients' productivity and yield.
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Rapid heating technology	<ul style="list-style-type: none"> Our newly developed battery cell pre-heating equipment utilizes proprietary rapid heating technology. This advancement addresses the high energy consumption and low efficiency associated with traditional hot pressing processes. Compared with the current industry-standard contact preheating method, this technology can improve heating efficiency by 70%. It also significantly enhances the directional uniformity of core thickness, achieving a temperature difference of less than 10°C, while reducing energy consumption by 65%. This breakthrough can effectively alleviate capacity bottlenecks, yielding substantial economic benefits. (For example: the rapid preheating device for 60194 battery cells with a capacity of 40ppm saves 1 Gwh of energy per year, saving RMB 1 million of operational costs per year)
New infrared coating oven	<ul style="list-style-type: none"> Our innovative flat low-temperature infrared heating system is designed to be compatible with existing coating and laminating equipment. The system's highly uniform infrared rays directly target the surface of drying electrodes, allowing for the rapid and efficient drying of electrode pastes. This capability meets the demands for high-speed, high-efficiency, and high-surface-density electrode production. We offer tailor-made integrated solutions for specific needs. The oven can be equipped with an infrared heating system to increase the electrode coating speed by more than 30%, or it can replace the existing oil-fired heating system as the sole heat source. Therefore, it can significantly save more than 40% of energy consumption and streamline the device structure.
New oven energy-saving technology	<ul style="list-style-type: none"> To address the significant drawbacks of traditional coating machines characterized by high energy consumption and operational costs, we have developed a new energy-saving oven. This oven boasts efficient heat recovery, minimal eddy current loss, and reduced heat dissipation. Operating at a coating speed of 85 m/min, it lowers energy consumption by 11.2% at the positive electrode—resulting in annual operational cost savings of RMB 1.21 million for each production line. At the negative electrode, it achieves an 18.5% reduction in energy consumption, saving RMB 2.62 million in operational costs annually.

During the reporting period



Number of licensed patents held:

758



Number of software copyrights held:

300



Number of newly applied patents:

720



Total number of patents applied:

1,428



Number of newly licensed patents:

374

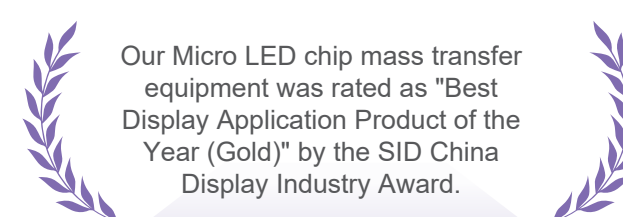


Recognition from competent authorities for innovation capabilities

Our active participation in key research projects led by government authorities underscores our contribution to the development of China's high-tech industries. During the reporting period, many of our key research projects were approved, further showcasing our capabilities in innovative research and development.

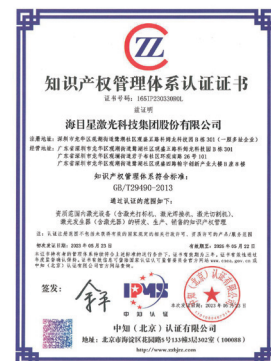
S.N.	Project Name	Project Level
1	• MIIT Key Special Project for High Quality Development and Industrial Base Restructuring (approved), in which Hymson undertakes a sub-project, namely the development of key technologies for the stacking machine	State-level
2	• Ministry of Science and Technology Key Special Project for New Displays (approved as a co-applicant)	State-level
3	• Guangdong New Energy Storage Flagship Project (approved as a co-applicant with EVE), in which Hymson undertakes the development of key energy storage equipment	Provincial-level
4	• Department of Industry and Information Technology of Guangdong Province Special Project for High Quality Development of New Energy Storage (approved as the chief applicant)	Provincial-level
5	• Shenzhen 2022 Major Special Project — Mass Transfer Key Technology Research and Development Project (approved as the chief applicant)	Municipal-level
6	• Shenzhen 2023 Major Special Project — Mass Repair Key Technology Research and Development Project (approved as the chief applicant)	Municipal-level
7	• Shenzhen Intelligent Laser Achievement Commercialization Base Project (approved as the chief applicant)	Municipal-level
8	• Shenzhen Industrial Internet Project (approved as the chief applicant)	Municipal-level
9	• Shenzhen "First Unit (Set) of Equipment Support" Project (approved as the chief applicant)	Municipal-level
10	• Jiangmen Technological Breakthrough Leaderboard Project (approved as the chief applicant)	Municipal-level

Highlights and honors



Intellectual property protection

We are deeply committed to intellectual property management, guided by the principle of "prioritizes innovation and safeguards intellectual property rights". In accordance with the GB/T29490-2013 Enterprise Intellectual Property Management, as well as other laws and regulations such as the *Trademark Law* of the People's Republic of China and the *Patent Law* of the People's Republic of China, we have instituted a comprehensive intellectual property management system. This system outlines specific regulations for the acquisition, utilization, licensing, transfer, protection, dispute resolution, and risk management of intellectual property. During the reporting period, our Headquarters and the Shenzhen base were certified by the GB/T29490-2013 Intellectual Property Management System, which has significantly bolstered our intellectual property management framework.



▲ Hymson's certificate of intellectual property management system

Training on intellectual property protection

We regularly train employees on protecting intellectual property to enhance awareness and capabilities of key positions. During the reporting period, in an effort to broaden our international patent knowledge and develop a comprehensive global intellectual property system, we hosted two training sessions: "Enterprise Intellectual Property Management and Overseas Layout Strategy" and "Overseas Intellectual Property Training". These training sessions engaged more than 60 mid-to-senior level managers, R&D personnel, and intellectual property management staff.



▲ Site of intellectual property training

Measures for lifecycle management of intellectual property:



Acquisition of intellectual property

We developed the *Control Procedure for Intellectual Property Acquisition* in accordance with the intellectual property development strategy. Annually, we devise work plans for intellectual property creation and acquisition, specifying the methods and channels for securing intellectual property.

Maintenance of intellectual property

We developed the *Control Procedure for Intellectual Property Maintenance*, a categorized ledger for the intellectual property rights we hold, as well as a regular evaluation system and a supervision & maintenance system for intellectual property.

Implementation, licensing, and transfer of intellectual property

We developed the *Control Procedure for Implementation, Licensing, and Transfer of Intellectual Property*. This ensures that our intellectual property is utilized prudently in production, operations, and market transactions, in compliance with relevant laws and regulations.

Management of intellectual property risks

We created the *Control Procedure for Intellectual Property Risk Management*. As per laws and regulations, each product center regularly monitors any possible infringements on others' intellectual property rights, identifies and assesses intellectual property risks, and implements corresponding risk control measures to prevent infringement on others' intellectual property rights.

Handling of intellectual property disputes

We developed the *Intellectual Property Dispute Handling Procedure* to promptly identify and monitor intellectual property infringements, and utilize administrative and judicial means in real time to protect our intellectual property rights.

Provide Considerate Services to Clients

Adhering to our core values of "Customer Orientation, Commitment to Excellence" and upholding our core philosophy of "Providing Tailor-made Services for Win-Win Partnerships", we offer comprehensive and thoughtful services to our clients. Our goal is to become their trusted partner in intelligent manufacturing.

During the reporting period



Number of client

complaints: **0**



Number of products recalled due to

safety and health issues: **0**



Customer satisfaction rate:

90%

Key honors



Customer service management

We have established the *Control Procedure for Customer Service* to oversee and enhance customer services before, during, and after sales, continuously improving customer satisfaction.



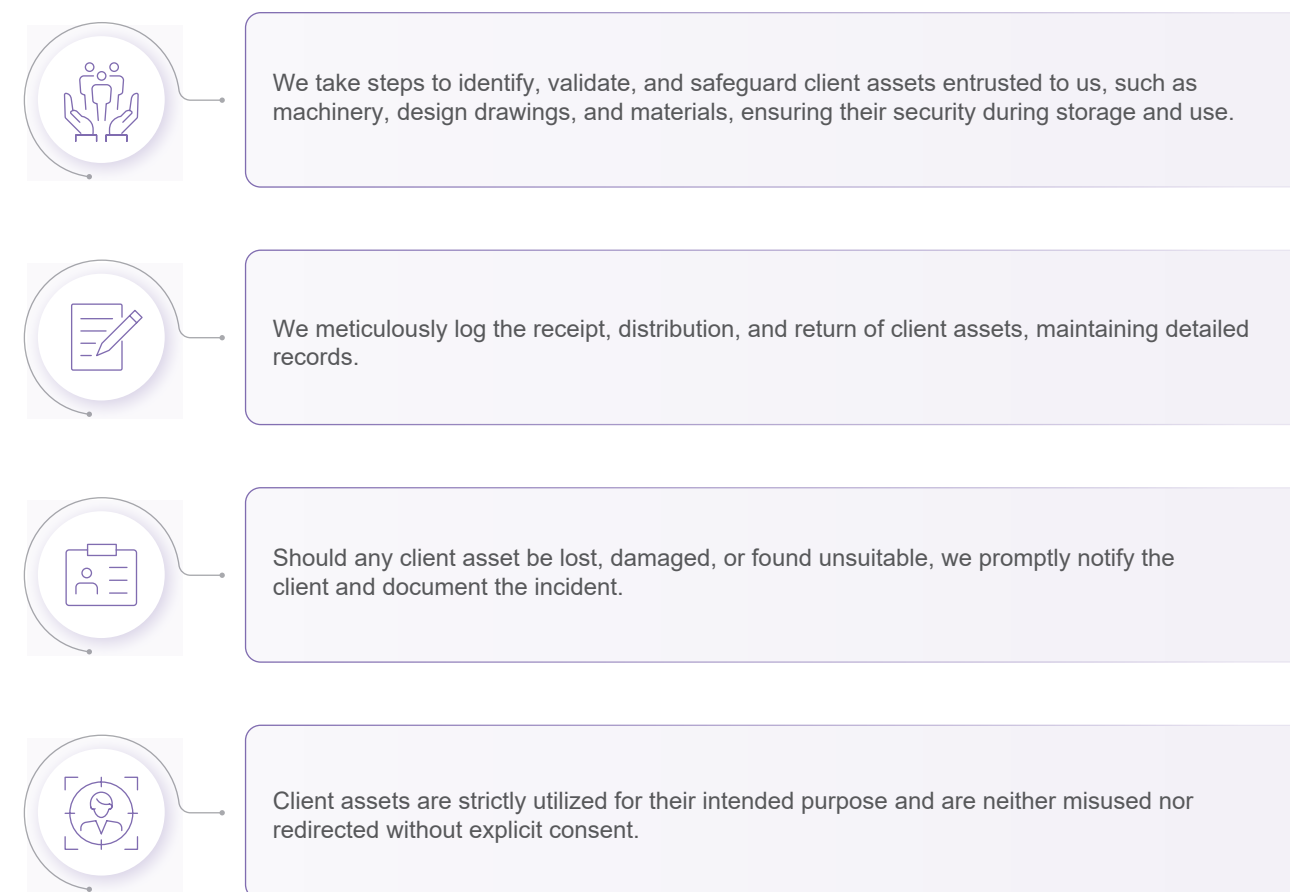
Customer satisfaction survey

Aiming for a customer satisfaction goal of at least 90%, we conduct bi-annual surveys to gauge customer satisfaction with our products' performance, delivery timeliness, service quality, communication, and other aspects. The feedback received drives our continuous improvement efforts. During the reporting period, we achieved a customer satisfaction rate of 90%, meeting our target.

Protection of clients' trade secrets

We prioritize safeguarding our clients' sensitive personal information and trade secrets. To this end, we have formulated the *Administrative Regulations on the Protection of Personal Information* and the *Administrative Regulations on Trade Secret* to manage clients' sensitive information and protect it from unauthorized access. Before initiating any project, we will sign a *Non-Disclosure Agreement (NDA)* with clients to establish a legally binding written agreement. All project members are required to sign a *Personal NDA*. This ensures that the responsibility for confidentiality is assumed by employees and is legally guaranteed by agreements.

Measures to protect clients' assets



Sustainable Supply Chain

A robust supply chain is essential for sustainable business growth. Hymson places a strong emphasis on ESG management in the supply chain, adopting domestic and international best practices for responsible procurement. Our comprehensive supplier management system ensures that operations adhere to our standards, demonstrating our dedication to a sustainable supply chain.

ESG management of suppliers

We take the ESG performance of our suppliers seriously. Therefore, we have developed a comprehensive and systematic set of management documents and procedures, including the *Administrative Regulations on Social Responsibility of Suppliers*, the *Code of Business Conduct*, and the *Regulations on Rewards and Penalties for Transparent Procurement* to regulate supplier admission, cooperation, and many other issues. These guidelines ensure that our suppliers align with our expectations regarding business ethics, environmental stewardship, and social responsibility, contributing to the efficient and stable operation of our supply chain. Furthermore, we focus on localizing our supply chain by collaborating and communicating with local suppliers. This enhances the competitiveness of local suppliers and drives regional growth and prosperity.

Lifecycle management of raw material suppliers

Due diligence before admission

Suppliers are required to complete the *Supplier Qualification Inquiry Form* and provide a series of documents for pre-admission qualification review, including business licenses, bank information, agency/distribution certificates, lists of key production and inspection equipment, product reliability test reports, production process flow charts, quality management process charts, occupational health and safety management system certificates, environmental management system certificates, and information security management system certificates.

On-site evaluation of suppliers

We have formed a supplier evaluation team, consisting of procurement, quality, and operations management representatives, to conduct on-site assessments of qualified or new suppliers. The evaluation focuses on quality management, working environment, employee benefits, labor rights, occupational health and safety, environmental protection, business ethics, and information security. Following the evaluation, a *Social Responsibility Evaluation Form* will be issued. Suppliers who failed the evaluation will receive a *Supplier Evaluation/Audit Deficiency Form* to address and correct non-conforming items, with a re-audit scheduled after one month.

Order cooperation

Qualified suppliers must sign the *Notice Letter for Suppliers*, the *Letter of Commitment to Social Responsibility for Suppliers*, and the *Letter of Commitment to Non-Use of Conflict Minerals* before being admitted by us. We conduct quarterly performance evaluations of our cooperating suppliers, focusing on their achievements in quality, delivery time, environmental protection, and social responsibility.

Training and communication

We carry out regular ESG training for all procurement personnel, focusing on transparent and honest procurement practices to bolster their awareness and skills in ESG initiatives. This training also provides targeted guidance for less experienced procurement staff. The procurement personnel enhance suppliers' awareness and capabilities in ESG management through regular on-site evaluation, online promotion of ESG management requirements, and requiring suppliers to countersign commitments to social responsibility.

Reward and punishment system

Suppliers meeting ESG evaluation criteria will receive incentives such as extended cooperation terms and priority order placement. Conversely, suppliers failing to adhere to ESG guidelines face penalties, including order restrictions and temporary cooperation suspensions. Repeat failures in on-site evaluations, poor reputations, or unfair trade practices result in supplier disqualification.

Responsible procurement of raw materials

We have implemented a hazardous substance management system, overseen by the general manager. Stringent control measures have been established for hazardous substances used in the production process, including finished products, components, parts, raw materials, packaging materials, and auxiliary materials. These measures ensure that our products are safe, healthy, and environmentally friendly.

Regarding raw materials, we implement stringent controls over the products, components, parts, materials, packaging materials, and auxiliary materials utilized in our processes. We source these items exclusively from qualified suppliers who are subject to rigorous audits. These suppliers are required to provide certificates confirming the non-use of hazardous substances. Also, we request regular environmental testing reports and environmentally-friendly measures for substance management. Samples listed in the Material Approval Sheet must be accompanied by third-party reports for RoHS and REACH compliance.

As for raw materials involving the use of conflict materials and minerals, we require our suppliers to sign a Letter of Commitment to Non-Use of Conflict Minerals to ensure that they do not use materials containing minerals sourced from conflict-affected areas.

Industry Development Promotion

We actively participate in industry associations, exchange activities, the formulation of industry standards, and industrial research projects. By supporting innovation and entrepreneurship competitions within our sector, and providing insights based on our expertise, we strive to foster the growth and development of the laser and intelligent manufacturing industries.

Participate in industry associations

We are active members of various industry associations and hold significant positions in many of them. Additionally, we frequently participate in industry forums and conferences, offering suggestions and support for the high-quality advancement of the industry.

