

2024年度

# 环境、社会及公司治理(ESG)报告

Environmental, Social, and Corporate Governance (ESG) Report



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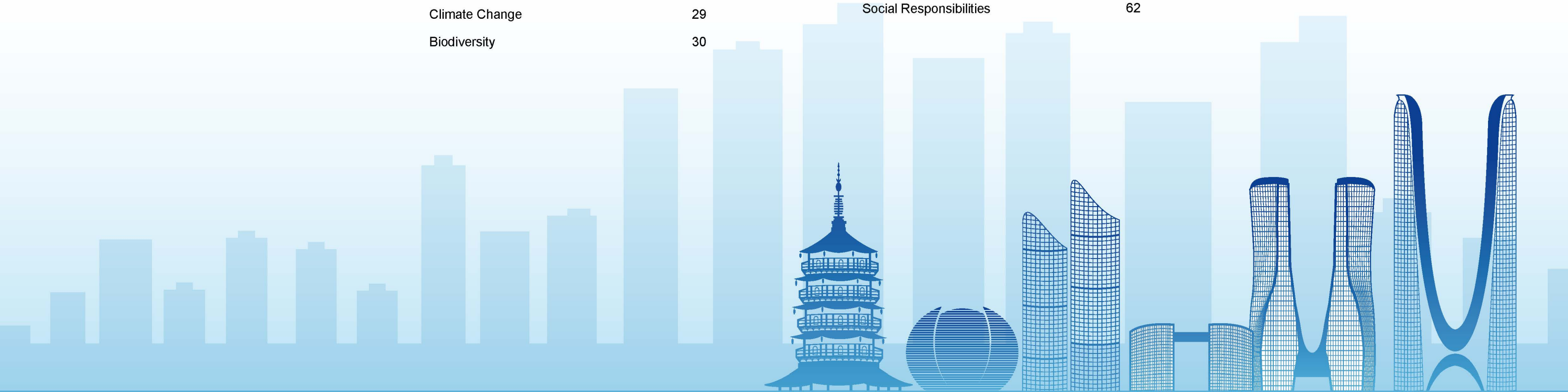
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# Introduction

## OPENING OF THE REPORT

### About This Report

As the "Environment, Social and Governance" (ESG) report released by Hangcha Group Co., Ltd., this report aims to demonstrate Hangcha Group's practices and achievements in sustainable development and disclose the Group's work in environment, society and governance during 2024 and previous years.

### Report Scope

This report covers Hangcha Group Co., Ltd. and its subsidiaries. The time limit for the content in this report ranges from January 1, 2024 to December 31, 2024. To enhance the readability of the report, some content or data may be traced back to previous years or projected to subsequent years.

### Data Sources

Unless otherwise specified, all information and data in this report originate from periodic reports or interim announcements disclosed by the Company, as well as the environmental, social and governance information that has been summed up, consolidated, and audited by the Company. Unless otherwise stated, all the monetary amounts in this report are denominated in Renminbi (RMB).

### Preparation Criteria

This report is prepared in accordance with the requirements of the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainable Development Report (For Trial Implementation) and Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Sustainable Development Report Preparation issued by the Shanghai Stock

### Notes on Appellation

For the convenience of expression and reading, "Hangcha Group", "the Group", "Hangcha", "the Company" and "We" in this report all refer to Hangcha Group Co., Ltd.

In addition, these forward-looking descriptions related to business plan and development strategy etc. in this report are the Company's predictions of future events based on real situations at that moment, which may be affected by unknown and uncertain factors, thus leading to significant differences from the actual results. For this reason, such descriptions do not constitute a substantive com-

### Report Access

This report can be downloaded and viewed on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of Hangcha Group Co., Ltd. ([www.zjhc.cn](http://www.zjhc.cn)).





# Chairman's Message

MESSAGE  
FROM  
THE CHAIRMAN

Zhao Liming

Secretary of the Party  
Committee, Chairman and  
General Manager of  
Hangcha Group



Dear shareholders, partners, all employees and colleagues from all walks of life:

In 2024, amid the complex and ever-changing international political and economic environment, there were challenges from geopolitical conflicts, trade protectionism and supply chain remodeling, etc., making the global economy come into a new normal of low growth and high volatility. In face of the uncertainty of the external environment, China boasted high-quality development and kept enhancing its economic resilience. Hangcha Group has always been in line with the national strategy, for example, it focused on "Green Intelligent Manufacturing" to fully implement the ESG development concept. As a result, we achieved excellent results in production and operation against the trend. Such achievement is underlain by the wisdom and sweat of all employees, the full support from partners, and the trust and faith from all sectors of society. On behalf of the board of directors, I would like to extend my most sincere gratitude!

## Fulfilling Environmental Responsibilities with Green Intelligent Manufacturing, Leading the Low-Carbon Transformation

As a pacesetter in China's industrial vehicle sector, Hangcha Group is fully aware that addressing climate change is the corporate mission of the times. In 2024, Hangcha Group took the lead in making the utilization rate of clean energy in the production process exceed 36%. Relying on the "Photovoltaic Power Generation Energy-saving Project", the Company brought down carbon emissions to a large extent. On the supply chain side, we established a "Supplier Green Evaluation System" and urged 300-odd core partners to complete process upgrading, in order to jointly build a new green and low-carbon ecosystem.

Technological breakthrough is the core driving force for green transformation. The second-generation HV lithium battery technology developed by Hangcha Group has made the energy density increase to 190Wh/kg, and the integrated energy management system has achieved dynamic energy conservation ratio of more than 20%. In 2024, the global delivery of electric forklifts exceeded 180,000 units, reducing fuel consumption by more than 700,000 tons, which is equivalent to planting 90 million full-grown trees on the earth. Hangcha Group interprets the "Dual Carbon" commitment with its innovative practices.

## Construing Social Responsibilities with Symbiosis and Win-Win, Shoring up the Foundation for Development

The corporate value lies not only in achieving commercial success but also in sharing the fruits of development with society. In 2024, among the Company's employees, 50 were newly conferred "High-level Talents", and 16 were conferred "Deputy Senior Professional Title" or above, implying the Company has cultivated a force of innovation for the industry. We are deeply involved in rural revitalization, for example, the Company has made donations and purchased agricultural products worth more than RMB 1 million in such areas as Qiandongnan of Guizhou, Baiyu County of Sichuan, as well as Chun'an and Lin'an of Zhejiang, helping nearly 10 counties achieve common prosperity.

Employees are the most precious asset of an enterprise. In 2024, the Company invested more than RMB 2 million in improving the health management system, with a coverage rate of 100%. The proportion of female employees in the Company rose to 13.7%, implying that we are building an inclusive workplace with the concept of "Multiplex Symbiosis". This sense of responsibility is right a vivid footnote for Hangcha's common growth with society.

## Consolidating Governance Efficiency with Digital-Intelligent Integration, Driving Global Breakthroughs

In face of industrial chain restructuring, we opened up a new situation for sustainable development while persisting in the dual-wheel drive by "Digital Intelligence + Globalization". The smart factory, which was completed by the Company in 2024, achieved a 40% increase in production efficiency and an 18% reduction in material loss with the help of digital twin technology. As a result, the intelligent manufacturing 4.0 system began to take shape. For the globalization strategy, we uphold "Localized R&D + Low-carbon Output". Meanwhile, the North American R&D Center successfully developed a new generation of lithium battery forklift for the US market. Hangcha America General Lithium Battery Company achieved efficient utilization and recycling of batteries, and some products can be reused in energy storage system, providing green solutions for global customers.

For corporate governance, the board of directors specially set up an ESG working group and built a full-chain system covering strategy, execution and assessment: ESG indicators were incorporated into the staff performance appraisal, with an average weight of 20%; more than 80 key indicators were dynamically tracked through the intelligent management platform; a compliance review mechanism has been established to ensure that major decisions comply with ESG guidelines. The foregoing measures have transformed sustainable development from a concept into quantifiable and traceable actions.