Title of Association	Role
Shenzhen Battery Industry Association	Vice President
China Industrial Association of Power Sources (Power Batteries)	Member
Guangdong Battery Industry Association	Executive Vice President
China Battery Industry Association	Group Member
Shenzhen Intelligent Equipment Industry Association/Shenzhen Electronic Equipment Industry Association	Vice President
China Society of New Energy Entrepreneurs and PECA PV ESS Charging Alliance	Vice Chairman
Society for Information Display (SID)	Member
Guangdong Laser Industry Association	Vice President
Federation of Shenzhen Industries	Member
Shenzhen Enterprise Confederation	Member
Shenzhen Artificial Intelligence Industry Association	Vice President
Guangdong Enterprise Brand Construction Promotion Association	Member
Jiangsu Province Laser Industry Innovation Alliance	Vice Chairman
China Advanced Semiconductor Industry Innovation Alliance	Member
Guangdong New Energy Storage Industry Innovation Alliance	Member
Jiangsu Energy Storage Association	Chairman
Advanced Battery Materials Industry Cluster	Vice Chairman
China Video Industry Association	Member
Shenzhen Future Industry Promotion Association	Member
Shenzhen Advanced Manufacturing Industry Promotion Association	Vice President
Shenzhen New Energy Storage Industry Association	Member
Guangdong Industrial Quality Management Association	Member
Welding Division of Guangdong Provincial Mechanical Engineering Society	Vice Chairman
Laser Processing Special Committee of Chinese Optical Society	Member
The 4th Technical Sub-committee on Laser Material Processing and Laser Equipment under the National Standardization Technical Committee for Optical Radiation Safety and Laser Equipment	Committee Member
Guangdong Machinery Industry Quality Management Association	Member

Participate in the development of industry standards

We actively contribute to the development of industry standards, promoting healthy and standardized growth. During the reporting period, we participated in the formulation of 2 group standards, all of which were successfully released.

Standard Categories	Role	Standard Title	Standard Number
Group standard	Member	Technical Specifications for High-Voltage Power Battery Testing System	T/GDMES 0042-2023
Group standard	Member	Testing Requirements for Formation and Grading of Lithium Batteries Based on Microgrid DC Bus	T/GDMES 0043-2023

Participate in industry ecosystem construction

We actively build bonds with industry ecosystem partners, share premium resources, technology, and information with peers, and promote the high-quality development of the intelligent manufacturing industry. During the reporting period, we were selected on the "Third List of Smart Manufacturing Ecosystem Partners of Guangdong Province." During this opportunity, we engaged in technology exchange and business cooperation with industry peers, creating a new future for smart manufacturing together.

Support talent cultivation for the industry

We support talent cultivation and innovative development for the industry through industry-academia cooperation and by supporting innovation and entrepreneurship competitions. During the reporting period, we supported two sessions of the "New Display Technology Innovation Contest 2023 of China Innovation and Entrepreneurship Competition". We have made every effort to ensure the success of the competition and support new participants. Moving forward, we will continue to provide attention and support to the competition, aid in the development of China's new display industry, and promote integrated innovation among enterprises of all sizes.



Peng Xinhan, General Manager of the New Display Industry Center of Hymson (third from the left), was invited to serve as a judge

04 Apply Green and Low-carbon Operations



We actively respond to the national "dual carbon" strategy and implement the ecological civilization concept that "lucid waters and lush mountains are invaluable assets". As part of our core strategy, we are committed to environmentally-friendly development and integrate this concept into our daily operations. We strive to achieve significant results in environmental protection, climate change response, resource conservation, and pollution reduction. Our goal is to create a new landscape of low-carbon development.

-  Environmental Protection Management
-  Address Climate Change
-  Conserve Resources
-  Reduce Pollution

Contributions to SDGs



Environmental Protection Management

We adhere rigorously to environmental protection laws, regulations, and pertinent standards. In line with the ISO 14001 Environmental Management System requirements and tailored to our specific situation, we have established procedural documents such as the *Procedure for Environmental Factors Identification and Evaluation* and the *Control Procedure for Monitoring and Measurement*. Every year, we update the Environmental Factor Identification Table and formulate improvement plans. Meanwhile, we continue to refine our environmental management structure, reinforce the accountability mechanisms, and establish yearly environmental goals. We monitor the achievement of these objectives to guarantee a consistent improvement in our environmental performance annually.

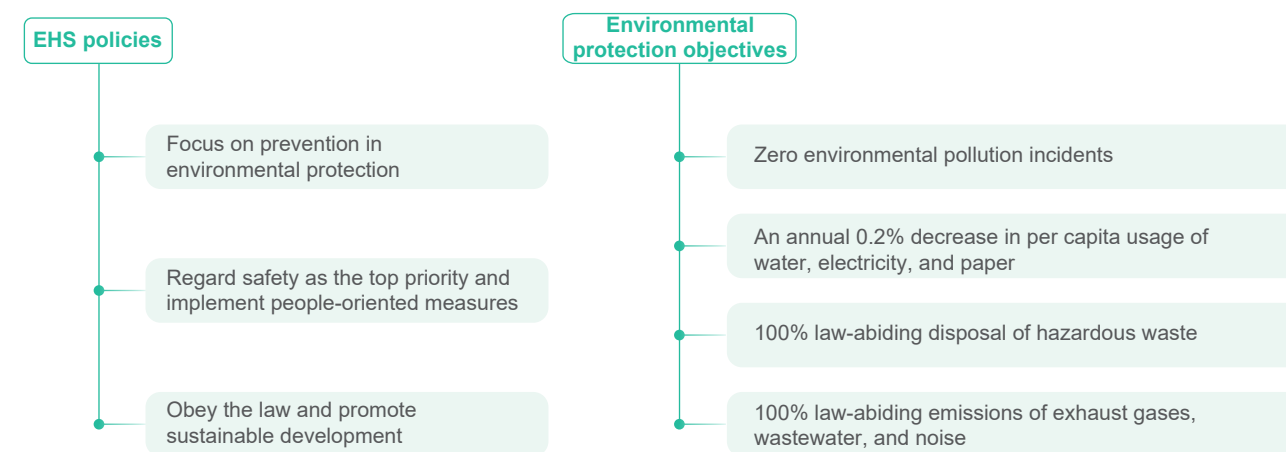
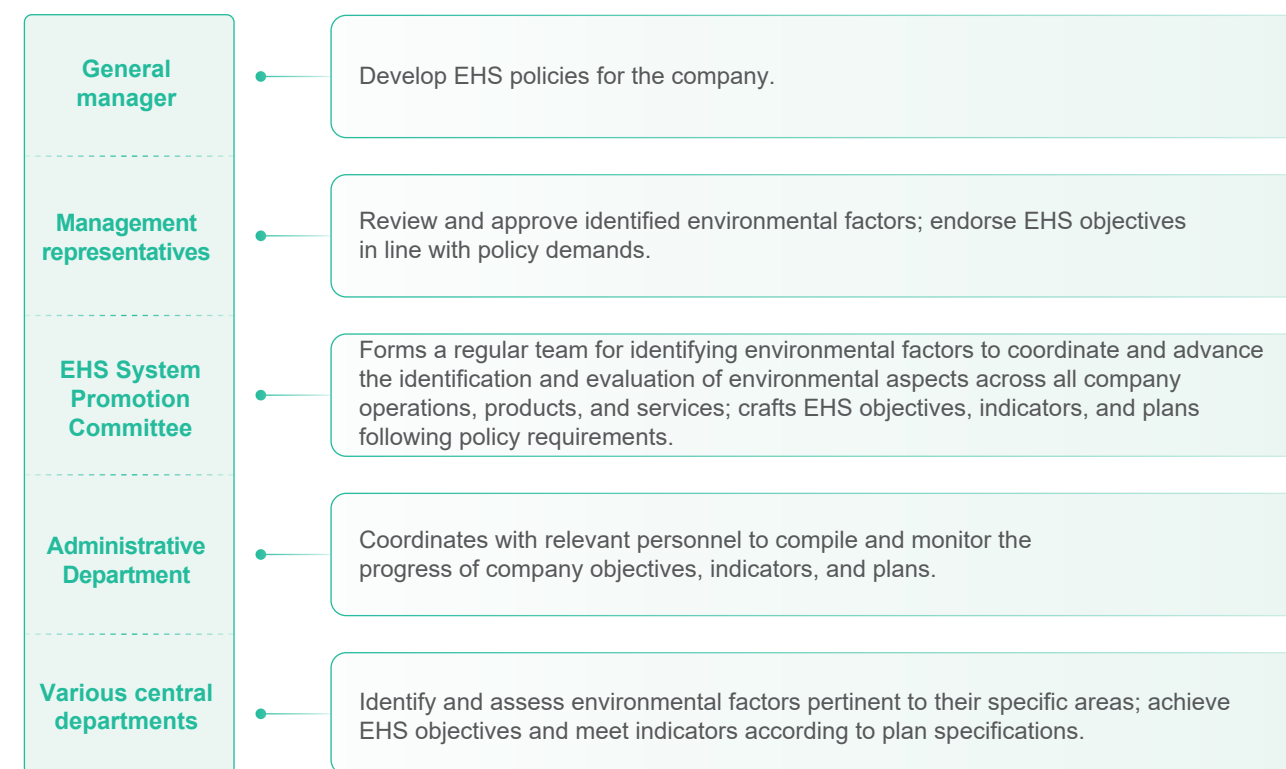
Environmental management system

Our headquarters and main production facilities received certification under the GB/T 24001-2016 idt ISO14001:2015 Environmental Management System in 2021 and are actively ensuring its continued adherence. During the reporting period, we did not face any penalties related to environmental violations.

System: ISO 14001:2015 Environmental Management System

Certified Entity	Hymson	Hymson Jiangmen	Hymson Jiangsu
Bases	Shenzhen Base	Jiangmen Base	Changzhou Base
Certification Agency	China Great Wall (Tianjin) Quality Assurance Center Company Co., Ltd.	China Great Wall (Tianjin) Quality Assurance Center Company Co., Ltd.	China Great Wall (Tianjin) Quality Assurance Center Company Co., Ltd.
Expiration Date	October 25, 2024	October 25, 2024	October 25, 2024

Environmental management structure



During the reporting period



Number of companies (including parent companies) certified by the ISO14001

3

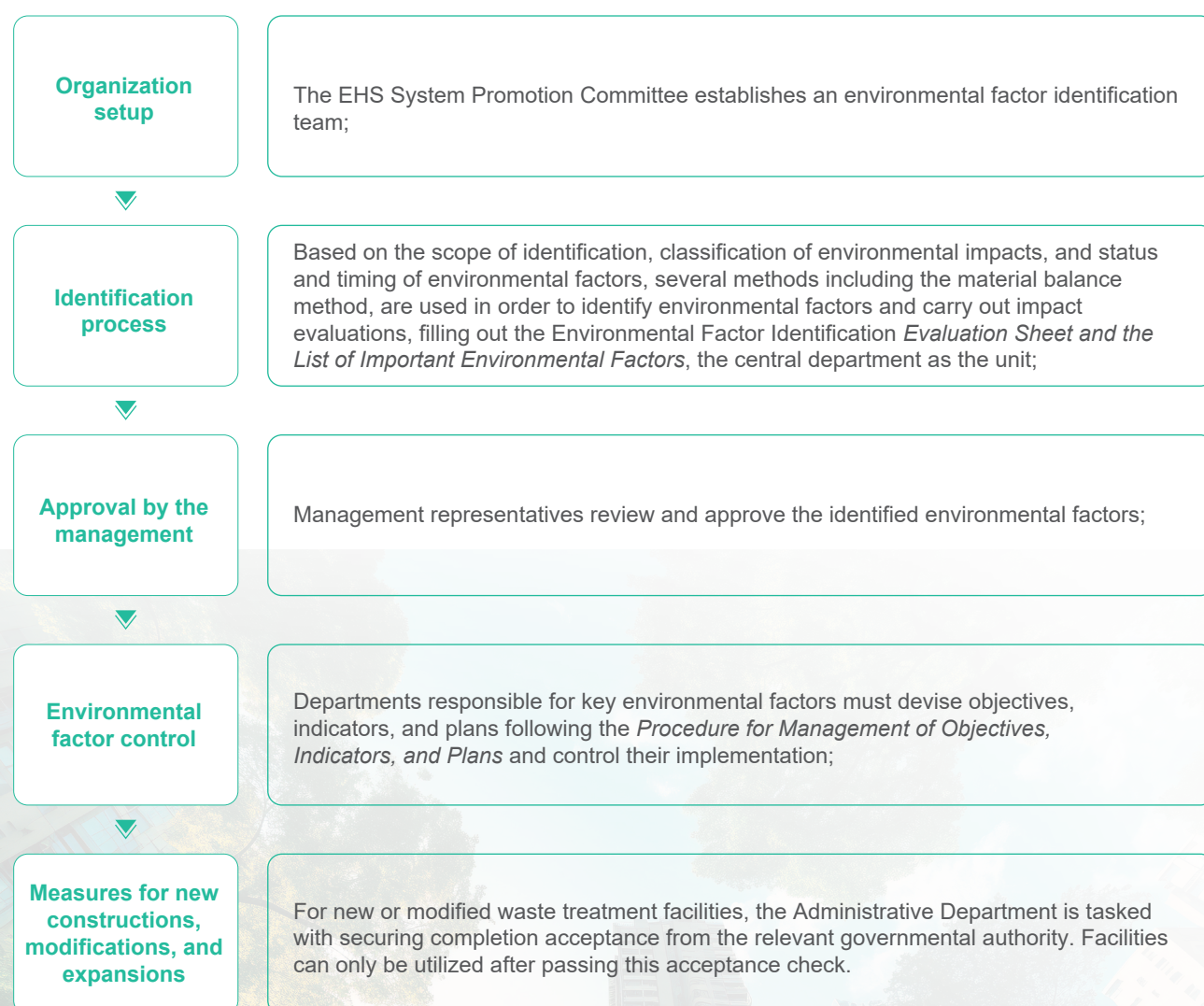
Environmental Management System:



Environmental risk management

We have formulated the *Procedure for Environmental Factors Identification and Evaluation*, covering our three production bases in Shenzhen, Jiangmen, and Jiangsu. According to the procedure, we identify and assess environmental factors in our activities, products, and service processes throughout the product lifecycle on an annual basis, and develop applicable EHS management plans for significant environmental factors based on the *Procedure for Management of Objectives, Indicators, and Plans*. Moreover, we conduct regular EHS inspections to minimize any adverse impacts.

Process of identifying and assessing EHS environmental factors



Foster environmental awareness

Cultivating a green lifestyle is a collective effort involving every member of the Hymson community. We actively engage in disseminating environmental protection principles and consciousness company-wide through a mix of online and offline activities. During the reporting period, our production bases held multiple environmental protection training sessions to effectively promote the awareness of environmental protection among employees.

> Shenzhen Headquarters

Employees participated in specialized training on the standardized management of general industrial solid waste for enterprises and public institutions in Longhua District. This enhanced their ability to identify and manage general solid waste effectively.



> Hymson Jiangmen

New employees underwent training on the ISO14001 Environmental Management System training to learn about our environmental policy.

> Hymson Jiangsu

We invited the Director of the Changzhou Ecological Environment Law Enforcement Bureau to give a lecture on environmental laws and regulations, promote the concept of ecological civilization, and discuss recent legal updates. Adverse case studies were shared to bolster compliance awareness among employees. Additionally, training on hazardous waste management was conducted to improve their handling and disposal capabilities.



Address Climate Change

With the global escalation of the greenhouse effect, leading economies are pursuing low-carbon development. Climate change has emerged as a critical environmental concern within ESG management. In response to the *National Climate Change Adaptation Strategy 2035*, we incorporate climate change risks into our existing risk management system, and identify and assess climate change risks and opportunities based on the *Control Procedure for Enterprise Risk and Opportunity Identification*. By strengthening efforts in energy management, facilitating low-carbon actions, and building green factories, we enhance our resilience to climate change risks and seize opportunities presented by climate change.

Climate governance

Adopting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have established a climate governance framework encompassing governance, strategies, risk management, and indicators & goals. This framework is designed to continually enhance our capacity to address climate change challenges.

Governance



Our climate governance framework ensures the implementation of climate change initiatives at all levels. The board of directors bears ultimate responsibility for climate governance, develops climate governance strategies, and oversees and reviews the implementation of relevant climate governance actions to make sure solid measures are taken. For more details, please refer to the "ESG Management" in this report.

Strategy



We identify and assess the climate risks faced in operations, outline potential risks, opportunities, and impacts, and establish corresponding plans for risks and opportunities according to the assessment results.