## Looking Forward to 2025: Striving to Put in Place the Sustainable Business Civilization

In the new year, we will further implement the green, low-carbon and intelligent strategy: the commissioning of the intelligent production base in the Hengfan Science and Technology Park will redefine the benchmark for green manufacturing; the production capacity improvement plan for high-voltage lithium forklift and AGV equipment will help customers worldwide bring down carbon emissions; the upgrading of the global service network and the innovation of the "human-machine collaboration" logistics mode will help promote a double leap in work safety and efficiency. We will also actively respond to the EU's sustainable trade barriers, improve supply chain management, keep in line with domestic and overseas ESG disclosure standards, and fulfill the responsibilities of "Made in China" with higher transparency.

Dear colleagues, sustainable development is not an option but a must-do thing for an enterprise to achieve long-term prosperity. Hangcha Group will always stay true to its original promise: we will safeguard the green mountains and lucid waters with technological innovation, empower the global industrial chain with open cooperation, and create a better life with a sense of responsibility. Let's walk hand in hand, and jointly compose the chapter for the green transformation of Chinese intelligent manufacturing in this era!

Secretary of the Party Committee, Chairman and General Manager of Hangcha Group

Zhao Liming

April 2025



# COMPANY PROFIL



Founded in 1956, Hangcha Group Co., Ltd. is a high-end equipment manufacturing enterprise with a development history of nearly 70 years and technological practices of 50 years in industrial vehicle R&D. The Company was listed on the Shanghai Stock Exchange in December 2026 (stock name: Hangcha Group, stock code: 603298). Presently, its registered capital is RMB 1.31 billion. For total product sales and exports, the Company has ranked among the top for more than ten years in China. Ranking of global forklift enterprises by operating income in the MMH Modern Materials Handling magazine of the United States shows that Hangcha Group ranks 8th in the world.

The Company provides customers worldwide with a full range of industrial vehicle products such as counterbalanced forklift, reach stacker, empty container handler, tow tractor, E-truck, aerial platform, dynamic compaction machine, and AGVs. Aiming at the "Dual Carbon" targets, the Company draws a strategic blueprint for new-energy industrial vehicles. Centering on new energy technologies such as battery, electric drive and electronic control, the Company vows to independently build three vehicle platforms for pure electric, hydrogen energy and hybrid power, and open up a new track in the field of intelligent logistics, with a view to cultivating new momentum and developing new competitiveness. The Company took the lead in releasing a series of proprietary innovative products such as lithium battery forklift, high-voltage lithium forklift and hydrogen fuel cell forklift in the world. For intelligent material handling, the Company can provide customers with a full-stack intelligent logistics overall solution including intelligent AGV, intelligent tiered warehouse and intelligent logistics system.

## 1956

Hangcha Group was founded in 1956

## 1.31 billion<sub>RMB</sub>

Currently, its registered capital is RMB 1.31 billion

## 8

Hangcha Group ranks 8<sup>th</sup> in the world



Hangcha Qingshan Industrial Park



Hangcha Hengfan Sci-tech Park



Hangcha Shiqiao Sci-tech Innovation Park



## Group Honors



Single-Champion Enterprise  
in Manufacturing



Influential Enterprise  
in Construction Machinery Industry



Top 500 Chinese  
Machinery Enterprises (2024)



Top 100 Fastest-growing Enterprises  
in Zhejiang Province



Top 100 Manufacturing Enterprises  
in Zhejiang Province



Top 50 Chinese Listed Companies  
with New-Quality Productivity



Large-Scale Key Backbone  
Enterprises in Machinery Industry



Top 100 Leading Private  
Enterprises of Zhejiang in  
Fulfillment of Social Responsibilities

## Responsibility 2024



### Economic Performance

Operating revenue: RMB **16485.8303** million, **1.15%** (Y-o-Y increase).

Net profit: RMB **2022.0257** million, **17.86%** (Y-o-Y increase).

Total Tax Payment: RMB **759.3323** million.



### Economic Performance

Environmental Protection Training Duration: **112** hours, **4,613** person-times.

Installed Capacity of Renewable Energy Facilities: **9.9** MW. Clean Energy Consumption: **6,211,600** kWh.

Total Afforestation Area: **159,357.9** square meters.



### Social Performance

Labor Contract Signing Rate: **100%**.

Social Insurance Coverage Rate: **100%**.

Cumulative Donations in Social Public Welfare: RMB **1.0633** million



### Governance Performance

Number of Shareholders' Meetings: **1**

Number of Board of Directors Meetings: **10**

Number of Supervisory Board Meetings: **4**

Proportion of Independent Directors on the Board of Directors: **1/3**



# Sustainable Development System

- Sustainable Development Strategy
- Communication with Stakeholders
- Communication with Stakeholders



# Sustainable Development System

## Strategic Vision and Positioning

With a view to "Becoming the World's Strongest Forklift Enterprise", the Company implements the "New Energy Strategy" for its products and takes sustainable development as the core strategy for its long-term development. It is committed to becoming a world leading provider of green and intelligent industrial vehicles and overall logistics solutions. Through technological innovation, green transformation, industrial collaboration and global planning, the Company continuously creates outstanding value for society, the environment and its shareholders, and promotes the high-quality development of the industry.

## Core Strategic Areas and Implementation Paths

### Green Energy Transformation: Building a Low-carbon Industrial Ecosystem

**Planning on New Energy Technology** Focus on the research and development of lithium battery, hydrogen energy and hybrid power technologies, expedite the all-around replacement and transcendence over traditional internal combustion forklift with new-energy forklift; continuously increase R&D investment, roll out lithium battery products with high energy density, and explore the commercialized application of hydrogen fuel cell forklift; promote carbon emission reduction throughout the life cycle, contribute to the global carbon neutrality goal, and plan to achieve an industry leading position in the annual delivery of new energy forklift and reduce fuel consumption by over one million tons.

**Clean Production System** Deepen the green manufacturing practices, optimize the energy structure in the production process, and expand the application of clean energy such as PV power generation; establish a supply chain carbon footprint management system, and require core suppliers to complete low-carbon process transformation and assist in reducing the carbon emission intensity of the industrial chain; establish a supply chain ESG compliance review mechanism and evaluate the environmental and social risks of suppliers at regular intervals.

### Driven by Technological Innovation: Leading the Intelligent Upgrading of the Industry

**Establishment of New-energy Technology Platform** Build three vehicle platforms for pure electric, hydrogen energy and hybrid power, and improve the independent R&D capabilities of core technologies such as battery, electric drive and electronic control; develop overall solutions for intelligent industrial vehicles and promote the transformation of products towards intelligence, green, and service.

**Digital Integration and Innovation** Apply industrial Internet, big data and 5G technologies to build a super factory for intelligent manufacturing, and optimize production efficiency and resource utilization rate; develop AGV intelligent scheduling system and smart warehousing solution to improve the automation level of logistics operation.

### Industrial Collaborative Upgrading: Strengthening Global Competitiveness

**Deep Integration of the Industrial Chain** Focus on tackling key component technologies, improve the independent R&D and control capabilities at key links in the industrial chain; promote the "Integration of the supply chain, industrial chain and innovation chain", and build an intelligent manufacturing model featuring coordinated development of multiple industries.

**Planning and Optimization of Global Production Capacity** Build intelligent production bases such as Hengfan Sci-tech Park and Shiqiao Sci-tech Innovation Park, improve the global production network, and increase the response to regional markets; make investment in technological transformation to achieve a high-efficiency matchmaking between production planning and market demand.

### Fulfilling Social Responsibilities: Interpreting Responsibility through Symbiosis and Win-win

**Talent Cultivation and Employee Care** Improve the employee health management system, attach importance to talent cultivation, build a diverse and inclusive workplace, optimize the salary distribution system and incentive mechanism, and enhance the vitality of the organization and talents.

**Social Welfare and Rural Revitalization** Actively give back to society; participate in social welfare activities, contribute to rural revitalization, and strive to achieve harmonious and win-win development between the enterprise and society.

**Building of Social Responsibility Brand** Uphold the core value "Integrity Upmost, Efficiency First; Sustainable Development, Repaying Society", and keep cultivating social responsibility brand.

### Global Market Expansion: Practicing Responsible Globalization

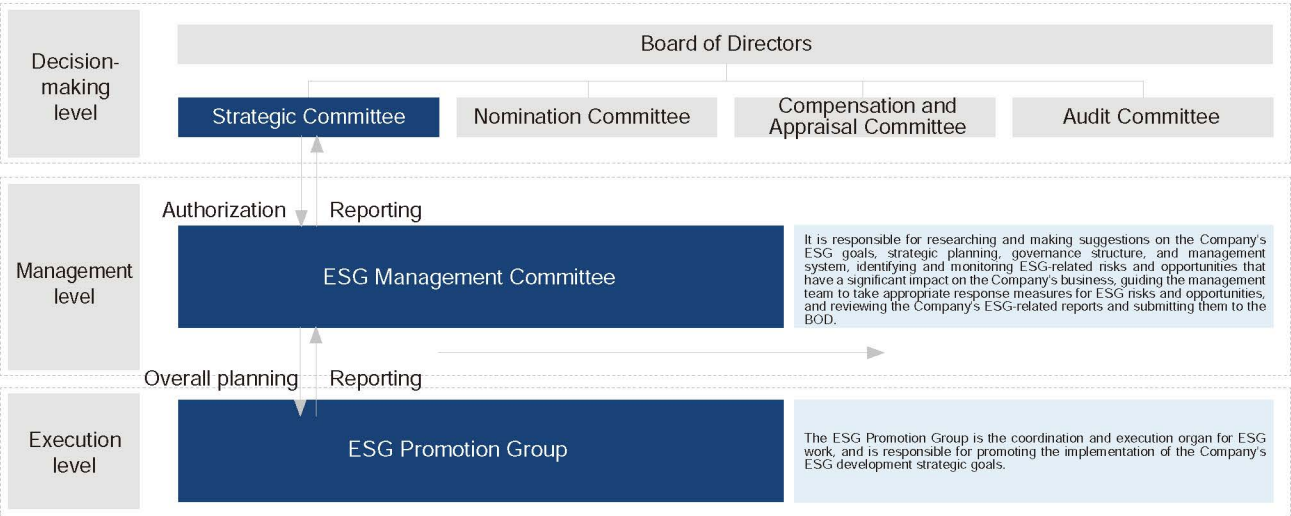
**Localized Operation System** Set up direct-sale companies in key markets such as North America, Europe, Southeast Asia and the Middle East to achieve full coverage of the marketing and service network; develop customized products according to the needs of regional markets, such as a series of forklifts that comply with the new EU battery regulations.

**Sustainable Partnership** Provide green logistics equipment for countries along the "Belt and Road", help with local infrastructure construction and low-carbon transformation; take advantage of technical cooperation and talent cultivation projects to empower global supply chain partners to achieve sustainable development.

## Governance and Guarantee Mechanisms

ESG Governance Structure

The board of directors (BOD) has specially established an ESG working group and established a full-chain system covering strategy, implementation and assessment. ESG goals have been incorporated into the Group's strategic decision and performance appraisal systems, as a way to ensure that the concept of sustainable development runs through the entire business process.



Transparent Information Disclosure

Strictly observe the ESG disclosure requirements of the Shanghai Stock Exchange and international standards, and disclose carbon reduction achievements, technological innovation progress and social responsibility practices at regular intervals; verify key environmental data through third-party agencies to enhance the credibility of reports.

## 战略愿景与定位





Sustainable development is a must-do thing for the long-term prosperity of Hangcha. Hangcha Group safeguards the green mountains and lucid waters through technological innovation, empowers the global industrial chain through open cooperation, and creates a better life through fulfillment of responsibilities. It will work with stakeholders to jointly compose the chapter for the green transformation of Chinese intelligent manufacturing in this era.









# Communication with Stakeholders

By taking the concerns of stakeholders as an important direction for sustainable development, the Company fully identifies the stakeholder groups that may or have already inflicted a significant impact on its business and operation, aside from continuously improving the communication mechanism with stakeholders, in order to timely learn about and respond to the expectations and demands of various stakeholders, and jointly create sustainable development value.

Stakeholders	Main Concerns <small>(Issue-related)</small>	Communication Methods	Responses
 Shareholders/Investors	Information disclosure Continuous and stable business growth Future strategies Corporate governance Risk management	Shareholders' meeting Periodic reports and announcements Company website Performance briefing sessions E-interaction, phone calls, emails Strategy meetings Roadshows and reverse roadshows	Improving corporate governance Enhancing profitability and maintaining good dividends Strengthening risk control Improving the quality of information disclosure Strengthening communication and exchanges with investors
 Customers	Customer service and satisfaction Product quality and safety	Customer satisfaction survey Handling of customer complaints Interaction on the Company website and social media	Product quality control and innovation Improve service process Customer communication and relationship maintenance
 Employees	Legal employment Training and development Employee welfare and security Occupational health and safety	Internal communication meetings Employee complaints and feedback Internal and external training Corporate culture dissemination Employee care activities	Improving the salary and welfare system Focusing on physical and mental health Improving the training and promotion mechanism Employee communication and feedback
 Government/Regulatory Agencies	Lawful operation Tax payment as per laws Business ethics Provision of job opportunities	Information disclosure Daily communication and reporting Supervision and inspection Reception of visits	Observing laws and regulations Paying taxes as per laws Providing job opportunities Accepting supervision and inspection

Stakeholders	Main Concerns <small>(Issue-related)</small>	Communication Methods	Responses
 Suppliers and Partners	Honest operation Mutual benefits and win-win Supply chain management Response to supply chain risks Product quality and safety	Project procurement Supplier contracts and agreements Supplier audit and evaluation Supplier support and cooperation Other supplier exchange activities	Open and fair procurement Good faith performance of contracts Supply chain management Industry cooperation and exchanges
 Environment	Energy use and management Green production and transportation Water resource management Emission management	Energy use and management Green production and transportation Water resource management Emission management	R&D of new-energy forklift technologies and products Compliance discharge of waste Ecological protection, energy conservation and emission reduction
 Community	Launch of public welfare projects Community investment Volunteer activities	Community activities Public welfare activities	Community activities Public welfare activities
 Media	Transparency of information disclosure Compliance operation	Press releases Exclusive media interviews Press conferences Interaction on the Company website and social media	Press releases Exclusive media interviews Press conferences Interaction on the Company website and social media



# Analysis of Issue Importance

## Analysis Process

Based on its line of business, and the expectations of internal and external stakeholders, etc., Hangcha Group identifies the issues that have an impact on the Company's creation of comprehensive economic, social and environmental values and that affect the evaluation on the Company by stakeholders, so as to ensure the comprehensiveness and accuracy in the report disclosure.

### 步骤1

#### Formulation of Issue List

In accordance with the requirements of the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainable Development Report (For Trial Implementation) and the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Sustainable Development Report Preparation, the Company, based on its real operating conditions and business characteristics, systematically identifies the issues that are of impact importance and financial importance on the Company's operation.

### 步骤2

#### Participation by Stakeholders

Determine the assessment factors for impact importance and financial importance as well as the scoring range, communicate with various stakeholders to collect the feedback from stakeholders, and make the judgment on the importance of issues.