Risk identification and assessment

Types of Risks	Description of Risks	Impact of Risks		
		Duration of Impact	Affected Part	Financial Impact
Physical Risks				
Acute risk	Extreme weather conditions such as typhoons and floods pose increasing severity, which may cause depreciation of fixed assets, loss of labor, or disruptions in the supply chain.	Short to medium-term	Inbound logistics Production and operation	Increased costs Decreased revenue

Types of Risks	Description of Risks	Impact of Risks		
		Duration of Impact	Affected Part	Financial Impact
Transition Risks				
Reputation risk	Stakeholders such as clients and consumers are paying increasing attention to our performance in addressing climate change. Failure to take proactive actions to address climate change may result in us failing to meet stakeholder expectations, which could damage our image and reputation.	Short to medium-term	Marketing and sales	Decreased revenue
Policy and legal risks	Current climate-related regulations are becoming increasingly stringent, and new laws and regulations will continue to emerge, putting pressure on compliance and management. We need to meet current regulatory requirements for compliance in production, operations, and sales processes, and proactively respond to potential or forthcoming new regulations.	Medium to long-term	Production and operation Marketing and sales	Increased costs

Type of Opportunity	Description of Opportunity	Impact of Opportunity		
		Duration of Impact	Affected Part	Financial Impact
Low-carbon products and services	In the context of the transition to a low-carbon economy, there is a potential increase in the demand for green, low-carbon products and services. By developing and delivering low-carbon products, services and solutions, we can better position ourselves in the market to meet customer demand and create additional growth opportunities.	Long-term	Marketing and sales services	Increased revenue
Transition to renewable energy	With the development and innovation of green technologies and the introduction of supportive policies, renewable energy is becoming increasingly accessible and prices are falling. The use of renewable energy in production and operational processes can reduce direct energy costs and help us meet the regulatory pressures and low carbon targets we face in the end market.	Medium to long-term	Production and operation	Decreased costs
Efficient resource management	Measures such as energy management in production and operations, recycling of water resources and materials, and promotion of green production and logistics can enhance resource efficiency and contribute to global carbon reduction efforts. An efficient resource management system can effectively prevent waste, reduce our operating costs, and also improve production efficiency and supply capacity.	Medium to long-term	Production and operation Inbound/outbound logistics	Decreased costs
Increased climate resilience	Continually improving our ability to respond and adapt to climate change gives us more scope to take advantage of climate-related opportunities. Building climate resilience into infrastructure and supply chains can improve the stability of our assets and operations. By introducing adaptive projects such as renewable energy and developing top-notch laser and automation products and services, we can bring new opportunities to the company.	Long-term	Production and operation Inbound/outbound logistics Marketing and sales services	Increased revenue

Respond to risks and opportunities

To build climate resilience, we are accelerating the pace of green transformation and are actively engaged in building infrastructure, managing energy and resources, investing in and transitioning to clean energy, collaborating and participating in policy development, and providing green products and services, all around our climate strategy. Our goal is to continue to manage climate risks and seize climate opportunities.

Types of Risks and Opportunities	Measures
Physical Risks	
Acute risk	<ul style="list-style-type: none"> Establish a dedicated institution: We establish an emergency response team for sudden disasters and extreme weather conditions to assume typhoon prevention work, and form a sophisticated emergency management mechanism for climate events; Develop an emergency plan: We develop emergency plans for extreme weather conditions, and conduct regular drills and reviews to ensure full implementation of those plans. Also, we have developed the <i>Management Procedure for Emergency Preparedness and Response</i> and the <i>Emergency Plan</i> specifically for typhoons and other extreme weather conditions; Emergency drill for extreme weather conditions: We conduct regular extreme weather emergency drills to ensure the effectiveness of the emergency response mechanism. During the reporting period, the Shenzhen Headquarters and the Hymson Jiangmen conducted one emergency drill for typhoon and heavy rain conditions respectively; Impact of new factory: Consideration of climate disasters and their impacts are included in the environmental impact assessment of new factories.
Transition Risks	
Reputation risk	<ul style="list-style-type: none"> EHS management: We have established an EHS management mechanism for timely disclosure of strategic plans, targets, actions and performance in addressing climate change; Image promotion: We abide by relevant policies and regulations, consciously promote our low-carbon image, enhance our green credibility and social reputation, carry out frequent environmental protection campaigns in communities, so as to build a green image for the company; Customer expectations: In response to customers' demands for environmental protection, we take carbon reduction measures to meet their expectations and incorporate their environmental preferences into our product development; Green supply chain: We conduct due diligence on the environmental performance of our suppliers, sign strategic agreements with them, and jointly strengthen our efforts in energy conservation and emission reduction. We incorporate green, environmental, and low-carbon requirements into the procurement process for energy equipment, office supplies, and production materials.
Policy and legal risks	<ul style="list-style-type: none"> Transition to renewable energy: We gradually increase the proportion of renewable energy such as hydropower, solar power, and wind power in our production and operation process, and take an active part in green power trading; Compliant operations: We ensure that the company operates in a compliant manner, exceeding regulatory requirements as much as possible; Compliant disclosure: We ensure that information is disclosed in a legal and compliant manner; Policy tracking: We keep abreast of the latest national and international environmental and low-carbon policies, study and analyze them in a timely manner, develop corresponding internal policies and plans, and align our business strategies.

Types of Risks and Opportunities	Measures
Climate-related opportunities	
Low-carbon products and services	<ul style="list-style-type: none"> We gain insight into market demand and accelerate product innovation; We embrace the trend of intelligent manufacturing upgrades, stay focused on the "laser + intelligent manufacturing" strategy, and provide greener and more efficient intelligent manufacturing solutions for industries such as new energy, consumer electronics, transportation, and advanced construction; We are continuously improving the energy efficiency of our in-house developed lasers; We establish strategic partnerships with suppliers of low-carbon electrical components to improve the energy efficiency of products.
Transition to renewable energy	<ul style="list-style-type: none"> We electrify all facilities and equipment powered by fossil fuels; We install rooftop solar panels, solar water heaters, and solar street lights to increase the use of renewable energy.
Efficient resource management	<ul style="list-style-type: none"> We have established an energy management system and an intelligent energy management platform to optimize energy management and reduce energy consumption; We implement lean production to create a circular and resource-efficient atmosphere.
Increased climate resilience	<ul style="list-style-type: none"> We start to formulate a carbon neutrality plan; We promote the development and adoption of renewable energy; We facilitate the construction of a green supply chain.

Objectives and indicators

Type	Indicators and Objectives	
Carbon emissions	<p>Indicator:</p> <p>10,649.82 tons of carbon dioxide equivalent in total greenhouse gas emissions</p> <p>165.76 tons of carbon dioxide equivalent in Scope 1 emissions</p> <p>10,484.06 tons of carbon dioxide equivalent in Scope 2 emissions</p>	
Energy	<p>Objective:</p> <p>A 0.2% reduction per capital in the total electricity consumption</p>	<p>Indicator:</p> <p>Procurement of electricity from the grid: 18,383,417.00 kilowatt-hours</p> <p>Total diesel consumption: 27,946.58 liters</p>

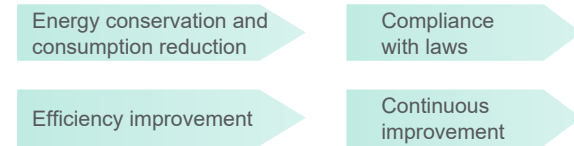
Carbon neutrality action

Adhering strictly to the *Law of the People's Republic of China on Promoting Clean Production*, the *Energy Conservation Law of the People's Republic of China*, and other laws and regulations, we have formulated the *Management Rules for Water, Electricity, and Paper* to regulate our use of water, electricity, and paper. During the reporting period, our manufacturing branch company Hymson Jiangsu was certified by the GB/T23331-2020/ISO50001:2018/RB/T119-2015 Energy Management System, marking an enhanced level of energy management capabilities.



▲ ISO 50001 energy management certificate of Hymson Jiangsu

Energy management policies of Hymson Jiangsu



Administrative carbon reduction

We are committed to green manufacturing principles. The Administrative Department and the Production Department are responsible for developing relevant measures and supervising their implementation. Hymson Jiangsu has assigned energy saving responsibilities to each department and has established an evaluation mechanism and a reward and punishment system.

Energy usage monitoring: We summarize the consumption of electricity, gas, oil, and other energy sources every month. The results are submitted to the management review meeting for deliberation, and then the energy consumption goals for the next month are produced. If energy consumption exceeds the targets for the current month, the administration and production departments must analyze the situation and take action. They ask the departments involved to make corrections and check the results of the corrections.

Management of air conditioners: We check the energy consumption and energy saving performance of air conditioning systems in offices and production areas. Idle equipment must be shut down appropriately to save electricity. The air temperature in office areas shall be set at no lower than 25 degrees Celsius in summer. If the indoor temperature of production workshops is below 25 degrees Celsius, fans shall be turned off as much as possible. All power switches must be turned off after working hours. According to the regulations of Hymson Jiangsu, the air conditioner in the cafeteria is turned off outside dining hours. The start/shutdown of the water-cooled air conditioner on the top of the production workshop must be reported to the Factory Management Office.

Management of lighting equipment: Lights in offices, meeting rooms, workshops, warehouses, restrooms, and hallways are generally kept off as long as they can satisfy the needs for work, production, and safety. On cloudy or rainy days or during early morning and evening when indoor lighting is insufficient, lights can be partially or fully turned on according to the needs for work and production as well as the occupancy of rooms. Natural light is preferred in the cafeteria outside dining hours.

Management of gas equipment: Leaking connections or valves are repaired or replaced immediately. All users are required to take good care of the gas supply facilities, and the consequences of any damage caused by malicious operations will be borne solely by the employee responsible.

Management of elevators: In Hymson Jiangsu, only two passenger elevators are activated on a daily basis while the remaining elevators are enabled flexibly as needed. In office buildings, the use of stairs is encouraged. The six elevators in the dormitory building are allocated for separate use, with three elevators designated for odd-numbered floors and the other three for even-numbered floors.

Technical carbon reduction

We renovate energy-saving technologies and upgrade equipment on a regular basis to effectively reduce energy consumption. During the reporting period, our energy-saving renovation efforts are listed as follows.

Replacement of air compressors We replaced the old air compressors at the Shenzhen factory with a new, environmentally-friendly model that can significantly reduce electricity consumption. After the introduction of the new air compressor, electricity usage has been reduced by 2,595 kWh per month, resulting in an annual average saving of 31,140 kWh.

Installation of solar panels Hymson Jiangmen and Hymson Jiangsu installed photovoltaic panels on the workshop roofs, connecting them to the power grid to produce 2.79 MW of power. These panels generated 3,228,849.26 kWh of electricity during the reporting period, with 3,163,602.26 kWh used by the factories.

Upgrade of air conditioners Hymson Jiangsu installed multiple centralized controllers for the central air conditioning unit in the administration building, resulting in a 5% electricity saving compared to that of 2022.

Renovation of energy-saving lamps We used air energy-saving lamps to further save electricity. Hymson Jiangsu implemented energy-saving measures in non-critical areas by installing voice-activated lights and reducing lighting power. They also installed solar-powered street lights to decrease grid electricity consumption.

Replacement of water heaters The Shenzhen Factory replaced traditional electric water heaters in the dormitories with air source heat pump water heaters, significantly reducing electricity consumption.

Environmentally-friendly office appliances Hymson Jiangsu prioritizes energy-saving and environmentally-friendly office equipment, strictly prohibiting the use of appliances without 3C certification.



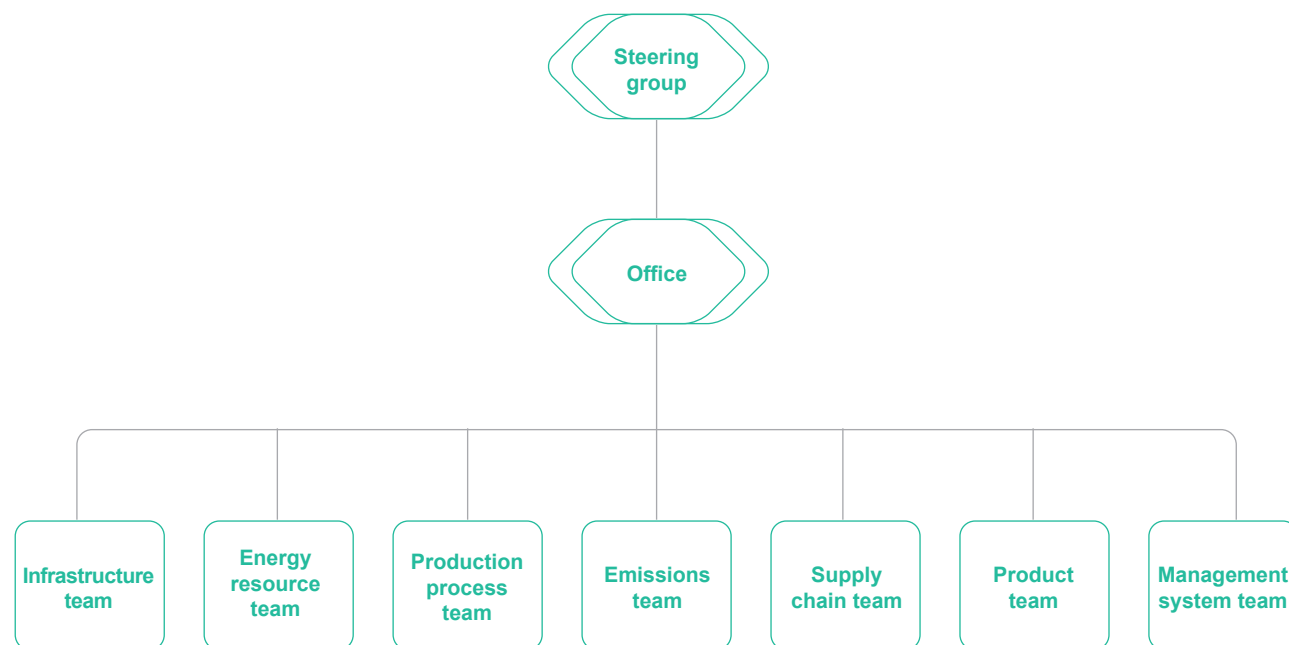
▲ Solar panels on the roof

Green factory

Green manufacturing is essential for the industry's sustainable development. Hymson Jiangsu's efforts to establish a green factory, focusing on intensive buildings, harmless materials, clean production, recycled waste, and low-carbon energy, were recognized by the Changzhou Bureau of Industry and Information Technology. At present, Hymson Jiangsu has established a specialized institution to manage the green factory and formulated relevant management methods, goals, and plans to drive the effective operation of the "green factory".



▲ A plaque of "Green Factory" obtained by Hymson Jiangsu



▲ "Green Factory" management structure of Hymson Jiangsu

Main Responsibilities and Permissions in the Management Structure of the Green Factory



Steering group

- Review and approve the master plan for the establishment of a green factory, and confirm the overall goals and the implementation plan;
- Establish the management and organizational structure for the implementation of the green factory and appoint key responsible personnel;
- Review and approve the management methods and incentive scheme for the implementation of the green factory;
- Provide the necessary resources for the implementation of the green factory, and direct the allocation of relevant resources;
- Review and approve the achievements, incentive rewards, or penalties of the green factory project;
- Communicate the idea and culture of green manufacturing, and promote the continuous improvement of the green manufacturing system.



Office

- Develop the master plan for the implementation of the green factory;
- Develop the goals, plans, management rules, and assessment methods for the implementation of the green factory;
- Organize and conduct education, training, and coaching related to the establishment and implementation of the green factory, and evaluate the results of the education and training;
- Monitor the establishment and implementation of the green factory in various departments and branch companies, summarize the results, and report them to the steering group;
- Review and compile written documents related to the establishment of the green factory, including data records, application files, and supporting materials;
- Compile and submit the application materials of the green factory, and follow up on the review process;
- Evaluate the implementation progress in various departments and branch companies, and report the reward and punishment results to the steering group;
- Convene exchange sessions and summary meetings for the establishment and implementation of the green factory;
- Complete the other tasks assigned by the steering group.



Infrastructure team

- Comply with relevant laws, regulations, policies, and standards during the establishment and construction process of factories, and ensure that there are no major safety or environmental incidents;
- Make and fulfill environmental commitments to customers, suppliers, communities, governments and other stakeholders;
- Ensure that factory buildings meet the basic requirements of a green factory;
- Ensure that factory buildings are constructed, renovated and expanded using low-energy insulation materials, an architectural structure that minimizes resource consumption and environmental impact, and appropriate landscaping, and make every effort to meet the expected requirements of a green factory;
- Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;



Energy resource team

- Establish and implement the energy management system;
- Ensure that energy inputs meet the basic requirements for the green factory, and satisfy expectant requirements as much as possible;
- Reduce the use of raw materials, especially harmful substances, and substitute harmful substances as much as possible;
- Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;

Main Responsibilities and Permissions in the Management Structure of the Green Factory

 <p>Production process team</p>	<ul style="list-style-type: none"> Effectively plan, organize, and control the use of energy and resources in the production process; Publicize and promote knowledge of clean production, waste recycling, and low-carbon energy; Effectively control and report emissions to the environment; Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;
 <p>Emissions team</p>	<ul style="list-style-type: none"> Ensure that pollution control equipment, air pollutant emissions, water pollutant discharges, solid waste emissions, and noise emissions meet the basic requirements for the evaluation of the green factory; Ensure that greenhouse gas emissions meet the basic requirements for the evaluation of the green factory and satisfy expectant requirements as much as possible; Perform statistical analysis of performance data such as measurements, energy consumption, and emissions to the environment; Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;
 <p>Supply chain team</p>	<ul style="list-style-type: none"> Develop and implement criteria and procedures for supplier selection, evaluation and reassessment; Ensure that procurement information provided to suppliers includes environmental requirements; Carry out regular audits and evaluations of suppliers to ensure that they can provide materials, components or parts that meet the factory's environmental requirements; Effectively plan, organize, and control the various aspects involved in the supply chain to meet the requirements for the evaluation of a green supply chain; Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;
 <p>Product team</p>	<ul style="list-style-type: none"> Develop regulations and incentive criteria for product ecosystem design and management; Promote ecosystem design and integrate the ecosystem concept into product design; Reduce the use of hazardous substances in production through design optimization; Comply with national requirements for limiting hazardous substances in products during product realization; Develop targets and plans for the substitution of hazardous substances; Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory.
 <p>Management system team</p>	<ul style="list-style-type: none"> Organize the establishment of an energy management system; Prepare and publish corporate social responsibility reports; Collect, sort, and compile relevant explanatory and supporting materials for the application for the green factory;

Conserve Resources

Limited resources are the foundation upon which the manufacturing industry relies to survive. We have a number of policies in place to reduce the use of resources in the manufacturing process, improve resource efficiency and are committed to becoming an environmentally friendly and resource efficient company.

Water conservation

According to water resource protection laws including the *Water Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law of the People's Republic of China*, we have formulated the *Management Rules for Water, Electricity, and Paper* and many other regulatory documents to specify the requirements for the use of water resources. During the reporting period, we employed a variety of means to successfully reduce per capita water consumption by 0.2% year on year compared to 2022.

Administrative water conservation

Our production process does not involve the use of water, and most water is used for domestic purposes. During the reporting period, we reduced water consumption through water equipment management and daily water control.



Water usage inspection

We regularly check the status of water equipment and water pipelines to prevent water leakage, dripping, or overflow. If such problems occur, the responsible person will report the situation immediately to prevent the waste of water resources.



Water usage monitoring

We calculate water consumption every month, check for any abnormal fluctuations, and take action accordingly.



Daily water usage management

We take measures to control water usage in ongoing construction and landscaping projects to avoid unnecessary waste. Hymson Jiangsu uses sprinkler irrigation for the greenery, saving water for landscaping.

Save materials

We have implemented several measures to reduce material consumption during the production and operation processes. During the reporting period, we took the following measures to reduce the consumption of raw materials and packaging consumables.

Optimization of shipment packaging

In terms of packaging, unless otherwise required by clients, rain-resistant tightly-bound stretch films on wooden pallets are now used for local clients instead of the previous fully-wooden crates. The equipment in the package is secured with mechanical sheet metal. Components are fixed inside the equipment to save 50% of materials and approximately 250 cubic meters of wood each year. During the reporting period, Hymson Jiangsu saved an average of 0.016 tons of wood per machine.

Reduced use of wrapping film

Hymson Jiangsu has reduced the layers of wrapping film from 3 to 2 without compromising security by refining equipment racks and improving the equipment packaging solution. As a result, the average usage of wrapping film for each machine has been reduced by 0.011 tons compared to 2022. Hymson Jiangmen has also reduced the use of packaging materials by importing lean hanging racks for the assembly line and employing transfer carts for intermediate transportation to improve transport safety. These efforts have significantly decreased the use of wrapping film.

Substitution of EPE foam

Hymson Jiangsu replaces EPE foam with rubber pads for all transfer carts, reducing the consumption and input of auxiliary materials. Additionally, some teams have implemented lean racks and carts, resulting in a 0.001 ton reduction in EPE foam consumption per machine compared to 2022. Hymson Jiangmen now exclusively uses cushion mats instead of EPE foam for non-standard part placement, which are now placed in adhesive frames. Incoming door panels or electronic control panels transferred from suppliers as well as production materials are now placed on transfer carts instead of pallets to achieve both safety and environmental protection.

Thickness reduction for waterproof fabric

Hymson Jiangsu has established a standard for the use of waterproof fabrics, including a thickness reduction requirement. In 2023, the thickness of fabrics will be reduced from 0.08 mm to 0.06 mm without affecting shipment. Additionally, the top surface will now consist of one layer instead of two, resulting in an average reduction of 0.003 tons of materials per machine.

Reduced usage of wood

While ensuring shipment safety, Hymson Jiangsu reduces the use of pads for equipment and recycles wooden pallets used during the transportation process. During the reporting period, Hymson Jiangsu saved 0.016 tons of wood on average for each machine. Hymson Jiangmen now applies dedicated cable trunking to assemble electronic control panels and replaces wooden pallets with rubber ones to reduce the use of wood. It also recycles pallets to improve the efficiency. During the reporting period, Hymson Jiangmen recycled a total of 2,903 pallets from January to October.

Reduced paper usage

Hymson Jiangsu has effectively reduced the total number of pages of SOP, CTQ, and many other documents to be printed. It has established regulations for printing management to inspect and prevent paper waste around printers. All departments are mandated to avoid paper wastage and are encouraged to maximize the use of each piece of printed paper. During the reporting period, Hymson Jiangsu saved 0.001 tons of paper on average for each printing machine compared with that of 2022.

Control and optimization of adhesive frames

We have introduced specific guidelines to regulate the placement and usage of adhesive frames to minimize consumption and enhance reusability. Additionally, procurement responsibilities are centralized to a single individual to prevent redundant purchases.

Control of power line scrapping

We systematically sort and collect power lines and other waste materials, preserving those longer than 1 meter to minimize material wastage. Since the implementation of this control procedure, the scrapping rate of power lines has decreased by 30%, leading to an annual reduction of 1 ton of PVC waste and 1 ton of copper waste.

Reduce Pollution

Aligned with our own context and EHS management policy, we oversee the management of chemicals, waste gas, noise, and waste in production. We emphasize resource recycling and aim to diminish the environmental impact of our production and operations.

Management of chemicals

In accordance with national laws on chemical control such as the *Regulation on the Safety Management of Hazardous Chemicals*, the *Regulation on the Administration of Precursor Chemicals*, and the *Law of the People's Republic of China on the Safety of Hazardous Chemicals*, we have formulated the *Measures for the Management of Chemicals*, the *Emergency Management Measures for Chemicals*, and other regulatory documents to regulate the transportation, handling, storage, and use of chemical substances in the production process and prevent harm to the environment and personnel.

Management measures for chemicals

Procurement of chemicals

We require suppliers to provide MSDS and relevant certificates. Should a supplier be unable to furnish these documents, they are required to clearly outline the chemical's composition, associated hazards, and other pertinent details in the product specification.

Transportation of chemicals

Transporters are required to present a valid transportation qualification certificate and must transport hazardous chemicals in accordance with national regulations to prevent any chemical leakage. Additionally, transporters must adhere to safety protocols during chemical handling, including the use of necessary protective gear, to avert potential safety accidents.

Storage of chemicals

We implement a comprehensive set of safety measures for the storage of chemicals according to their types and properties, including ventilation, explosion-proofing, pressure resistance, fire prevention, rain protection, early warning systems, and fire extinguishing measures. Damaged chemical labels must be promptly replaced. The chemical storage area is overseen by designated personnel who maintain and update a chemical inventory list daily.

Use of chemicals

Only personnel with specific training are permitted to handle and use chemicals. The warehouse keeper must distribute them in strict accordance with material requisitions in the system. Precautions shall be taken to prevent any leakage during the repackaging process. Users always follow the precautions specified in the MSDS throughout the process and ensure that necessary protective measures are in place. Exhaust equipment is installed to vent chemical fumes, and waste liquid is sent to qualified facilities for recycling and treatment to prevent secondary pollution.

Drills for chemical incidents

We have formulated the *Management Procedure for Emergency Preparedness and Response* and the *Emergency Response Plan for Production Safety Accidents* in accordance with the *Law of the People's Republic of China on Work Safety*, the *Emergency Response Law of the People's Republic of China*, and the *Measures for the Administration of Contingency Plans for Work Safety Accidents*. These guidelines aim to comprehensively address and mitigate chemical leakage incidents. Annually, we conduct targeted emergency drills for scenarios such as hazardous chemical leaks.

Case Strengthen chemical leakage drills to build a solid safety line

We hold emergency drills for chemical leaks every year. During the reporting period, the Shenzhen Headquarters, Hymson Jiangmen, and Hymson Jiangsu each executed an emergency drill focused on hazardous chemical leaks, with participation from all staff involved in chemical management. Those drills evaluated the effectiveness of our *Emergency Response Plan for Production Safety Accidents*. Rescue teams were able to quickly mobilize to the incident site, ensuring the safety of both rescuers and individuals involved during the process.



▲ Warning lines for the leaking area

Management of waste gas

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Air Pollution Prevention and Control Action Plan*, and other air pollution prevention laws and regulations, we have formulated the *Management Measures for Waste Gas (Air)* and other regulatory documents to ensure our waste gas emissions comply with national standards and workplace air quality meets occupational health requirements.

Measures for the prevention and control of air pollution

The main sources of waste gas in the company are the fumes generated during soldering operations in the production workshop, the cooking fumes from the kitchen, and the waste gas produced during the operation of air compressors and machine tools. We have implemented the following measures to ensure minimal and compliant emissions of waste gas.

<p>Green production</p> <p>We choose equipment, raw materials, and fuels that produce lower emissions and pollutant concentrations, while still meeting operational and safety requirements. We also apply control measures in the production process to minimize the generation and release of waste gases.</p>	<p>Equipment inspection</p> <p>We conduct monthly spot checks on exhaust equipment to ensure its proper functioning. If a malfunction is detected, emissions are halted until repairs are completed.</p>	<p>Equipment optimization</p> <p>We have enhanced dust removal equipment with the addition of dust collectors, achieving a dust removal efficiency of over 99%.</p>	<p>Emission monitoring</p> <p>We engage qualified testing agencies to evaluate our waste gas emissions each year, ensuring they meet national standards and that our premises are free from unpleasant odors.</p>
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Management of noise

We have established the *Management Measures for Noise* to direct the control and reduction of noise pollution, creating a healthy workplace and minimizing the impact of noise on nearby citizens. During the reporting period, we achieved 100% compliance with noise emissions standards.





Noise reduction measures

The main sources of noise pollution in the company include equipment such as fans, water pumps, and air compressors. The following measures have been taken to reduce noise pollution.

<p>Noise monitoring</p>	<p>We commission a qualified testing agency to perform at least one noise test each year, and issue testing reports. Immediate corrective actions are taken for any identified issues.</p>
<p>Low-noise production</p>	<p>We introduce advanced technologies and strengthen sound insulation measures to minimize the noise pollution generated by machinery, equipment, and production processes. For new construction, renovation, and expansion projects, noise intensity will be included as an environmental impact assessment item. During the reporting period, updates to the dust removal equipment have significantly reduced noise levels.</p>
<p>Sound insulation and noise reduction</p>	<p>We place air compressors in isolated rooms, which are installed with soundproofing walls to reduce their noise impact.</p>
<p>Equipment maintenance</p>	<p>We assign special persons to check and maintain the compressed air room. In the mean time, we engage third-party companies to maintain the equipment to prevent the emergence of new sources of noise.</p>
<p>Noise reduction promotion</p>	<p>We conduct training on the <i>Common Knowledge of Noise Pollution</i> to enhance employees' awareness of self-protection in labor environments and reduce noise impact.</p>

Management of wastes

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other laws and regulations, we have formulated the Management Measures for Wastes to regulate the management of solid waste generated during production and operation processes. We recycle and re-utilize certain production waste to reduce its impact on the environment. Meanwhile, we regularly provide waste management training to employees to improve their waste management skills.

Type	Classification	Storage Method	Disposal Method
 Recyclable waste	It refers to resources that can be recycled and reused, such as discarded cartons, leaflet paper, office paper, plastic, foam, hardware, pins, packaging pulp trays, packaging straps, beverage bottles, discarded wires, and metal pieces (iron, copper, stainless steel sheets, and iron plates).	Collected and stored by type	Recycled by qualified third-party organizations
 Harmful waste (including hazardous waste)	It refers to hazardous waste materials that are toxic, flammable, explosive, corrosive, and chemically reactive, and can pose direct or potential threats to human health and the environment, including empty oil containers and waste cutting liquids.	Collected in designated zones	Safely recycled by qualified third-party organizations
 Kitchen waste	It refers to the waste generated from daily activities and meals, including leftover food and soup.	Trash cans (cleaned daily)	Safely recycled by qualified third-party organizations
 Other waste	It refers to materials that are of relatively low harm and have no further use, such as construction debris, household waste, fabric scraps, adhesive tape, non-oily rags, foam padding, office supplies, electrical tools, incandescent light bulbs, lamp holders, electrical plugs, switches, etc.	Trash cans (cleaned daily)	Safely recycled by qualified third-party organizations

Case Enhance employees' environmental protection capabilities through hazardous waste management training

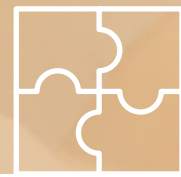
During the reporting period, Hymson Jiangsu organized a hazardous waste management training session for its employees. The training focused on regulatory laws, types of hazardous waste, standardized management processes for hazardous waste, and operational guidelines and precautions at each stage. This initiative significantly bolstered employees' competencies in handling hazardous waste in compliance with regulations.



▲ Training site

05

Promote Harmonious Development of Society



We believe employees are the fundamental driving force behind a company's development. By adopting an inclusive and merit-based talent policy, we align our business strategies as the guiding principle, with values as the foundation. We regard performance as the necessary threshold, uphold morality as the bottom line, and view competence as the key to success. Our approach to human resource management encompasses talent selection, utilization, development, retention, and oversight, thereby creating a comprehensive career development platform for our employees. We also provide a wide range of leisure activities to support the physical and mental well-being of our staff, ensuring a more caring and enjoyable workplace. Meanwhile, we actively participate in public welfare activities, carry out charitable undertakings, and promote the harmonious development between our company and the broader community.

-  Employee Rights Protection
-  Career Development and Training
-  Deepen Employee Care
-  Occupational Health and Safety
-  Community Interaction and Involvement

Contributions to SDGs



Employee Rights Protection

We value and safeguard the basic rights of employees, practice equal employment, and promote diversity and inclusiveness, deepen employee care, and contribute to the community through engagement and involvement. We adhere to labor laws and regulations, provide reasonable working hours and compensation, and have established a comprehensive salary system. Our focus is on employee benefits and growth.

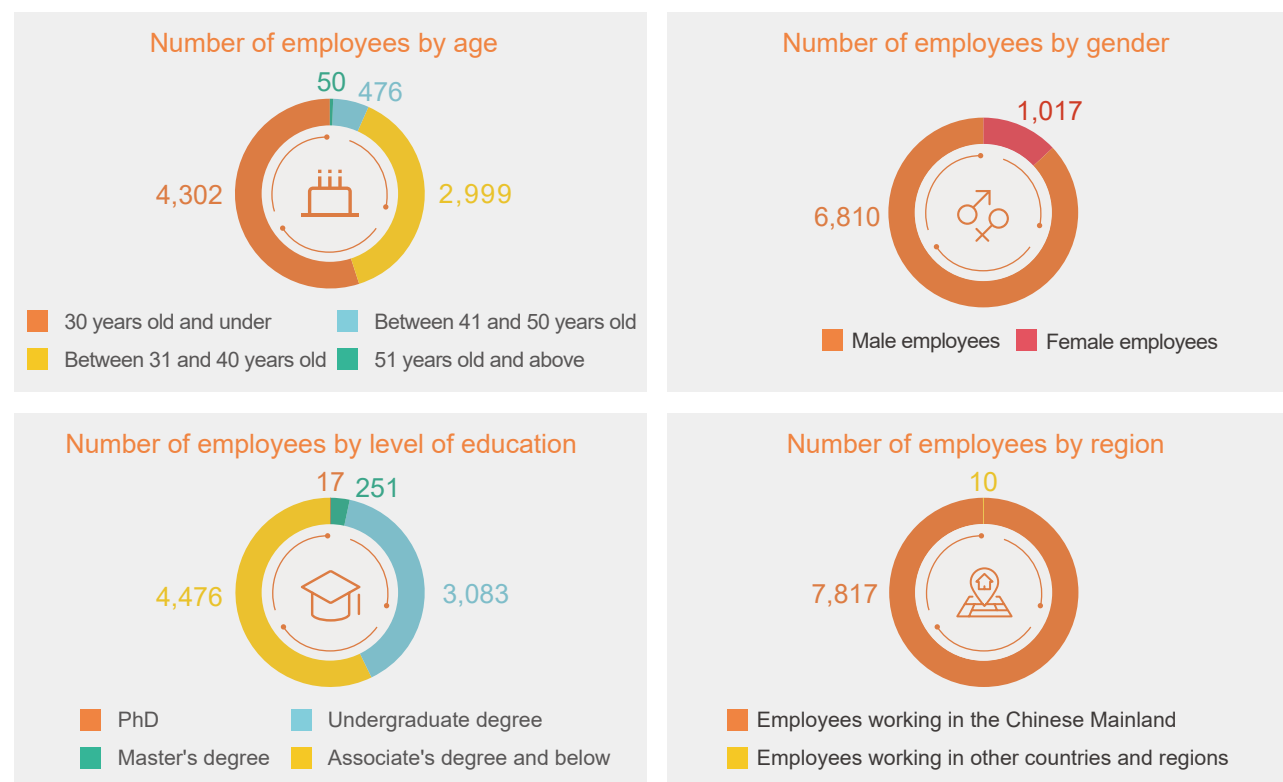
Hire employees

We have established complete recruitment management regulations and sign employment contracts with employees, aiming to achieve lawful and equal employment.