### 步骤3

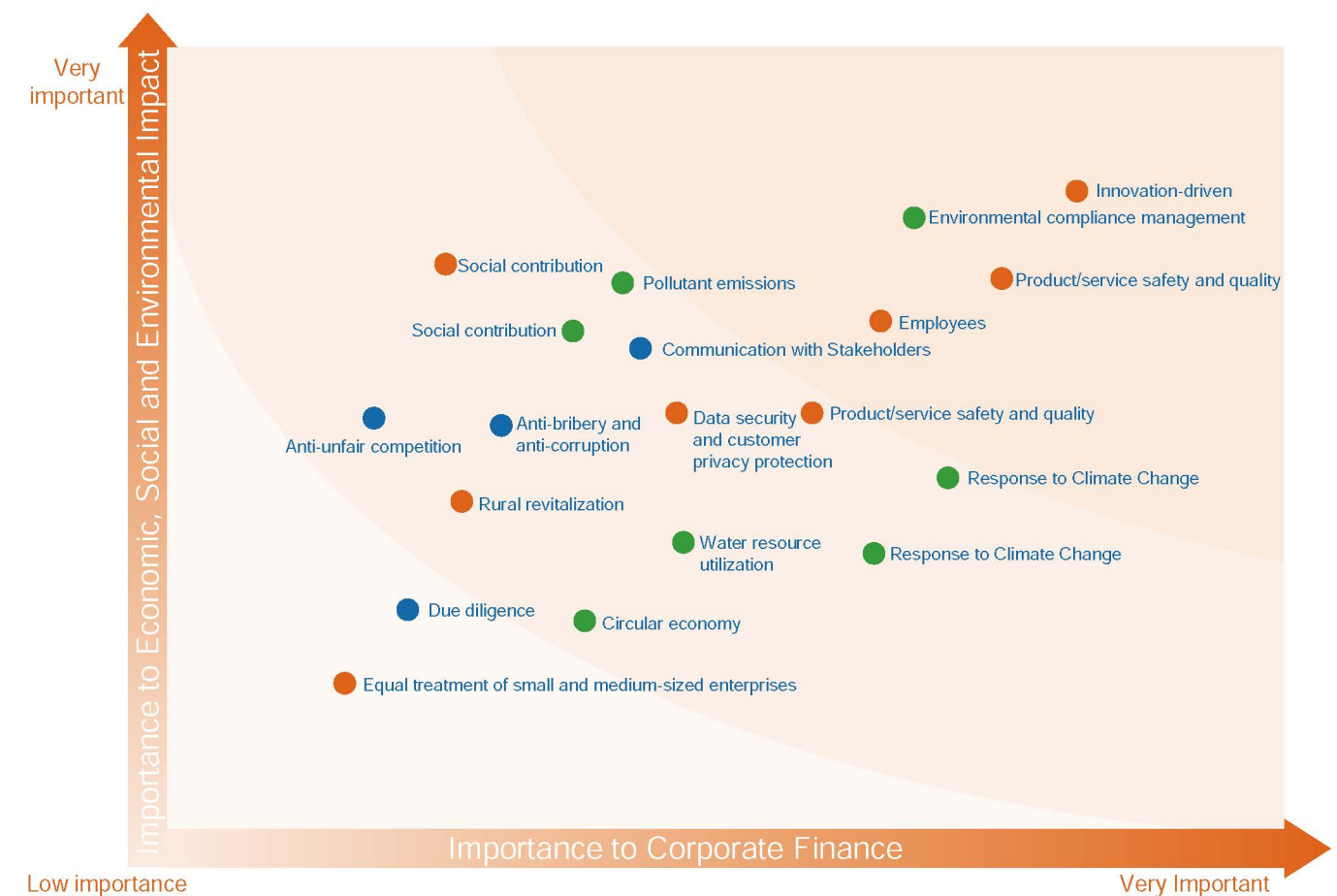
#### Determination of Issues

In 2024, we identified a total of 19 material issues of importance, including 7 environmental issues, 8 social issues, and 4 governance issues.

## List of Issues

Environment (7项议题)	Society (8项议题)	Sustainable Development-related Governance (4项议题)
<ul style="list-style-type: none"> <li>● Response to climate change               <ul style="list-style-type: none"> <li>● Pollutant emissions</li> <li>● Waste disposal</li> </ul> </li> <li>● Environmental compliance management               <ul style="list-style-type: none"> <li>● Energy utilization</li> <li>● Water resource utilization</li> <li>● Circular economy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Rural revitalization</li> <li>● Social contribution</li> <li>● Innovation-driven</li> <li>● Supply chain security</li> <li>● Equal treatment of small and medium-sized enterprises</li> <li>● Product/service safety and quality</li> <li>● Data security and customer privacy protection</li> <li>● Employees</li> </ul>	<ul style="list-style-type: none"> <li>● Due diligence</li> <li>● Communication with stakeholders</li> <li>● Anti-bribery and anti-corruption</li> <li>● Anti-unfair competition</li> </ul>

## Analysis Results





# Environmental Protection

- Environmental Management System
- Energy Management
- Energy Conservation and Emission Reduction Measures
- Water Resource Utilization
- Water Resource Utilization
- Green Operation
- Green Operation
- Biodiversity





Hangcha Group actively responds to the national "Dual Carbon" strategic goal and deeply integrates the concept of sustainable development into the entire chain of corporate operation. By planning the new-energy technology R&D, environment-friendly material application, and circular economy pattern in advance, the Company has built a life-cycle emission reduction system covering product design, manufacturing, and energy management. By adopting leading energy-saving processes and clean production technologies, the Company continuously reduces the energy consumption per unit of output value and the carbon emission intensity, promotes the upgrading of the forklift and logistics equipment industry towards low carbon and intelligence, and provides the industry with reproducible green transformation solutions.

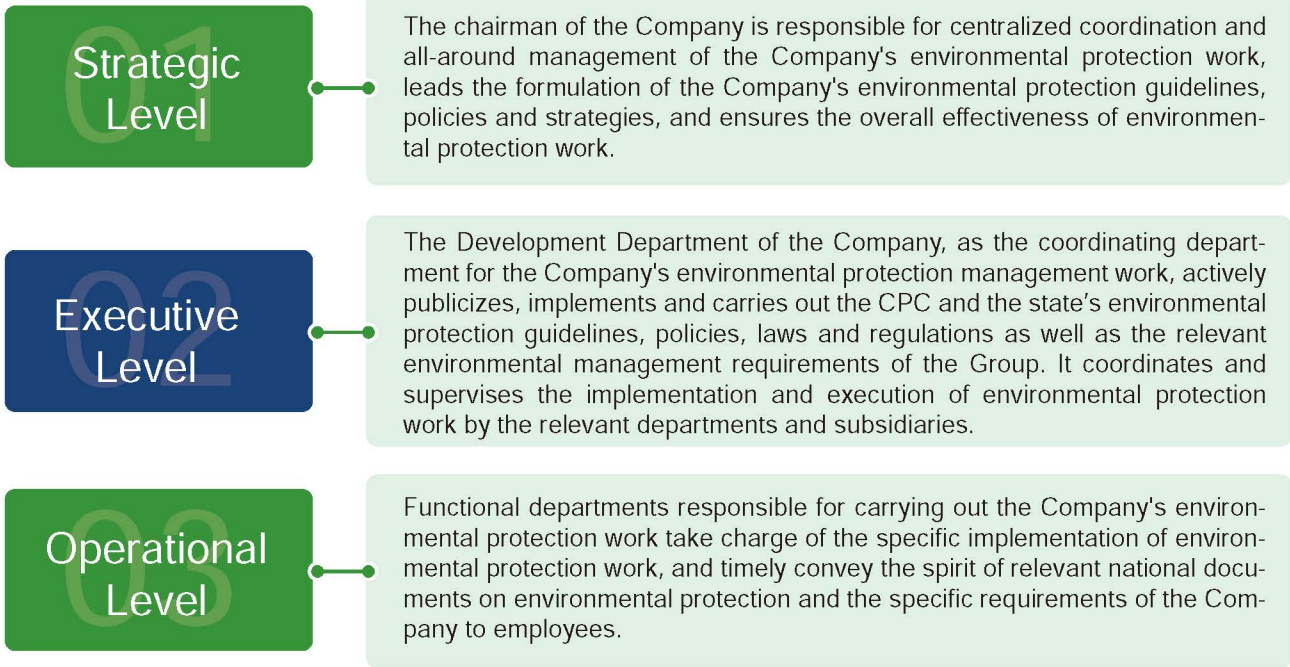
## Environmental Management System

Based on the framework of ISO14001:2015 standard, the Company has established a complete institutional matrix covering the Procedure for the Management of Environmental Factors, the Procedure for the Management of Sewage, the Procedure for the Management of Exhaust Gas and Dust, the Procedure for the Management of Noise, and the Procedure for the Management of Solid Waste. Driven by both institutional integration and technological innovation, the Company achieves the in-depth coupling between environmental management requirements and business processes. By the end of the reporting period, the Company had completed the system certification of the headquarters and 10 controlled subsidiaries, and established a standardized and reproducible environmental management paradigm, ensuring that the environmental protection concept runs through the life cycle of products.