Equal employment

In accordance with the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, we have established the *Administrative Regulations on Employee Recruitment*, the *Administrative Regulations on Anti-discrimination*, and the *Hymson Code of Conduct for Employee Compliance* to regulate our employment practices. We treat employees from diverse backgrounds with fairness, justice, and transparency. We do not discriminate against employees based on race, gender, age, religious beliefs, political affiliation, region or nationality, disability, marital status, or any other factor in terms of employment, career opportunities, and benefit distribution. Harassment and discrimination in the workplace are strictly prohibited. We also offer job opportunities to people with disabilities, aiming to support their personal development and integration into society. Individuals with disabilities who pass the required physical examination and tests are eligible for employment. During the reporting period, we employed one person with disabilities.

As of the end of the reporting period, employment details are as follows:



During the reporting period



Employment contract signing rate:

100%



Total number of employees:

7,827



Number of employee(s) with

disabilities: 1

Compliant employment

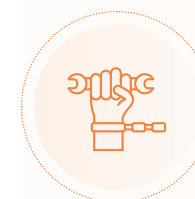
Under the guidance of the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Minors*, the *Provisions on the Prohibition of Using Child Labor*, and the *Provisions on Special Protection of Minor Workers*, we formulated the *Management Measures for Protection of Employees' Human Rights and the Management Regulations on Prohibition of Forced Labor* during the reporting period. Those documents aim to regulate and implement control measures for human rights risks involved in company business, including "hiring child labor, forced labor, working conditions, working hours, discrimination, and harassment". We promise to prohibit the use of child labor and forced labor, and we do not accept any suppliers who use child labor or forced labor. We provide our employees with a safe and hygienic work environment, and ensure reasonable working hours and rest breaks for them.

We prohibit the employment of child labor



Our Human Resources Center is responsible for establishing and maintaining policies and procedures that prohibit the use of child labor, protect underage workers, and provide support for child labor. The center has also established and is maintaining complete records of employees, including their date of admission, date of birth, educational background, work experience, home address, emergency contact information, and other relevant details to confirm their age. This is to ensure that all employees hired are 16 years of age or older. If child labor is discovered, their work will be immediately ceased and the case will be reported to the local labor department. Also, we will cooperate with the department to take necessary remedial measures.

We prohibit forced labor



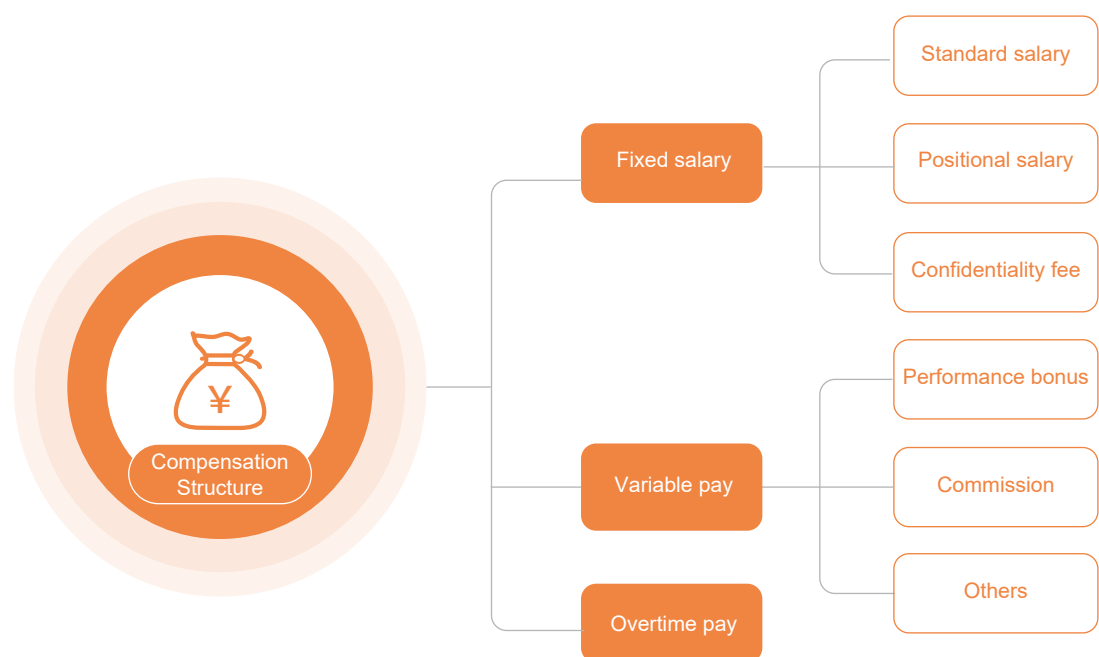
Our Human Resources Center is responsible for developing and implementing policies and procedures to prohibit forced labor of any form, including prisoned labor, bonded labor, and debt labor. We respect employees' rights to freedom, including the freedom to be hired, leave a job, work overtime, and move freely. If overtime work is required for production, it must be agreed upon through negotiation with employee representatives and must not exceed the statutory time limit. Employment contracts must be negotiated and approved by employee representatives and filed with the local labor department.

Salaries and Benefits

We have implemented a comprehensive and systematic remuneration scheme that offers our staff competitive salaries and benefits. This approach aims to enhance motivation, job satisfaction, and a sense of accomplishment among our employees.

Salary and compensation

Adhering to the principle of equal pay for equal work, we have established the *Management Regulations on Compensation* to govern our compensation management system. We design the payroll based on the value, capabilities, performance, and market compensation standards of job holders, so as to reflect external competitiveness, internal fairness, and individual balance while better rationalizing our compensation system. Our salaries are categorized into two types: performance-oriented pay, which is based on the performance of the company, department, or position, and commission-oriented pay, which is based on sales performance. We have a well-designed salary structure that fully motivates employees. Their annual compensation consists of fixed salary, variable pay, and overtime pay.



▲ Annual compensation structure

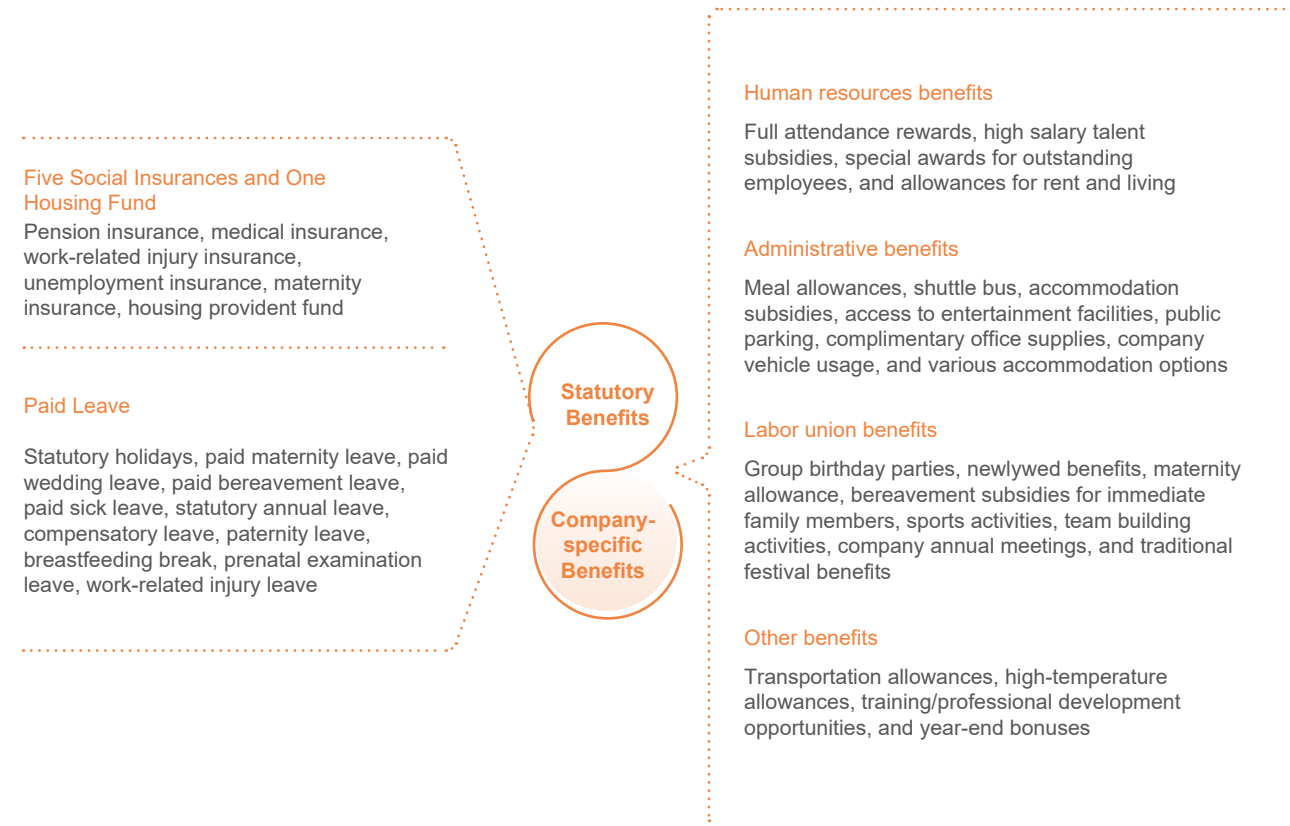
Compensation Types	Target Recipient	Compensation Structure
Performance-oriented pay	Non-sales personnel	Base salary + performance bonus
Commission-oriented pay	Salesperson	Fixed salary + commission

▲ Structure of different compensation types

To bolster our long-term incentive mechanism, we initiated the second phase of our equity incentive plan in 2024, awarding restricted stocks to our core employees. A total of 568 incentive recipients were vested with 4.7635 million restricted shares.

Employee benefits

In addition to statutory benefits, we offer our employees a broad range of internal perks. We prioritize their travel, lifestyle, physical, and mental health, and recognize those with exceptional performance.



Case Meal benefits for employees

We have formulated the *Management Regulations on Cafeteria* and the *Management Measures for Meal Card (Work Pass)* to provide employees with monthly meal subsidies. The subsidized amount can be added up. These subsidies can be used at the cafeterias of the headquarters, Hymson Jiangsu, Hymson Jiangmen, canteens, and designated supplier locations. In addition, we have formed a Food Committee to safeguard employees' dining rights and manage the relationship between the company, cafeteria, and employees. The committee gathers and organizes feedback to be discussed at monthly meetings, with the aim of enhancing food quality and creating a safe and hygienic dining environment. This will ultimately improve employees' satisfaction with dining services.

Career Development

Talent is the foundation of our development. To better support business development, we have established a career development system for employees. This has been achieved by optimizing the organizational structure, setting up a complete cadre management system, and smoothing the career development channels for talented individuals. We continuously improve our talent selection, cultivation, utilization, retention, and management mechanisms. We assign professional work to professionals to ensure that every employee's value is recognized, and they can boost their self-worth through their work.

Employee cultivation

We are committed to the development and growth of every employee. Consequently, we have established the *Management Regulations for Human Resources Training*. To meet our management objectives for employee training, we utilize the "Star Academy" online learning platform to provide a comprehensive training system that includes onboarding, pre-job training, on-the-job training, and paid training opportunities. We continually assess the outcomes of these training sessions to enhance and optimize our training courses and programs. We organize vocational skill contests to enhance employees' professional skills and establish a comprehensive development system for them. Meanwhile, we implement a mentorship program for new employees, newly promoted managers, and high-potential individuals, to facilitate mutual growth between employees and mentors.

Objectives of employee training management

Objective	Content
Improve employee performance and skills	Improve employee productivity and streamline the overall business process; conduct surveys for annual training plans to identify the skills that need enhancement, and then develop detailed annual training plans based on the survey findings.
Develop leadership and foster teamwork	Develop future leaders within the company through targeted leadership training and team-building programs.
Promote employee career development and satisfaction	Assess the effectiveness of training programs by regularly conducting employee satisfaction surveys and evaluating turnover rates, then iterate on training courses and formats to help employees better plan their career paths.
Facilitate the spread of corporate culture and values	Allow employees to gain a better understanding of our mission, vision, and core values by providing effective training, thus increasing employee engagement.
Raise employees' awareness of safety and compliance	Increase employees' awareness of safety and compliance through safety and compliance training.
Improve employees' understanding of markets and clients	Give employees a better insight into market trends and client expectations, in order to provide better services and products.

Employee training system

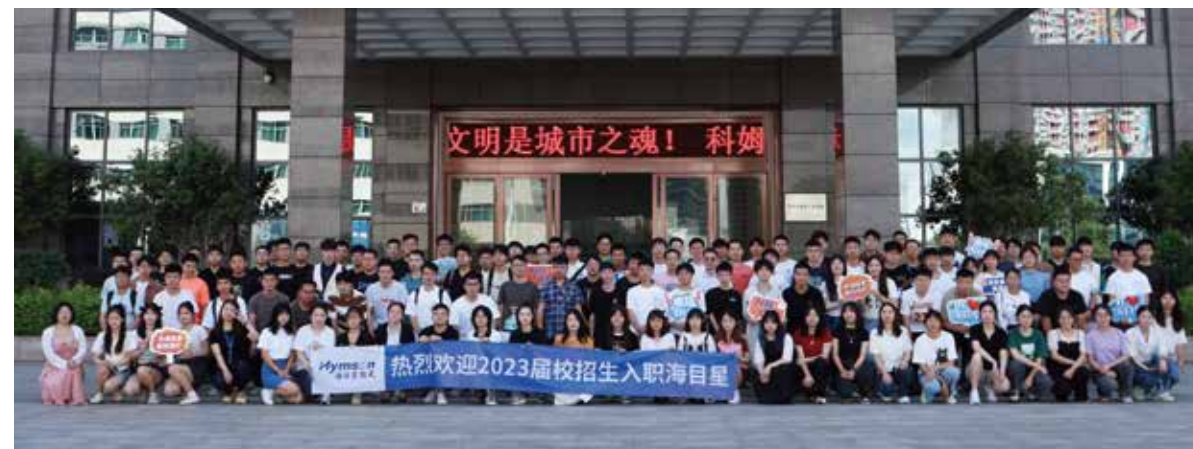
Training Type	Training Purpose	Training Content	Training Mode
Onboarding training	Acquire a comprehensive understanding of the company and integrate into it promptly.	<ul style="list-style-type: none"> Online training: Financial reimbursement, attendance and leave management, IT operations, and more Intensive training: Company culture, business knowledge, cultural expansion, face-to-face with senior executives, and more 	Blended learning, both online and offline
Pre-job training	Quickly fit with the work role and shorten the adaptation period	<ul style="list-style-type: none"> Need-to-know: Common knowledge at the departmental level, including departmental operations, structure, product knowledge, and more Need-to-understand: Workflow, practical experience, and business knowledge related to positions and business in the department 	Run and manage training on the "Star Academy" online learning platform
On-the-job training	Leadership development, key talent cultivation, general competency development, and job-specific skills enhancement	<ul style="list-style-type: none"> Group level: Leadership development programs (such as primary-level, mid-level, and senior-level leadership training), key talent cultivation programs (such as training for system engineers, product managers, and commissioning engineers), and general competency development programs (such as Hymson lectures and general courses) organized by the group. Department level: Training programs of job-specific skills organized by each department according to the actual needs of the department or any of its positions and employees, as well as training programs implemented and assessed by the Learning Development Department of the Human Resources Center and transferred to the department. 	Run and manage training on the "Star Academy" online learning platform
Paid training	Supplement the company's learning resources	<ul style="list-style-type: none"> New technologies, skills, certification training, and educational advancement required by managers, key personnel, or high-potential individuals 	<ul style="list-style-type: none"> Invite external trainers to give lectures Organize employees to participate in external training Procure external online courses

Case Onboarding training for new employees in 2023

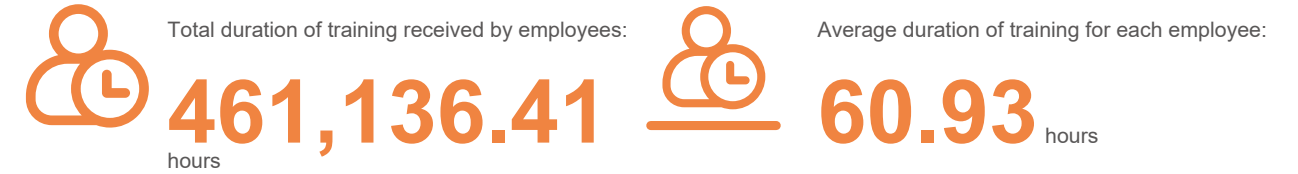
During the reporting period, the onboarding training for new employees was upgraded from online to blended learning, combining both online and offline approaches to help new employees integrate into the company. The first session of offline intensive training for new employees admitted after February 13 was held from March 1 to 3, 2023. The training courses cover corporate culture, company policies, safety and compliance, and market analysis. Subsequent offline intensive training sessions were held at set intervals. New employees need to complete the intensive training on schedule and pass the exam after being admitted. Those who fail to complete the training or pass the exam are generally not eligible for regular employment.

Case 2023 "Starlight Program" for specialized training of fresh graduates

As our business grows, we recruit a large number of fresh graduates to secure high-caliber talent in advance. In 2022, we officially launched the "Starlight Program" for specialized training of fresh graduates. During the reporting period, we organized specialized onboarding training camps for fresh graduates in the form of "concentrated training, cultural expansion, assessment, and post-training assignments" in a bid to retain more graduates and accelerate their growth. The training covered various topics such as industry and product introduction, company policies and culture, role transition, and professional development, aimed at fostering a cultural identity among new employees. Additionally, we provided vocational skill enhancement training through mentorship, intensive training, online learning, seminars, and workshops. We also offer courses on general knowledge and specialized skills to help new graduates adapt to their roles more quickly.



During the reporting period



Online learning platform - "Star Academy"

"Star Academy" is an online learning platform established by the company. It is used to run multiple training projects and manage training data. As of the end of the reporting period, the "Star Academy" had undertaken a total of 148 training projects, reaching 7,568 employees. The platform had offered a total of 1,801 courses, with 953 external courses accounting for 52.97% and 848 internal courses accounting for 47.03%. In its first year, the platform held 98 live-streamed courses, reaching 11,032 individuals over a total of 287.8 hours.

Moving forward, we aim to expand the platform's influence and operational reach by supporting talent development programs, managing operations throughout the entire life cycle, creating a self-directed learning atmosphere, and strengthening platform operation and management. In 2024, we will expand the platform's applications. We will improve its operation and management, enhance its appeal, strengthen its presence among trainees, and enrich course resources to improve its effectiveness.

Supporting talent development programs and managing operations in the entire life cycle

- Training for new employees
- Training for SE systems engineers
- Training for commissioning engineers
- Development of fundamental skills
- Training for product managers
- Training for project managers
- Training for middle-level managers

Creating a self-directed learning atmosphere (Three Ones)

- **One** WeChat Class per week
- **One** executive sharing session per month
- **One** platform activity per quarter



Strengthening platform operation and management

- **Develop the Management Regulations on Learning Platform:** Regulate account management, for example, allocating accounts as needed and reclaiming unused accounts
- **Build a circle of influence for the platform:** Enable sharing, Q&A, and interactions (likes)
- **Design a point mechanism and point redemption rules:** Set different learning levels based on the points of users, and announce user levels regularly to create a competitive learning atmosphere

Operational Measures of "Star Academy" During the Reporting Period

Training result evaluation

We evaluate and assess the training results of the trainees, and upgrade our courses/programs. The approach to evaluation varies based on the specific training program, with the organizing entity responsible for conducting the evaluation. The evaluation methods include:

Evaluation Methods	Key Points	Evaluation Forms
Reflective evaluation	Measures trainee satisfaction with the training	Survey
Learning evaluation	Assesses the knowledge or skills gained by trainees	Exam
Behavior evaluation	Assess how well trainees can use what they learned	Post-class practice, behavior change assessment, observation
Result evaluation	Determines the economic benefits derived from the training	Indicators for job outcomes

Vocational skill competition

Beyond training programs, we foster skill development and motivation among employees through vocational skill competitions. These events serve as a platform for skill enhancement and talent cultivation.

Case The first assembly skills competition at the 3C Industry Center of Hymson

During the reporting period, the first "Assembly Skills Competition" organized by the 3C Industry Center of Hymson was successfully held at the Shenzhen base. Twenty-two teams from the 10 core technical departments of the 3C Industry Center competed with each other in a two-and-a-half-hour time frame, showcasing their skills in "circuit board assembly", including design drawing, component layout, assembly operations, and powered validation.



▲ The first assembly skills competition at the 3C Industry Center of Hymson

Case The third "Labor Union Cup" vocational skills competition at Hymson Jiangmen in 2023

On September 19, 2023, Hymson Jiangmen successfully held the third "Labor Union Cup" vocational skills competition to enhance employees' work skills.



▲ The third "Labor Union Cup" vocational skills competition at Hymson Jiangmen in 2023

Mentor management

Our mentorship program supports both new and existing employees, with mentors guiding mentees towards rapid growth. Mentors must fulfill criteria related to service years, performance evaluations, and complete mentor training. They are considered for annual mentorship awards, development opportunities, and recognition during special occasions. Mentorship experience is a prerequisite for advancement to management or senior technical positions. Mentors with mentees rated B+ or higher are prioritized for promotion in the event of management vacancies.

Mentorship Classification

Mentor Category	Mentoring Period	Mentoring Approach
Mentoring for new employees New employees for production positions admitted through social recruitment New employees for non-production positions admitted through social recruitment New employees admitted through campus recruitment	Whole probationary period of new employees	One-on-many mentoring (ideally no more than 3 mentees)
Mentoring for existing employees Newly promoted managers High-potential employees	6 to 12 months	One-on-one or one-on-many mentoring

Internal trainer management

We are committed to developing internal trainers, fostering a culture of knowledge sharing, and rewarding trainers who demonstrate significant competency and enthusiasm for teaching. Internal trainers are appointed based on "openness, fairness, merit-based selection, and performance-based promotion," and categorized into junior, medium, senior, and distinguished levels. In terms of incentives, trainers can receive teaching allowances based on their level and the duration of their teaching. In addition, we have established the "Outstanding Internal Trainer" award each year to recognize high-performing trainers. Internal trainers are given preferential access to external training resources and specialized improvement training courses in course development, teaching skills, and scenario management provided by the company. The performance of internal training is also considered as a factor for their annual performance assessment and serves as a bonus.

Case Teacher's Day for internal trainers

During the reporting period, we celebrated Teacher's Day for our internal trainers by distributing holiday gifts. This event served to acknowledge and motivate our trainers, reinforcing their vital role in employee development.

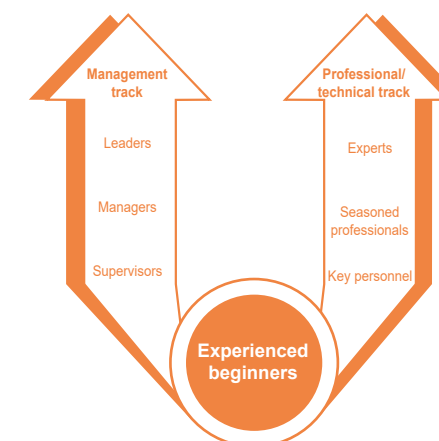


▲ Teacher's Day for internal trainers

Career advancement

We have formulated the *Management Measures for Position and Promotion* to regulate position management, promotion, and demotion. According to the *Competency Model for Job Families* and the *Position Suitability Assessment Table*, all employees are categorized into corresponding job families and levels. Positions within our organization are divided into five major job families and several categories based on their functions: management, marketing, research and development/technology, manufacturing, and professional/support.

Our talent management standards are synchronized with these job families, setting clear qualification requirements alongside professional competency standards and promotion pathways. These pathways are bifurcated into managerial and professional tracks, supporting cross-channel development opportunities for our staff. For employees new to their roles, starting from entry-level positions is a prerequisite. Post gaining requisite experience, based on their interests and capabilities, they become eligible for development into managerial or professional roles. This is called the "Y-path" promotion. Employees who are currently taking managerial or professional positions can jump horizontally to another channel, which is called the "H-path" promotion.



▲ Dual channels for career development

Promotions of employees are reviewed at different levels based on the job level, and follow a bottom-up line in the job hierarchy. Annually, in the 4th quarter, we conduct a company-wide talent review and ranking assessment. Through this process, deserving employees are promoted and awarded salary increases, facilitating the creation of a dynamic talent pipeline that continually contributes to our organizational growth and development.

<p>Management</p> <p>It refers to the roles that shoulder the responsibility to achieve the goals of the department or the team, and lead the team to accomplish the organization's objectives by means of planning, organizing, coordinating, and monitoring.</p>	<p>Marketing</p> <p>It refers to the roles responsible for sales targets, client service, and client relationship management responsibilities, or roles that are responsible for market development strategies, planning, market expansion, and brand promotion.</p>
<p>Research and development/technology</p> <p>It refers to the roles that are directly related to products (services) and address specific issues encountered in research, development, and design processes.</p>	<p>Manufacturing</p> <p>It refers to the roles directly engaged in product manufacturing, testing, and delivery.</p>
<p>Professional support</p> <p>It refers to the roles that solve specific issues in professional fields and provide support and services to business departments.</p>	

▲ Job Families of Hymson

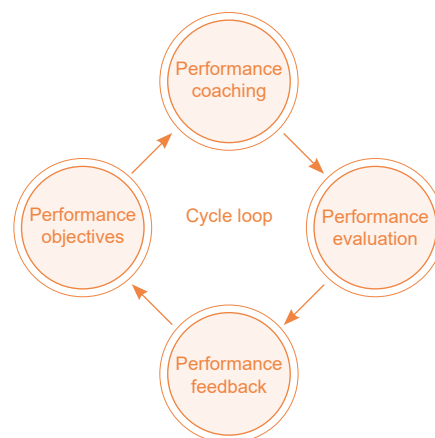
Performance management

Performance is the key to building a virtuous cycle of value creation, evaluation, and distribution. We have established a unified compensation and performance platform and enforce differentiated compensation and performance policies that align with our strategic development phases.

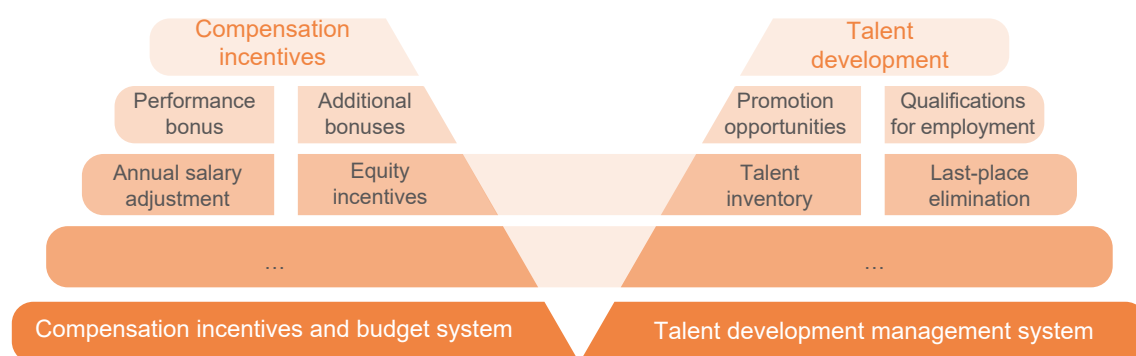
We break down strategic objectives and create a KPI indicator library based on strategic management. We incorporate key performance indicators and critical tasks into assessment and update the assessment methods for organizational and individual performance. We conduct performance assessments once half a year and assessment results are reviewed and approved by supervisors two levels above the current position, thereby forming a five-level performance rating scale from A to D. Subsequently, the assessment outcomes are leveraged for compensation incentives and talent development purposes. High-performing employees are rewarded, thereby creating a PDCA closed-loop system for continuous improvement.

Performance management framework

Define our strategic objectives → Break down strategic objectives layer by layer, and build a KPI indicator library → Incorporate KPIs and critical tasks into performance assessment, update the evaluation of organizational and individual performance → Evaluate performance using a five-level rating scale from A to D. → Apply performance evaluation results and form a PDCA closed loop.



▲ Performance evaluation process



▲ Application of performance results

Employee Care

We value and cherish our employees. Therefore, we promote a human-centered management approach. Through democratic communication and cultural activities, we deepen our care for employees, enrich their leisure time, and help them find a balance between work and life. By doing so, we are committed to creating a caring and home-like workplace.

Democratic management

We believe that democratic communication is of utmost importance. To this end, we have formulated the *Management Measures for Protection of Employees' Human Rights*, the *Code of Conduct for Overseas Employee Compliance*, and the *Management Procedure for Employee Complaints*. We offer a range of communication channels to firmly safeguard employees' rights to information, participation, and oversight while actively promoting communication and dialogs between employees and the company.

Appeal mechanism

According to the *Management Procedure for Employee Complaints*, we divide employee grievances and complaints into seven categories. Complaints can be filed through various methods, including phone calls, letters, face-to-face meetings, faxes, and emails, either anonymously or with the complainant's real name. The Human Resources Center is responsible for managing the complaint channels, accepting complaints, and providing results. When dealing with financial matters, the Human Resources Center works together with the Financial Center to handle the complaints jointly. Upon receiving a complaint, the Human Resources Center must assess whether to report, accept, or initiate a case within 15 working days. If a case is accepted or initiated, an investigation must be conducted within 15 working days after the acceptance or initiation. Once the processing is completed and the result is approved by the relevant company leader or department head, the Human Resources Center shall return the result to the complainant within 15 working days and oversee any subsequent measures implemented by the relevant department.

Categories of grievances and complaints (scope):

- 1 Complaints about actions that violate the company's current administrative regulations
- 2 Complaints concerning actions detrimental to the company's interests
- 3 Grievances and complaints related to situations impacting employees' personal rights and interests.
- 4 Grievances and complaints about employee relations
- 5 Grievances and complaints about decisions made by superiors
- 6 Grievances and complaints about actions causing significant impact or harm to the company
- 7 Other types of grievances and complaints

Complaint channels:

✉ **Email:** hr-er@hymson.com

📍 **Address:** Employee Relations Department, Human Resources Center, 3rd Floor, Building B, Kemron Technology Park, No. 5 Guansheng 5th Road, Guanhu Sub-district, Longhua District, Shenzhen, Guangdong Province

☎ **Tel.:** 0755-28197975, extension for the Employee Relations Department, Human Resources Center



Colleague Bar

During the reporting period, Hymson Shenzhen established the "Colleague Bar" on Enterprise WeChat as a communication channel. This feature allows employees to post messages, make comments, and browse content in real-time, while also tracking their thoughts and feelings. The Employee Relations Department, part of the Human Resources Center, implements management measures to categorize discussed topics and transfer employee questions to relevant departments. They also ensure timely follow-up on resolutions and report progress on the platform. The platform issues monthly public opinion summary reports while continuously improving its management. As of the end of the reporting period, 8 public opinion summary reports had been issued.

Employee symposium

To promote collaboration and understanding among frontline employees, and provide them with an opportunity to communicate with the management team, we regularly organize employee symposiums. The Satisfaction Task Force randomly selects a group of employees from the roster to participate in these symposiums. Before the meeting, the organizing department distributes questionnaires to collect discussion topics, which are then addressed during the symposium. After the meeting, we will take corrective measures and record the progress. During the reporting period, we held 2 employee symposiums.



▲ "Close Range" employee symposium in 2023

Employee engagement and satisfaction survey

To understand employee engagement levels, we administered the first Gallup Q12 Employee Engagement Survey to all employees during the period. Following the warm-up promotion, the questionnaire was distributed through the OA system with detailed explanations of the survey questions. After the survey, analysis reports were issued to provide guidance for manager evaluation and to enable department heads to improve employee engagement through daily management practices. During the reporting period, the employee engagement rate was 83.80%.

Furthermore, Hymson Jiangsu conducted two anonymous employee satisfaction surveys for all employees during the reporting period to better understand employees' real thoughts on company culture, management and logistic support services, and to identify shortcomings in our management. Based on the survey results and feedback, they analyzed and improved unsatisfactory points, developed improvement plans and tracked the progress of satisfaction improvement. During the first half of the reporting period, the overall satisfaction score from the survey reached 80.7%, representing a 7.7% increase compared to 2022. In the latter half of the year, the overall satisfaction level rose to 84.4%, indicating a further improvement of 3.7% over the previous year.

During the reporting period



Work-Life balance for employees

We prioritize work-life balance for our employees. Through various cultural, recreational, and care initiatives organized by the labor union, we aim to enrich employees' leisure time, reduce work-related stress, and ultimately improve their work satisfaction and overall quality of life.

Company events

We are committed to the physical and mental well-being of every employee. It is our expectation that all employees, regardless of their geographical location, can immerse themselves in our corporate culture, characterized by unity and determination.



▲ 3+1 Health Month



▲ Anniversary Afternoon Tea

Festive activities

We provide gifts and benefits to employees during traditional festivals such as the Dragon Boat Festival and the Mid-Autumn Festival, and organize related themed activities to create a festive atmosphere. Collective birthday parties and family day events are also part of our effort to enhance employee well-being. During the reporting period, Hymson Jiangmen held a total of 10 birthday parties for employees, with different themed activities arranged each month, and a total of 3,000 people participated. Additionally, on August 25, 2023, Hymson Jiangsu organized a family day, inviting employees' families to explore the base, nearby attractions, and enjoy an evening banquet.



Activities for the Dragon Boat Festival activities



DIY activities for the Mid-Autumn Festival



Employee birthday party



Family day event

Care for women

We care about women and hold celebrating activities on each Women's Day, such as distributing gifts to all female employees and organizing themed events. We also invite doctors to hold lectures on maternal and child health for female employees, giving them support for their well-being.



Flower arrangement on Women's Day



Carnation maternal and child health lecture

Support to employees

We care about the physical health of employees and visit those who are injured or ill. Hymson Jiangmen visited 29 employees suffering accidental injuries during the year. Our production bases organize "Cool Summer" activities from June to September, including the provision of afternoon tea for employees. We also support veterans and distributed gifts to 15 employed veterans on Armed Forces Day.