As the first person responsible for the Company's environmental protection work, the chairman of the Company leads the formulation of the Company's environmental protection guidelines, policies, and strategies, and makes a variety of decisions on environmental protection work according to the corporate governance process. So far, the Company has established a three-level management system (namely, "Strategic Level - Executive Level - Operational Level") for its environmental protection work. The Development Department is responsible for coordinating daily environmental protection affairs, and it has established a cross-departmental coordination mechanism with core departments such as Technology R&D Dept., Production and Operation Dept., and Quality Control Dept. By establishing a system that links the environmental protection target responsibility with the performance appraisal, the Company ensures that the environmental protection strategy is assigned to each business unit, achieving closed-loop management.

### Three-level Environmental Protection Management System



the Company has formulated the Rules for the Assessment of Park Environmental Management to implement a dual-track verification mechanism of "Internal Audit + External Certification" and conduct evaluations on the achievement of environmental management objectives at regular intervals. In light of the Rules, the Company focuses on verifying key indicators such as the compliance of environmental impact assessment procedures for new projects, the compliance of the implementation of pollutant discharge permits, the compliance rate of the discharge of "Three Wastes" (waste gas, waste water and solid waste) in monitoring, and the effectiveness of environmental protection facilities. By establishing a digital monitoring platform and connecting it with the local government's supervision system, the Company achieves real-time dynamic monitoring of data and early warning of abnormalities, ensuring that the environmental performance complies with national, industrial and local standards. During the reporting period, the Company and all controlled enterprises maintained a record of zero environmental pollution penalty.

## Energy Management

Establishing Energy Management System

The Company has established an energy management system involving management documents such as the Procedure for the Management of Energy, the Power Consumption Management Rules, and the Procedure for the Management of Oil and Hazardous Chemicals, aiming to conform to the realities of the Company and push ahead with the Company's sustainable development. Under this system, the Company has specifically set up an energy management institution led by the equipment department, which is responsible for the comprehensive and efficient utilization of multiple energy resources such as electricity, natural gas, gasoline and diesel in the industrial park.

Clarifying Responsibilities and Enhancing Awareness

In the real operation, the Company clarifies the tasks and responsibilities of each department and branch factory in energy management to ensure that there are specially-assigned persons in charge of each link, which achieves the institutionalization and standardization of energy management. In addition, the Company organizes training and publicity activities at regular intervals to enhance employees' energy awareness. It encourages employees to actively participate in energy conservation and emission reduction actions, and to integrate the energy-saving concept into daily work.

Optimizing Infrastructure

During the reporting period, the Company kept promoting the optimization and upgrading of infrastructure in accordance with the Procedure for the Management of New, Expanded and Reconstructed Infrastructure. For new projects, attention was given to energy efficiency design; for existing facilities, technological transformation was advocated. By taking the aforesaid actions, the Company dedicates itself to reducing energy consumption, improving energy utilization efficiency, and complying with higher environmental protection standards. This lays a solid foundation for its sustainable development.

### Energy Consumption Statistics

Category		UOM	2024
Direct Energy	Diesel	Liters	1,415,346
	Gasoline	Liters	30,030
	Natural Gas	10,000 cubic meters	20.22
Indirect Energy	Purchased Electricity	10,000 kWh	1,705.64
Comprehensive Energy Consumption	Comprehensive Energy Consumption Quantity	Tons of standard coal	4,471.64
Clean Energy	PV Power Generation Capacity	10,000 kWh	703.64
	PV Utilization Capacity	10,000 kWh	621.16
Clean Energy	Direct Emissions (Scope 1)	Tons of carbon dioxide	1,506.17
	Indirect Emissions (Scope 2)	Tons of carbon dioxide	9,152.44

Note 1: The energy data in 2024 only includes the data of the parent company of Hangcha Group.  
Note 2: The sources of greenhouse gas emissions in Scope 1 include the direct combustion emissions of fuels such as natural gas, gasoline and diesel, leakage of refrigerants, emission of septic tank and other emission sources. For the calculation method, the emission factor approach is adopted, based on the emission coefficients in the 2019 IPCC Guidelines for National Greenhouse Gas Inventories and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (For Trial Implementation). Operational control approach is used for merger method.  
Note 3: The source of greenhouse gas emissions in Scope 2 is the greenhouse gas emissions of purchased electricity. For the calculation method, the emission factor approach is adopted, based on the emission coefficients in the 2019 IPCC Guidelines for National Greenhouse Gas Inventories and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (For Trial Implementation). Operational control approach is used for merger method.



# Energy Conservation and Emission Reduction Measures

## Roof-mounted Distributed Solar PV Power Station

The Company actively promotes the application of renewable energy. It has built distributed solar photovoltaic power stations on the roofs of factory buildings in the park, in order to adopt solar photovoltaic power generation. During the reporting period, the Company's installed capacity of renewable energy facilities totaled 9.9 MW, an increase of 76.79% from 2023. Its total power generation in 2024 reached 703.64 million kWh, effectively reducing the Company's dependence on traditional electric energy, bringing down carbon emissions, and promoting the optimization of the Company's energy structure.



an increase of  
**76.79%**  
from 2023

## Green Heating Solution for Coating Powder-spraying Lines

The Company actively promotes the application of powder-spraying lines. During the reporting period, 5 coating powder-spraying lines were put into production by the Company. In the powder curing process, the Company adopted the method of combining natural gas infrared heating with hot air circulation, as a way to replace the traditional diesel heating. Such innovative process not only increased the heating speed, but also significantly reduced natural gas consumption by effectively using hot air for heat preservation, while reducing carbon emissions and promoting the green upgrading of the coating process.

## Optimization of Production Process and Equipment

During the reporting period, the newly-installed milling machines at the Company adopted dry operation, achieving zero discharge of waste cutting fluid and alleviating resource waste and environmental pollution. To ensure that all equipment meet the industry access standards, the Company adopted advanced equipment and processes, and installed complete environmental protection treatment facilities, avoiding the use of high-energy-consuming and low-efficiency equipment. The real operating efficiency of all general energy equipment in the Company met the national energy efficiency standards, which effectively brought down carbon emissions and improved the energy utilization efficiency of the production process.



## Afforestation Projects and Carbon Absorption

During the reporting period, the newly-added afforestation area of the Company reached 13,068.9 square meters, and the total afforestation area of the Group was as high as 159,357.9 square meters. This helped effectively absorb the carbon dioxide emitted by the Company and improve the ecological environment quality of the park. The Company sponsored afforestation maintenance to ensure the continuity and effectiveness of afforestation projects.



The total afforestation area of the Group was as high as  
**159,357.9**  
square meters.



Group Afforestation

## Renewable Resources Help with Carbon Emission Reduction

The Company actively promotes the application of renewable resources. During the reporting period, the Company invested more than RMB 2 million in the treatment of VOC waste gas, and upgraded 5 sets of renewable activated carbon waste gas treatment facilities. In an active response to the government's "Green Island" project, the Company promoted the recycling of resources and reduced the emissions of hazardous waste. By recycling activated carbon, the Company reduced the usage of original ecological activated carbon. In the process, more recycling of activated carbon means more amount of indirectly-reduced carbon dioxide emissions, which improved the Company's sustainable development level.



More than  
RMB **2** million  
was invested  
during the reporting  
period

## Organic Waste Gas VOC Treatment & Improvement Project

The Company focuses on the treatment of organic waste gas generated at such links as paint mixing, paint spraying, and drying in the paint workshop. During the reporting period, the Company invested RMB 3.6 million in introducing advanced waste gas treatment process, and upgrading the original activated carbon adsorption treatment process to "1 set of zeolite rotor + catalytic combustion device + 1 set of online monitoring unit". According to the online monitoring data, the estimated VOC emission reduction was 4.603 tons/year.



The company invested more than RMB  
**3.6** million



## Emission Reduction Measures for Vehicles in Service

The Company actively promotes green logistics. During the reporting period, the Company adopted new energy forklift as in-plant transportation vehicles, with coverage ratio hitting 100%. For out-of-plant transportation vehicles, 90% of them met the emission standards of National V and above. For shuttle bus, the Company only adopted new-energy electric vehicle. The Company set up environmental protection monitoring equipment in the dedicated logistics passages to collect data of transportation vehicles in real time, which effectively enhanced the transportation enterprises' awareness on environmental protection, promoted the development of green logistics, reduced pollutant emissions during the transportation process, and improved the overall environmental protection level in transportation.

## Water Resource Utilization

The Company attaches great importance to water resource management and regards it as a key link in operation. By strictly implementing measures such as the Water Consumption Management Rules, the Company dedicates itself to improving the efficiency of water resource utilization and achieving the rational utilization and sustainable development of water resources.

Category	UOM	2024
Total Water Resource Consumption	Tons	345,565.0
Total Water Resource Consumption	Tons/Unit	1.224

Note: The water resource data in 2024 only includes the data of the parent company of Hangcha Group.

## Water Resource Conservation Goals, Specific Measures and Water Resource Recycling and Utilization

The Company actively takes various measures to promote water resource conservation. On the one hand, by posting water-saving slogans and organizing water-saving publicity activities, the Company creates a water-saving atmosphere, in which it guides employees to cultivate water-saving awareness and stimulates employees' enthusiasm for active water conservation. On the other hand, during the inspection process, the safety officers of each department and the Security Department will timely report problems such as abnormal water meters to the Equipment Department in order that measures can be taken swiftly to resolve the problems and reduce water waste.

For water resource recycling and utilization, the Company actively promotes rainwater collection and utilization project. During the reporting period, the Hengfan Phase III Project and the Shiqiao Park newly built 618 cubic meters of rainwater collection tanks, and the total volume of rainwater collected by the Group reached 812.56 cubic meters. The collected rainwater is used for afforestation and irrigation, which effectively reduced the demand for tap water, promoted the sustainable utilization of resources, and achieved a win-win in economic and environmental benefits.

## Waste Discharge Management

### Wastewater Management Basic Introduction

The Company's wastewater mainly comes from industrial wastewater and domestic sewage. Herein, Industrial wastewater includes pre-treatment and cleaning wastewater from the powder-spraying line, and cyclonic wastewater from the paint-spraying booth, etc.; domestic sewage includes sewage generated from staff dormitories, canteens, mop pools and shower rooms within the industrial park. The Company strictly observes the Procedure for the Management of Wastewater to monitor the treatment and compliant discharge of domestic sewage and industrial wastewater.

After being treated by the wastewater treatment station in the park, the industrial wastewater is discharged into the pipeline through the industrial wastewater outlet of the park. The park outlet is equipped with online monitoring device and is connected to the environmental protection supervision platform, as a way to ensure the wastewater discharge is transparent and under control. Domestic sewage is discharged into the Company's pipeline network after being subjected to sedimentation process at such facilities as septic tank and oil separation tank.

The Company actively optimizes the production process to reduce the output of industrial wastewater. For example, it extensively adopts powder-spraying tech in the coating process, so that paint-containing wastewater will not be produced. Besides, dry spray booth is used as the coating spray booth, which effectively reduces the amount of wastewater.

In 2024, the Company carried out emergency response work against abnormal wastewater discharge in accordance with the Procedure for Emergency Preparedness and Response. It controlled water quality data in real time through online monitoring. During the reporting period, the Company's compliance rate in wastewater discharge hit 100%, exemplifying the Company's strict and effective management over wastewater, and ensuring the fulfillment of its environmental protection responsibilities and commitments.

### Industrial Wastewater Discharge Volume

Category	UOM	2024
Total wastewater discharge	Tons	32,723.19
Chemical Oxygen Demand (COD)	Tons	0.42
Ammonia Nitrogen	Tons	0.0035
Total Phosphorus	Tons	0.28

Note: The industrial wastewater data in 2024 only includes the data of the parent company of Hangcha Group.





Waste Gas Management

Basic Introduction

The Company's waste gas emissions mainly come from particulate matter generated during the shot ball-blasting and grinding process of the coating powder-spraying line, volatile organic compounds (VOCs), nitrogen oxides, sulfur dioxide generated during the powder curing process, and other pollutants generated during the paint-spraying process in the paint line. The Company strictly follows national and local laws/regulations and relevant norms to ensure that waste gas emission management complies with the procedures. For waste gas arising from newly-built, expansion, and reconstruction projects, the Company conducts environmental impact assessments (EIA) in accordance with the Procedure for the Management of New, Expanded and Reconstructed Infrastructure, in order to ensure legality and compliance of waste gas emissions. As of the end of the reporting period, 100% of the Company's waste gas emissions complied with national and local standards.

The Company keeps improving the construction of waste gas treatment facilities, and installs treatment facilities in strict accordance with the requirements of EIA. In the Company's coating and painting workshop, multiple processes such as filter cotton, zeolite rotor adsorption and catalytic combustion are adopted for harmless treatment of waste gas. In addition, the Company has also installed an online waste gas monitoring system to keep abreast of the emission status and ensure the waste gas emissions are transparent and under control. For particulate matter generated during the grinding process, it is discharged at a height of 15 meters after being subjected to dust removal by high-efficiency film-coated bag. VOCs generated during the powder curing process are discharged at a height of 15 meters after being subjected to a four-unit combustion process. This effectively alleviates the impact on the environment, mirrors the Company's rigorous attitude and efficient implementation in waste gas management, and makes positive contributions to environmental protection and sustainable development.

### Waste Gas Discharge Volume

Category	UOM	2024
Nitrogen Oxides	Tons	2.93
Sulfur Dioxide	Tons	0.27
Particulate Matter (PM)	Tons	6.17
Volatile Organic Compounds (VOC)	Tons	4.26

Note: The waste gas data in 2024 only includes the data of the parent company of Hangcha Group.

Basic Introduction

Basic Introduction

In strict accordance with relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Company has established a responsibility system for the prevention and control of environmental pollution by general industrial solid wastes, domestic garbage and hazardous wastes. In the whole process of the generation, collection, storage, utilization and disposal of industrial solid wastes, the Company has adopted a series of measures to effectively prevent solid wastes from polluting the environment. General industrial solid wastes and domestic garbage are classified and recycled by the source departments, and then transported by qualified agencies to compliant garbage treatment plants. For hazardous wastes, the Company entrusts qualified enterprises to handle them, and inspects the disposal sites at regular intervals to ensure the standardization and safety of the treatment process. As of the end of the reporting period, the Company did not suffer any environmental pollution or safety accidents caused by improper waste disposal.

In addition, the Company is also committed to controlling emissions at the source. By adopting clean production processes (such as dry cutting), renewable resource processes (such as activated carbon regeneration), and environment-friendly and low-risk coating processes (such as change from paint line to powder-spraying line), the Company actively fulfills its environmental protection responsibilities, promotes green operation, and does its bit for sustainable development.