- Offer support to accidentally injured employees
- "Cool Summer" activities
- Offer support to veterans on Armed Forces Day

Sports activities

Our labor union actively organizes sports activities such as tug-of-war, badminton competitions, and basketball/soccer leagues to encourage employees to stay fit and healthy and enjoy the benefits of health and happiness through sports.



▲ A tug-of-war competition at Hymson Jiangmen

▲ Hymson Jiangmen participated in the basketball competition held by the park

▲ A physical etiquette activity at Hymson Jiangmen



◀ The second "Labor Union Cup" badminton tournament at Hymson Shenzhen

Fellowship activities

Understanding the importance of personal happiness and social connectivity for our employees, we have launched a matchmaking platform specifically for single staff members. This initiative includes organizing singles' parties, which aim to broaden social networks and potentially lead to meaningful relationships.



▲ Hymson Shenzhen held a singles' party at Hybio Pharmaceuticals

Occupational Health and Safety

The well-being and safety of our employees are foundational to our company's sustainable growth. Therefore, we continuously improve our health and safety management system in strict compliance with the *Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and other laws and regulations. During the reporting period, our headquarters and main production facilities, including Hymson Jiangmen and Hymson Jiangsu, were all certified by the GB/T45001-2020 idt ISO45001:2018 Occupational Health and Safety Management System, and are currently maintaining its proper operation. We have also set our EHS policies as well as health and safety objectives, and monitor the progress towards achieving these objectives.

EHS policy:

-  Focus on prevention in environmental protection
-  Regard safety as the top priority and implement people-oriented measures
-  Obey the law and promote sustainable development

Health and safety objectives:

Zero fire and explosion accidents

Zero safety accidents



Rate of inspection and rectification of hazards:
100%

Zero cases of occupational diseases

Improve the management system

Our headquarters and main production facilities have established a comprehensive occupational health and safety management system in accordance with the GB/T45001-2020 idt ISO45001:2018 requirements, and run regular internal and external audits to make sure the management system always fits our production and operation. The system includes the *Management Procedure for Emergency Preparedness and Response*, the *Control Procedure for Accident Investigation and Handling*, the *Control Procedure for Hazard Identification and Evaluation*, the *Management Measures for Fire Safety*, the *Measures for the Management of Chemicals*, and the *Management Measures for Special Equipment and Special Operation Personnel*.

Enhance work safety

We are committed to fostering a safe working environment for all employees. This commitment is realized through regular safety inspections, targeted work safety activities, and continuous education to enhance safety awareness and preparedness among our workforce.

Work safety activities

Annually, we dedicate specific themes to our work safety activities. In June and November 2023, the Headquarters, Hymson Jiangmen, and Hymson Jiangsu held "Safety Month" and "Fire Safety Month" themed activities, which included safety training, safety inspections, safety knowledge quizzes, fire drills, and other activities. By organizing those activities, we enhanced employees' understanding of safety and fire prevention knowledge, and improved their capabilities in emergency response.

Safety inspection

At our production and operations sites, we conduct regular hazard identification and assessment. We also perform safety inspections for production workshops, facilities, equipment, chemicals, warehouses, fire safety facilities, and labor disciplines. Once we have identified safety hazards, we take corrective measures to prevent accidents. Hymson Jiangmen has established a secure communication channel for employees and set up a QR code to collect safety hazards and suggestions reported by employees. Also, effective measures are taken to sort up usable suggestions, improve safety management, and implement corrective measures, thus promoting work safety and creating an atmosphere where safety is everyone's priority.

Safety training

To enhance employees' safety awareness and skills, we conduct annual surveys to identify their training needs, formulate annual training plans, and provide regular internal safety training. This training includes safety orientation for new employees, pre- and post-holiday safety training, fire safety training, working at heights training, special equipment safety training, personal protection equipment training, traffic safety training, first aid training, and vehicle operation training. Additionally, safety slogans and messages are displayed in the workplace through banners and display boards. We hold safety knowledge quizzes to boost employees' learning enthusiasm in an entertaining way. We also provide EHS training for suppliers, contractors, and partners. We require them to sign the *Notice of EHS Policies for Stakeholders* to ensure that they follow our EHS requirements when providing products/materials. During the reporting period, Hymson Shenzhen conducted 26 internal safety training sessions, Hymson Jiangmen conducted 30 sessions, and Hymson Jiangsu conducted 43 sessions, reaching over 1,400 employees. More than 7,000 received training transferred from external sources.



▲ Personal protection product training at Hymson Jiangsu



▲ Safety training for suppliers at Hymson Shenzhen

Case Safety knowledge quiz at Hymson Jiangmen

In June 2023, the 22nd National Work Safety Month, Hymson Jiangmen held a safety knowledge quiz to enhance safety training and education for employees. Twelve departments participated in the competition. The event included two rounds of trivia and one round of buzzer trivia. The teams with outstanding performance were awarded cash and prizes.



▲ A safety knowledge quiz at Hymson Jiangmen as a part of the Work Safety Month event

During the reporting period



Emergency drill

Employee safety is our top priority. All production bases have established detailed contingency plan systems and robust emergency response systems, which clearly define the responsibilities of emergency response team members, in accordance with the *Management Procedure for Emergency Preparedness and Response*. We conduct emergency drills every year, including fire drills, hazardous chemical leakage drills, and typhoon and heavy rain drills. Our aim is to shift the focus of emergency response from 'post-event' to 'pre-event' actions. This ensures the safety and well-being of employees and the security of company property. During the reporting period, Hymson Shenzhen conducted a total of 8 emergency drills, Hymson Jiangmen conducted a total of 4 emergency drills, and Hymson Jiangsu conducted a total of 5 emergency drills.

Case Fire safety emergency drill at Hymson Shenzhen

In preparation for the 32nd National Fire Safety Promotion Month, Hymson Shenzhen organized a series of promotional activities and drills with the theme of "preventing fire to protect life and ensuring safety for all with robust fire protection". During the preparation phase of the fire drill, the commander mobilized and clarified the process of the drill. At the drill site, the evacuation team, mechanical and electrical equipment team, rescue team, and fire-fighting team cooperated seamlessly. All participants followed commands and acted promptly. The whole drill proceeded in a well-organized manner. Following the conclusion of the drill, a knowledge promotion and practical training on fire safety was held for all employees, leading the enthusiasm to the climax.



▲ Rescue the "injured person"



▲ Explanation and practical training on how to use a fire extinguisher

During the reporting period

Hymson Shenzhen conducted Hymson Jiangmen conducted Hymson Jiangsu conducted

8 emergency drills

4 emergency drills

5 emergency drills



Ensure physical and mental health of employees

Our company implements measures to prevent occupational diseases for employees who are exposed to occupational hazards, with the aim of minimizing the risk of such diseases. We also organize Health Month activities for all employees to promote their physical and mental well-being. In addition, we offer channels for psychological counseling to help alleviate mental stress among our employees.

Prevention of occupational diseases

Identification and detection of occupational hazards

Each year, we hire an independent third-party agency to detect occupational hazards in the workplace, including drinking water for employees. These evaluations help us identify occupational hazards inherent to our production and operational processes, ensuring that risks such as laser radiation, chemical agents, dust, tin dioxide, and noise are kept at safe levels throughout production.

Warning for occupational hazards

We set up warning signs for occupational hazards in accordance with the Regulations on *Workplace Warning Signs for Occupational Hazards* and the *Management Measures for Occupational Hazard Notification and Warning Signs of Employers*. Encompassing warnings and precautions about "dust, noise, wearing ear protection, wearing dust masks, ventilation, wearing gas masks, and being aware of poisoning", those signs remind employees to wear protective equipment when performing tasks and to avoid direct exposure to occupational hazards.

Protection from occupational hazards

Key sources of occupational hazards at our production sites include noise generated by the cutting operation of the machine tools in the machining workshop, the power frequency electric field in the distribution room, and the illumination levels in the production workshop. To mitigate these hazards, we employ engineering and technological solutions to reduce their intensity and the frequency of employee exposure. Comprehensive protective equipment, including earplugs, dust masks, and acid-resistant masks, is provided to all employees facing these risks, alongside training in the use of this gear and related safety knowledge.

Physical examination for occupational diseases

We conduct annual health screenings for employees exposed to occupational hazards, utilizing services from qualified medical facilities. Employees will receive their own occupational health reports and records after the exam to ensure their occupational health while on duty. During the reporting period, Hymson Jiangmen collaborated with the AIER Eye Hospital to offer eye health lectures and examinations, benefiting 213 employees.

During the reporting period



Rate of occupational disease examination: **100%**



Organize Health Month events

In June 2023, we held the first "3+1" Health Month event for all employees, which included "attending a health lecture, engaging in a physical activity, reading a good book, and making a new friend." The event aimed to show care and concern for the physical and mental well-being of employees, as well as to enhance team cohesion and passion for achievement. This initiative was successfully conducted at our major production sites, with adaptations, including a video format, to accommodate employees on business trips at client locations. A total of 123 employees on business trips participated in the online "Ten Thousand Steps A Month" walking activity, totaling 37,440,812 steps. After the event, the ten individuals who recorded the highest walking distances were duly recognized and rewarded with a selection of prizes.



▲ Hymson Shenzhen Base



▲ Hymson Jiangsu Base



▲ Hymson Jiangmen Base



▲ Hymson Chengdu Base



▲ Wuhan Site



▲ Liuzhou Site



▲ Chengdu Site



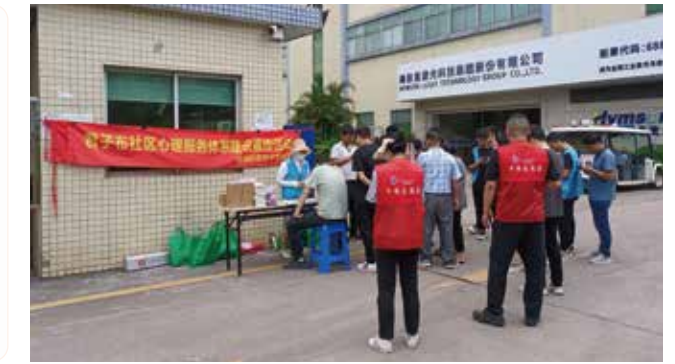
▲ Hefei Site



▲ Jiangmen Site

Care about the mental well-being of employees

We prioritize the mental well-being of our employees. To alleviate mental stress and address their concerns, all our production bases collaborate with local psychological counseling centers, offering our employees access to psychological counseling services.



▲ Psychological counseling activity at the Shenzhen base

Community Engagement and Involvement

As responsible corporate citizens, we are dedicated to contributing to the community through charitable donations and by encouraging our employees to engage in volunteer activities. Our goal is to share the fruits of our development with the local community and collaboratively work towards mutual prosperity and growth.



▲ Hymson Jiangmen was granted the "Charitable Public Welfare Contribution Award of Pengjiang District" for 2022

Charitable donations

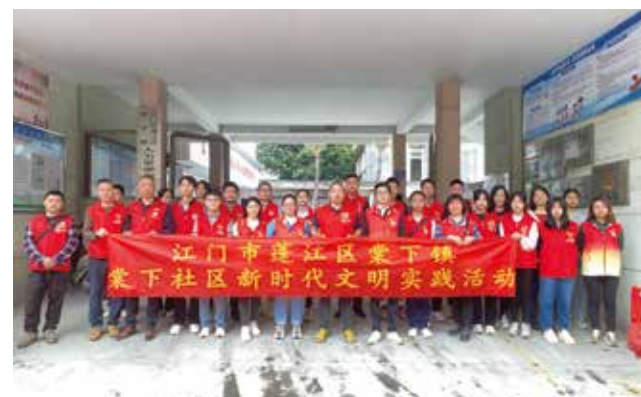
During the reporting period, we made charitable donations, and Hymson Jiangmen was granted the "Charitable Public Welfare Contribution Award of Pengjiang District" for 2022.

Voluntary blood donations

The Party Branch and Labor Union of Hymson Jiangmen organized a blood donation event titled "A Drop of Blood with Infinite Love" on November 30, 2023. Out of 115 registrants, 55 individuals generously donated blood.



▲ Voluntary blood donation at Hymson Jiangmen



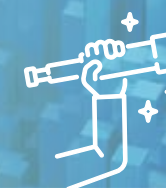
▲ "Clean City for Green Life" event at Hymson Jiangmen

"Clean City for Green Life" event

The volunteer team of Hymson Jiangmen takes an active part in the "Clean City for Green Life" event organized by the district government. This event not only helps to improve the life quality and ecosystem of the town, but also further promotes the awareness of environmental protection among residents, and boosts the development of a harmonious society and ecological civilization.

06

Outlook for the Future



Reflecting on our journey of fifteen years filled with challenges and growth, our steps forward are becoming increasingly determined and confident. As we look towards 2024, we anticipate facing new and unknown changes in the industry, market dynamics, and profitability. Despite the formidable and unpredictable challenges ahead, we will steadfastly adhere to our enduring purpose amidst the ever-changing landscape. Our commitment to "changing the global equipment manufacturing landscape and promoting manufacturing advancement for humanity" will remain unwavering. Together with our stakeholders, we will seize opportunities for sustainable development, embrace change, and advance towards a sustainable and brighter future.

We will continue to improve our ESG governance system to ensure its effective operation. We will integrate the ESG principles into our development strategy, identify ESG risks and opportunities, prioritize critical material topics, and take decisive actions to strengthen their management.

Our efforts to improve our production and delivery capabilities, along with enhancements to our quality management, client service, and research and development innovation systems, will persist. With the focus on "laser + intelligent manufacturing", we will foster industrial cooperation to tackle unforeseen challenges, and work with stakeholders to drive the digital and smart transformation of the industry.

We are committed to environmental protection by enhancing our environmental management system. In response to climate change and to achieve our environmental goals, we will work on reducing carbon footprints, conserving resources, minimizing pollution, and fostering environmental awareness.

Employee development and community engagement will continue to be our priority. We will improve our employee training system, developing new courses tailored to professional and learning needs. Additionally, we will bolster performance management and effectively carry out the third phase of our performance management initiative in line with our strategic objectives. Meanwhile, we will increase our investment in public welfare and charity to address the needs of society.

"Perseverance and commitment" embody our corporate spirit. In the new year, guided by "innovation", we will explore new frontiers and seize opportunities with determination and patience, unlocking endless possibilities in technology. Together with our partners, we will overcome challenges as a leading designer, planner, executor, and pioneer, drawing ever closer to realizing our ideals.