### Solid Waste Discharge Volume

Category	UOM	2024
Hazardous Wastes	Tons	951.06
General Wastes	Tons	733.6

Note: The solid waste data in 2024 only includes the data of the parent company of Hangcha Group.

### Green Operation



The Company organized environmental training with a total duration of **112** hours, and the number of employees in the training totaled **4,613** person-times.



Environmental protection skills competition activities

In December 2024, the Development Department integrated the environmental protection skills competition into the Company's skills competition platform. By means of theoretical examination and practical skills competition, the Development Department further enhanced employees' understanding and application ability of environmental protection knowledge. Such measure not only diversifies employees' learning forms but also improves the team's practice level in environmental protection, laying a solid manpower foundation for the Company's green development.

Category	UOM	2024
Total Duration of Environmental Training by the Company	Hours	112
Cumulative Number of Participants in Environmental Training	Person-times	4613



# Climate Change

he Company attaches great importance to the issue of climate change. It actively responds to national policies to cope with climate challenges. By formulating sustainable development strategies and promoting the application of innovative technologies, the Company deals with climate impacts and opportunities in advance, keeps strengthening corporate resilience, and makes contributions to global efforts in addressing climate change.

## Climate Risk Management

In face of global climate challenges, Hangcha Group actively implements the "Dual Carbon" policy. In 2024, we took the lead in making the utilization rate of clean energy exceed 36% in the production process. Relying on the "Photovoltaic Power Generation Energy Saving Project", we brought down carbon emissions to a large extent. On the supply chain management side, we established a "Supplier Evaluation System" and urged more than 300 core suppliers in the upstream and downstream to complete green process transformation, with a view to jointly building a new green and low-carbon ecosystem.

## Climate Risk Response Strategies

Risk Type	Specific Risk	Risk Description	Countermeasures
Transition Risks	Policy and Regulatory Risk	Amid the backdrop of the implementation of "Carbon Peaking" and "Carbon Neutrality" goals, the government may enact more stringent carbon emission policies and energy consumption standards to address climate change, which likely increases the Company's compliance costs and operational pressure. In case of failure in making timely adjustment, the Company may face legal risks and a decline in market competitiveness.	Keep a close eye on the changes of domestic and overseas policies and regulations related to climate change, and adjust the Company's strategies and production&operation plans in a timely manner. Take an active part in industry associations and policy formulation, feed back the enterprise's real needs and difficulties, and strive for favorable policy support. Formulate internal carbon reduction goals and action plans, reduce the carbon emission intensity on a gradual basis, and improve the Company's environmental compliance and sustainable development capabilities.
	Technical Risk	Amid the backdrop of the implementation of "Carbon Peaking" and "Carbon Neutrality" goals, the forklift industry has to deal with technical requirements for "Electrification" and "Low Carbon". As social attention to climate change continues to increase, the market demand for low-carbon and environment-friendly products keeps rising. If the Company fails to keep up with the market trend on time, it may suffer a decline in market share and damage to brand value.	Increase R&D investment, develop low-carbon and environment-friendly forklift products to meet the market demand for green logistics equipment. Strengthen brand building and market promotion, publicize the Company's environmental protection philosophy and product advantages, and improve the brand awareness and reputation. Exploit emerging markets and seek new business growth points, such as new-energy forklift leasing and after-sales services, as a way to adapt to market changes and trends.

Risk Type	Specific Risk	Risk Description	Countermeasures
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Transition Risks	Market Risk	Extreme weather events and long-term climate change trends caused by climate change may affect the supply stability of key raw materials such as steel, rubber and electronic components. For example, under the influence of disasters such as rainstorm and flood, raw material manufacturers might suspend production, and transportation routes are likely blocked, thereby affecting the Company's raw material procurement and production plans. As global attention to carbon emissions increases, the carbon emission level of suppliers may become a factor affecting the stability of the supply chain. If suppliers cannot meet carbon emission requirements, it may lead to supply interruption or confined cooperation.	Establish in-depth partnership with suppliers, and jointly formulate supply chain strategies against climate change, such as establishing a raw material inventory alarm mechanism and preparing key raw materials in advance. Expand the sources of raw material supply, reduce dependence on a single supplier and a single region. Optimize the supply chain planning and choose region less subject to climate change as raw material procurement site and production base. Conduct carbon emission assessment on suppliers, and prefer suppliers with low carbon emissions. Formulate carbon reduction plans together with suppliers, provide technical support and training to help them bring down carbon emissions. Establish a supply chain carbon emission management system, monitor and report supply chain's carbon emissions at regular intervals, and ensure compliance with relevant policies&regulations and the Company's sustainable development goals.
	Extreme Weather Events	Extreme weather conditions such as flood, hurricane and rainstorm may damage the Company's production facilities, interrupt the supply chain, affect normal production and operation, increase operating costs and maintenance expenses, in turn affecting the Company's profits.	Evaluate the production facilities' disaster-resistance ability, and reinforce and transform key facilities to improve their ability to withstand extreme weather. Establish an extreme weather alarm mechanism, adjust production plans and make emergency preparations in advance to reduce disaster losses. Purchase relevant insurance for transfer of the risk.
Physical Risks	Long-Term Climate Change	Long-term climate changes such as rising temperature and change of precipitation pattern may affect the Company's energy consumption, raw material supply and product performance, thus increasing operating costs and market competition pressures.	Analyze climate change scenarios, evaluate the impact of long-term climate change on the Company's business performance. Optimize energy management, improve energy utilization efficiency, and reduce energy costs. Cooperate with suppliers to jointly address the raw material supply risks brought by climate change and ensure the stable supply of raw materials. Develop products that adapt to climate change and improve the product performance and competitiveness under different climate conditions.

## Biodiversity

Hangcha Group has always incorporated the protection of ecological diversity into its corporate sustainable development strategy. Since it is fully aware of the symbiotic relationship between industrial manufacturing and natural ecological system, Hangcha Group strictly puts in place the ecological environment zoning control system. As of the end of the reporting period, no events that damaged biodiversity occurred in the Company.



# Creating Value

- Developing Outstanding Products
- Intellectual Property Protection and Innovation-driven
- Supply Chain Security
- Product/Service Safety and Quality
- Data Security and Customer Privacy Protection





## Developing Outstanding Products

Winning the trust and long-term cooperation of customers is an important cornerstone for the Company's development. By upholding the customer-oriented principle, the Company is committed to providing customers with extraordinary products and services.

In response to the global market demands, the Company persists in product R&D and innovation. It has successfully developed full series and multiple varieties of products, including 1t-48t internal combustion forklifts, 0.6t-48t electric forklifts, reach stacker, empty container handler, tow tractor, E-truck, aerial platform, AGVs and intelligent logistics system integration. Currently, the Company boasts more than 8,000 varieties and more than 10,000 specifications of products.

Driven by "User Needs + Technological Innovation", the Company had 52 R&D project products available for mass sales in 2024. Meanwhile, the Company successfully mass-produced and rolled out a lot of new-energy products, including high-performance lithium battery special-purpose forklifts of multiple series such as XA series and XE series, permanent magnet lithium battery special-purpose forklift, small-wheelbase lithium battery special-purpose forklifts, double-bottle hydrogen fuel cell forklifts, three-way stackers of upward-moving style, light-duty three-way stackers of downward-moving style, and multi-directional side electric forklifts etc. It's worth pointing out that many of the Company's technological R&D achievements, such as "Research and Application of Key Technologies for Safe Operation of Unmanned Forklifts in Complex Scenarios" and "Research and Application of Forklift Safety Monitoring System and Its Inspection System", were conferred upon awards, including the Mechanical Industry Science and Technology Award, the Zhejiang Province Award for Progress in Science and Technology, and the Gold Prize for Technological Innovation Products Award of Construction Machinery at BICES 2023.