Key Performance Indicators

Type of Indicator	Economic Performance Indicator	Unit	2023
Income statement	Operating revenue	RMB'00 million	48.05
	Year-on-year growth in operating revenue	%	17.03
	Net profit attributable to shareholders of the parent company	RMB'00 million	3.22
Balance sheet	Total assets	RMB'00 million	108.85
	Equity attributable to shareholders of the listed company	RMB'00 million	23.45
Key ratio	Weighted average return on equity	%	14.74
	Return on total assets	%	3.26
	Net profit margin on sales	%	6.7
Indicators per share	Earnings per share	RMB	1.6

Type of Indicator	Governance performance indicator	Unit	2023
Board of directors, board of supervisors, shareholders' meetings	Shareholders' meetings	Times	5
	Board of directors	Times	8
	Board of supervisors	Times	7
	Specialized committees under the board of directors	Times	8
Investor relations management	Investor performance briefing and collective reception day	Session	5

Type of Indicator	Governance performance indicator	Unit	2023
Business ethics	Number of employees who have received anti-corruption and anti-bribery training	Person	1,686
	Average duration of anti-corruption and anti-bribery training for employees	Hour	3
	Number of directors who have received anti-corruption and anti-bribery training:	Person	4
	Average duration of anti-corruption and anti-bribery training for directors	Hour	1
	Coverage of anti-corruption and anti-bribery training for employees	%	90

Type of Indicator	Environmental Performance Indicator	Unit	2023
Environmental management	Number of companies (including parent companies) that have been certified by ISO 14001 environmental management system	Company	3
Energy consumption	Natural gas	Cubic meter	41,628.95
	Diesel	Liter	27,946.58
	Renewable energy	Kilowatt-hour	3,163,602.26
	Outsourced electricity	Kilowatt-hour	18,383,417.00
Greenhouse gas	Scope 1	Tons of carbon dioxide equivalent	165.76
	Scope 2	Tons of carbon dioxide equivalent	10,484.06
	Total	Tons of carbon dioxide equivalent	10,649.82
Water resource utilization	Water purchase from the municipal water pipeline	Cubic meter	179,996.00

Type of Indicator	Environmental Performance Indicator	Unit	2023
Reduce Pollution	Total amount of domestic waste	Ton	763.00
	Total amount of industrial solid waste	Ton	93.00
	Total amount of non-hazardous solid waste recycled and reused	Ton	4.20
	Total amount of hazardous waste	Ton	0.98
Packaging materials	Total amount of packaging materials used	Ton	265.33
	Packaging material used: wood	Ton	80.99
	Packaging material used: plastic	Ton	87.25
	Packaging material used: paper	Ton	3.94
	Packaging material used: other (such as EPE form, rain-proof fabrics, etc.)	Ton	93.16
Investment in environmental protection	Investment in environmental protection	RMB'0,000	764.73
	Total investment in energy conservation and emission reduction	RMB'0,000	757.80

Type of Indicator	Social Performance Indicator	Unit	2023
Research, development, and innovation	Investment in research and development	RMB'0,000	54,324.22
	R&D investment as a percentage of operating revenue	%	11.31
	Number of R&D personnel	Person	2,217
	Percentage of R&D personnel	%	28.33

Type of Indicator	Social Performance Indicator	Unit	2023
Intellectual property	Total number of patents held	Piece	758
	Total number of software copyrights held	Piece	300
	Number of new patent applications in the current year	Piece	720
	Number of new software copyright applications in the current year	Piece	130
	Number of newly granted patents in the current year	Piece	374
	Number of newly granted software copyrights in the current year	Piece	130
Client service	Number of client complaints	Case	0
	Number of products recalled due to safety and health issues	Piece	0
	Customer satisfaction	%	90
Supplier management	Total number of suppliers	Company	1,901
	Number of suppliers from the Chinese Mainland	Company	1,852
	Number of suppliers from Hong Kong, Macau, Taiwan, and other countries	Company	49
	Percentage of suppliers who have signed the Code of Conduct for Suppliers	%	92.1
	Percentage of suppliers who have signed contracts containing environmental and labor clauses	%	92.1
	Number of suppliers undergoing ESG due diligence	Company	1,600
	Number of suppliers undergoing on-site ESG audits	Company	1,600
Total number of new suppliers	Company	408	

Type of Indicator	Social Performance Indicator		Unit	2023
Hire employees	By gender	Number of male employees	Person	6,810
		Number of female employees	Person	1,017
	By employment type	Labor Contract Employees	Person	7782
		Labor Dispatch Employees	Person	0
		Other employees	Person	45
	By educational background	PhD	Person	17
		Master's degree	Person	251
		Undergraduate degree	Person	3,083
		Associate's degree and below	Person	4,476
	By region	Employees working in the Chinese Mainland	Person	7,817
		Employees working in Hong Kong, Macau, and Taiwan	Person	0
		Employees working in other countries and regions	Person	10
	By age	Number of employees aged 51 and above	Person	50
		Number of employees aged 41 to 50	Person	476
		Number of employees aged 31 to 40	Person	2,999
		Number of employees aged 30 and below	Person	4,302
	By Employee Type	Number of grassroots employees	Person	7,053
		Number of employees at middle management level	Person	750
		Number of employees at senior management level	Person	24
	Diversity	Number of female employees in middle management	Person	94
Number of female employees in senior management		Person	4	
Minority employees		Person	438	
Number of disabled employees		Person	1	
	Percentage of employment contract signing	%	100%	
	Employee engagement	%	83.80%	
Employee turnover rate	Number of employees who have left the company	Person	3,357	
	Employee turnover rate	%	30.02%	
Career Development	Total duration of training received by employees	Hour	461,136.41	
	Average duration of training for each employee	Hour	60.93	

Type of Indicator	Social Performance Indicator		Unit	2023
Safety management	Employee health and safety	Number of workdays lost due to occupational injury	Day	734
		Number of employees at positions with occupational disease risks	Person	109
		Number of employees participating in occupational disease exams	Person	109
		Hours of occupational health and safety training	Hour	141
		Coverage of occupational health and safety training	%	100
		Duration of work affected by occupational diseases	Person	0
Safety management	Safety accidents and personnel	Number of employees suffering work-related injuries	Person	21
		Number of work-related incidents	Incident	21
		Number of employees suffering occupational diseases	Person	0
		Number of incidents involving work-related fatalities	Incident	0
		Number of employees suffering work-related fatalities	Person	0
		Death rate per million working hours	%	0
	Investment in health and safety	Investment in occupational health and safety of employees	RMB'0,000	31.93
		Investment in work safety	RMB'0,000	189.01

Note: The statistical caliber for the above-mentioned environmental performance and safety management performance is based on the factory and office buildings of Hymson Shenzhen, as well as Hymson Jiangmen and Hymson Jiangsu.

Indicator Index

GRI Content Index

Instructions for use	Hymson reports information in this GRI Content Index according to GRI standards for the period from January 1, 2023, to December 31, 2023.		
GRI 1 standards used	GRI 1: Foundation 2021		
GRI Standards	Disclosure Item	Corresponding Chapter	
GRI 2: General Disclosures 2021	2-1	Organizational details	Company Profile
	2-2	Entities included in the organization's sustainability reporting	About This Report
	2-3	Reporting period, frequency, and contact point	About This Report
	2-6	Activities, value chains, and other business relationships	Services and Solutions Business Operation and Layout
	2-7	Employees	Employee Rights Protection Key Performance Indicators
	2-9	Governance structure and composition	Improve Corporate Governance
	2-10	Nomination and selection of the highest governance body	Improve Corporate Governance
	2-11	Chair of the highest governance body	Improve Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Implement Robust ESG Management
	2-13	Delegation of responsibility for managing impacts	Implement Robust ESG Management
	2-14	Role of the highest governance body in sustainability reporting	Implement Robust ESG Management
	2-15	Conflicts of interest	Uphold Business Ethics

GRI Standards	Disclosure Item		Corresponding Chapter	
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	Implement Robust ESG Management	
	2-17	Collective knowledge of the highest governance body	Implement Robust ESG Management	
	2-19	Remuneration policies	Employee Rights Protection	
	2-20	Process to determine remuneration	Employee Rights Protection	
	2-22	Statement on sustainable development strategy	Executive Address	
	2-23	Policy commitments	Uphold Business Ethics	
	2-24	Embedding policy commitments	Uphold Business Ethics	
	2-25	Processes to remediate negative impacts	Uphold Business Ethics	
	2-26	Mechanisms for seeking advice and raising concerns	About This Report	
	2-27	Compliance with laws and regulations	Uphold Business Ethics	
	2-28	Membership associations	Industry Development Promotion	
	2-29	Approach to stakeholder engagement	Implement Robust ESG Management	
	2-30	Collective bargaining agreements	Employee Care	
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	Implement Robust ESG Management
		3-2	List of material topics	Implement Robust ESG Management
3-3		Management of material topics	Implement Robust ESG Management	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Performance Highlights Key Performance Indicators	
	201-2	Financial implications and other risks and opportunities due to climate change	Address Climate Change	

GRI Standards	Disclosure Item		Corresponding Chapter
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Community Engagement and Involvement
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Uphold Business Ethics
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Key Performance Indicators
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Indicators
	303-5	Water consumption	Key Performance Indicators
	305-2	Energy indirect (Scope 2) GHG emissions	Address Climate Change Key Performance Indicators
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Reduce Pollution
	306-2	Management of significant waste-related impacts	Reduce Pollution
	306-3	Waste generated	Key Performance Indicators
	306-4	Waste diverted from disposal	Key Performance Indicators
	306-5	Waste directed to disposal	Key Performance Indicators
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain Key Performance Indicators
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain Key Performance Indicators
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Salaries and Benefits
	401-3	Parental leave	Salaries and Benefits
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety

GRI Standards	Disclosure Item		Corresponding Chapter
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	Occupational Health and Safety
	403-5	Worker training on occupational health and safety	Occupational Health and Safety
	403-6	Promotion of worker health	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-9	Work-related injuries	Key Performance Indicators
	403-10	Work-related ill health	Occupational Health and Safety Key Performance Indicators
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Key Performance Indicators
	404-2	Programs for upgrading employee skills and transition assistance programs	Career Development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Improve Corporate Governance Employee Rights Protection
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Hire employees
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights Protection
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights Protection
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Key Performance Indicators
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Provide Considerate Services to Clients
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Product Quality and Safety Provide Considerate Services to Clients
	417-2	Incidents of non-compliance concerning product and service information and labeling	Product Quality and Safety
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitization and Informatization

ISO 26000 Content Index

Topic	Issue	Corresponding Chapter
Organizational governance	—	Improve Corporate Governance ESG Management
Human rights	Due diligence	Employee Rights Protection
	Human rights risk situations	Employee Rights Protection
	Avoidance of complicity	Employee Rights Protection
	Resolving grievances	Employee Care
	Discrimination and vulnerable groups	Employee Rights Protection
	Civil and political rights	Employee Rights Protection Employee Care
	Economic, social and cultural rights	Employee Care
	Fundamental principles and rights at work	Employee Rights Protection
Labor practices	Employment and employment relationships	Employee Rights Protection
	Conditions of work and social relationships	Employee Rights Protection
	Social dialog	Employee Care
	Health and safety at work	Occupational Health and Safety
	Human development and training in the workplace	Career Development
Environment	Prevention of pollution	Reduce Pollution
	Sustainable resource use	Conserve Resources

Topic	Issue	Corresponding Chapter
Environment	Climate change mitigation and adaptation	Address Climate Change
	Protection of the environment, biodiversity and restoration of natural habitats	Environmental Protection Management
Fair operating practices	Anti-corruption	Uphold Business Ethics
	Responsible political involvement	Improve Corporate Governance
	Fair competition	Uphold Business Ethics
	Promoting social responsibility in the value chain	Sustainable Supply Chain
Consumer issues	Respect for property rights	Research, Development, and Innovation
	Fair marketing, factual and unbiased information and fair contractual practices	Provide Considerate Services to Clients
	Protecting consumers' health and safety	Product Quality and Safety
	Sustainable consumption	Provide Considerate Services to Clients
	Consumer service, support, and complaint and dispute resolution	Provide Considerate Services to Clients
	Consumer data protection and privacy	Provide Considerate Services to Clients
	Access to essential services	Provide Considerate Services to Clients
	Education and awareness	Provide Considerate Services to Clients
	Community involvement and development	Community involvement
Education and culture		Community Engagement and Involvement
Employment creation and skills development		Industry Development Promotion
Technology development and access		Research, Development, and Innovation
Wealth and income creation		Community Engagement and Involvement
Health		Community Engagement and Involvement
Social investment		Community Engagement and Involvement

AA1000 Independent Assurance Opinion Statement

To the Management and Stakeholders of Hymson, Shanghai Realize ESG Enterprise Service Co., Ltd. (hereinafter referred to as "Realize ESG") has been entrusted by Hymson Laser Technology Group Co., Ltd. (hereinafter referred to as "Hymson") to conduct an independent and limited assurance engagement of the disclosure of the ESG information and data in the *Hymson 2023 Environmental, Social, and Corporate Governance (ESG) Report* (hereinafter referred to as the "ESG Report"). We hereby issue this independent assurance opinion statement to disclose the results and conclusions of the assurance to the readers and stakeholders of the ESG Report.

Scope of Assurance

1. The assurance covers the data and information relating to Hymson and its subsidiaries as disclosed in the Hymson ESG Report.
2. This assurance does not include data and information from Hymson's suppliers, partners, and other third parties.
3. The assurance focuses on the compliance of the Hymson ESG Report with the AA1000AS v3 principles of inclusivity, materiality, responsiveness, and impact.
4. The effectiveness and social impact of selected non-financial indicators are evaluated as part of the assurance. The specific performance indicators selected for assurance in this instance are as follows:
 - Number of employees
 - Total duration of employee training
 - Number of safety emergency drills

Assurance Standards

Realize ESG follows the AA1000 ASv3 Type 2 Moderate Assurance Level, which includes an evaluation of Hymson's compliance with the four AA1000AS v3 principles: inclusivity, materiality, responsiveness, and impact.

Source of Information

Report Name: *Hymson 2023 Environmental, Social and Governance (ESG) Report*
Source: Hymson

Assurance Responsibilities and Statement

1. The management of Hymson bears full responsibility for the preparation and content of the *Hymson 2023 Environmental, Social and Governance (ESG) Report*. Realize ESG assumes the responsibility to conduct an independent limited assurance engagement within the scope described in this statement and provide professional assurance opinions and an independent assurance statement to the readers of the Report and stakeholders of Hymson.

2. In accordance with AA1000AS v3, Realize ESG conducted an independent and limited assurance engagement and provided assurance conclusions within the defined scope of the Hymson ESG Report, where the management of Hymson bears full responsibility for the preparation and content of the Report. Except for providing independent assurance and making other opinion statements regarding the findings of such assurance, Realize ESG assumes no legal or other responsibility for any other purposes or for any other persons reading this Independent Assurance Opinion Statement.
3. Any inquiries or questions regarding the content or related matters of this Independent Assurance Opinion Statement will be addressed by Hymson.
4. In case of any discrepancies or inconsistencies between the Chinese and English versions of this Independent Assurance Opinion Statement, the Chinese version shall prevail.

Assurance Process and Engagement

To gather evidence relevant to forming conclusions, we conducted the following engagements:

1. Interviewed senior management and employees of Hymson to learn about the overall performance and related processes of Hymson in fulfilling its environmental, social, and governance responsibilities;
2. Verified the key developments and policy implementations related to Hymson's organization, as well as reviewed the supporting evidence claimed in the Report;
3. Conducted interviews and examined relevant documents to learn about Hymson's key stakeholders, their expectations and needs, specific communication channels, and how Hymson responds to stakeholder expectations and needs;
4. Selected environmental, social, and governance information from this Report and performed analytical review procedures to assess the accuracy and reliability of the reported content through on-site or online interviews, examination of supporting evidence, sampling checks, recalculations of quantitative data, and other means of assurance, assessment, and verification;
5. Verified the process management of principles of inclusivity, materiality, responsiveness, and impact as outlined in the Company's Report and related AA1000 standards, to confirm the appropriateness of this statement;
6. Executed any other procedures deemed necessary by Realize ESG.

Independence and Assurance Competence

1. Realize ESG is a completely independent entity from Hymson, and there are no business relationships that could lead to conflicts of interest between Realize ESG and Hymson. The assurance team of Realize ESG independently conducted this assurance engagement;
2. The assurance team of Realize ESG is composed of experienced ESG professionals in the industry, who have received professional training in sustainability-related standards such as the Global Reporting Initiative (GRI) Standards, AA1000AS v3, ISO 14000, ISO 9000, ISO 26000, SA 8000, and EcoVadis Sustainability Ratings For Global Supply Chains. They possess a thorough understanding and practical experience in international guidelines, evaluation systems, and assurance standards, demonstrating the competence to conduct this assurance engagement.

Limitations

1. The assurance process was conducted at the location within the Report's scope. Realize ESG employed a sampling approach during the assurance process to verify the data and information in the Report, and conducted sampling interviews with selected internal stakeholders.
2. Due to the absence of internationally recognized and universally applicable standards for evaluating and measuring non-financial information, different but acceptable information and measurement techniques may be applied, which could affect comparability with other organizations.
3. The data and information provided in the Report are limited to the current year's data and information of Hymson. The historical data and information of Hymson are not within the scope of this assurance engagement and are not guaranteed.

Assurance Conclusions

1. Based on the information provided by Hymson and the assurance process conducted, there are no significant misstatements in Hymson's Environmental, Social, and Governance (ESG) Report.
2. We believe that the performance information disclosed in Hymson's ESG Report following the GRI guidelines is complete and accurate. The reported performance information demonstrates Hymson's efforts in addressing sustainability and stakeholder concerns.
3. Regarding the principles of inclusivity, materiality, responsiveness, and impact included in AA1000AS v3, the detailed assurance results are as follows:

Principles	Assessment
Inclusivity	The Report reflects that Hymson has implemented practices including seeking continuous engagement with stakeholders, understanding their expectations and priorities, timely communication on material issues, identifying priority issues of substantial importance to both stakeholders and Hymson, and responding to stakeholder concerns responsibly and strategically through sustainable development projects and timely disclosure of information.
Materiality	By conducting a research procedure on substantive issues with internal and external stakeholders, Hymson analyzes and derives significant issues that substantially affect the evaluation, decision-making, action and performance of the organization and its stakeholders, and evaluates and improves the management and performance of the issues.
Responsiveness	Hymson has established a sustainable development management system and effective channels for stakeholder communication, enabling timely responses to stakeholder concerns.
Impact	Hymson demonstrates a comprehensive ability to identify substantial issues, implements balanced and effective assessment methods, and has established systematic processes to supervise, measure, evaluate, and manage impacts. This enables more effective decision-making and impact management within the organization, providing an objective demonstration of the effects of substantial issues and effectively controlling any adverse impacts.

4. Based on the procedures performed and the evidence obtained by Realize ESG, no issues have been identified that cast doubt on the reliability and quality of the selected specific performance indicators in the Report.

Recommendations for Improvement

1. It is recommended that the Company increase opportunities to talk to external stakeholders during the audit process to enhance the credibility of the assurance.
2. It is recommended that the Company broaden the scope of data verification to enhance the impact and credibility of the Report.

If you have any suggestions regarding this Assurance Opinion Statement, you can contact us through the following means:

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Shanghai Realize ESG Enterprise Service Co., Ltd.

February 2024

Mao Juan
Partner/General Manager of Realize ESG