## Honors and Awards of Hangcha Group



### Forklift sector

Class I vehicles	Electric counterbalance forklift	
Class II vehicles	Reach truck and order picker	
Class III vehicles	E-truck	
Class IV+V vehicles	Internal combustion counterbalance forklifts	

### Intelligent logistics sector

Intelligent handling robot	
Intelligent warehousing	

### Other complete machine sectors

Port machinery	
Other vehicles	

### Component and parts sectors

Key components	
Lithium battery	
Battery charger	

## Diversified products of Hangcha Group

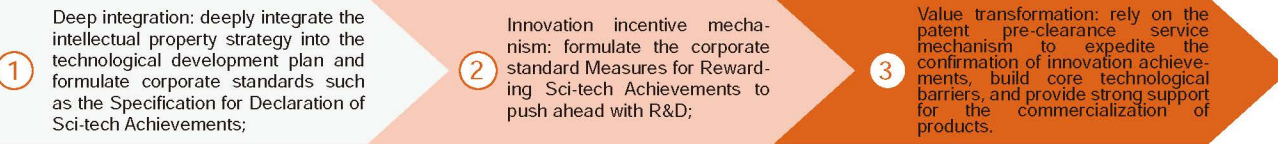




# Intellectual Property Protection and Innovation-driven

## Intellectual Property Protection

The Company sets great store by the role of intellectual property in corporate development, and has formulated intellectual property-related management rules that fit for Company. It empowers innovative development through the following measures:



Patent Category	Number of Applications in 2024	Number of Grants in 2024	Cumulative Number of Applications	Cumulative Number of Grants
Invention	100	82	641	261
Utility Model	19	38	888	887
Design	6	9	144	137
Software Copyright	33	33	241	241
Overseas Patent	0	2	11	9

Note: The above intellectual property data include Hangcha Group and its controlled subsidiaries.

## Innovation-driven

### R&D Indicators in 2024

Item	R&D Investment Amount	Proportion of R&D Investment in Operating Revenue	Number of R&D Personnel	Proportion of R&D Technical Personnel in the Staff Size	Number of Invention Patents
Indicator	774.1771 millicio	4.70%	1151 p	17.85%	254

The Company has a keen insight to the development trend of the industry's transformation and upgrading. Focusing on "Green-oriented, Intelligence-oriented, and Service-oriented" technological innovation, the Company keeps increasing the R&D investment in the core technologies of industrial vehicles. So far, the Company has got the hang of key technologies such as the lithium battery-dedicated architecture for industrial vehicles, the distributed architecture of fuel cell forklifts, the high-efficiency large-torque permanent magnet synchronous motor technology, the HV platform technology, the smart safety system, the multi-sensor fusion active safety system, and the cluster collaborative scheduling algorithm. Aside from making efforts in continuous and high-efficiency R&D, the Company has launched a series of new-energy products and intelligent industrial vehicles onto the market, providing global customers with diversified green and intelligent solutions.



## Green-oriented Development

The Company resolutely implements the "New Energy Strategy", and it has independently built three vehicle platforms (namely, pure electric, hydrogen energy and hybrid power) while centering on new-energy technologies such as battery, electric drive and electronic control. As a result, the Company has established the most complete new energy product system in the industry. All series of the Company's products have been transformed into new-energy ones, with low-voltage lithium battery replacing lead-acid battery and high-voltage lithium battery outshining internal combustion ones. In addition, the Company launched a lot of the world's first-ever products, such as 48-ton high-voltage lithium battery forklift, 45-ton high-voltage lithium battery reach stacker, 48-ton hydrogen fuel cell forklift, and high-voltage lithium battery off-road forklift. Moreover, the Company took the lead in the industry to roll out new-energy blockbuster products such as lithium battery special-purpose forklift, lithium battery special-purpose reach forklift, and high-voltage lithium battery off-road forklift, providing customers with diversified "Hangcha solutions" for carbon reduction and emission reduction.

The Company was the first to launch such new products as solid-state hydrogen storage forklift, double-hydrogen bottle forklift, fuel cell special-purpose forklift and fuel cell reach stacker. More than 300 fuel cell forklifts are sold from the Company to 26 cities across the country, with users covering Sinopec, Ningbo Zhoushan Port and Foshan Lighting (FSL), which have been reported by the CCTV and other media many times. For fuel cell forklift developed by the Company, its cumulative service life has exceeded 150,000 hours. For several times the Company has been conferred industry awards such as the "GGII Golden Ball Award", the "TrendBank Future Award" and the "Chinaforklift.com Jinli Award".



Industrial vehicles of lithium battery series



Solid-state hydrogen storage forklift

Double-hydrogen bottle forklift

Fuel cell special-purpose forklift



## Intelligence-oriented Development

The Company has long been planning the smart logistics service. So far, it has developed series of AGV products such as stacking series, omnidirectional series, forward movement series, and counterbalanced series, which are equipped with different navigation methods, leading to formation of an overall intelligent logistics solution covering AGV products, tiered storage, and software integration systems. Aside from putting in place 1,000-odd projects, the Company helped resolve the smart logistics problems in diverse and complex scenarios for such industries as PV, rubber, lithium battery, 3C electronics, food, pharmaceuticals and ceramics. In addition, the Company has built a large number of benchmark projects such as the finished product factory project of a leading beverage enterprise and the intelligent logistics system integration project in the metal products industry.



## Intelligent logistics sector of Hangcha Group

### Handling equipment - AGV



### Storage equipment - Stacker crane



Pallet stacker crane system

Box stacker crane system

### Other supporting equipment



Bi-directional shuttle vehicle

Four-way shuttle vehicle

Lifter

Empty vehicle trolley

RGV



Palletizing robotic arm

Conveyor line

Sorting line

Packaging machine

## Intelligent Logistics Applications of Hangcha Group



Implementation Site of Hangcha AGV for the Textile Industry

Customer Acceptance Site of Hangcha AGV

On-site Operation of Hangcha AGV for the Metal Industry



The Intelligent Warehouse Project of Hangcha for the Wine Industry is Put into Use

The Intelligent Warehouse Project of Hangcha for the Tire Industry is Put into Use



Hangcha AGV is Delivered to Customers in the Ceramic Industry

Hangcha AGV is Delivered to Customers in the Beverage Industry

Hangcha AGV is in a State of Preparedness





## Service-oriented Development

Following the mainstream trend of the global manufacturing industry's service-oriented transformation, the Company independently develops the Fleet Image Management System (FIMS) based on big data. It took the lead in the industry to build a life-cycle service system, providing value-added services such as remote diagnosis and smart operation & maintenance for global warehousing, port and manufacturing scenarios. So far, such system has connected a total of more than 50,000 industrial vehicles, with service network covering the EU, Southeast Asia, and North America. The Company has creatively built an intelligent protection system that integrates ADAS driving assistance and FIMS remote control features. Since this system monitors the both vehicle and driver status in real time, it effectively improves the safety of vehicle operation. Through service-oriented innovation, the Company is transforming from a traditional equipment vendor to a manufacturing service provider. It will create an intelligent service ecosystem covering the equipment life cycle for global customers, and continuously empower the green, low-carbon and high-quality development of the industry.

### Manager

#### Manager Back Office

Safety Management  
Fleet Operation  
Efficiency Analysis  
Maintenance Management

### Driver

#### Driver APP

Swiping Card for Access  
Malfunction Reporting  
Vehicle Information  
Operation Status



### Decision-maker

#### Data Analysis Report

Efficiency Analysis  
Operation Type  
Cost Analysis  
Improvement Suggestions

### After-sales Service

#### After-sales APP

Remote Maintenance  
Maintenance History  
Predictive Maintenance  
Proactive Maintenance

Fleet Image Management System (FIMS)



## The Company's R&D Innovation Concept and Achievements

The Company has a keen insight to the development trend of the industry's transformation and upgrading. By putting in place the corporate concept of "Aiming at the benchmark, surpassing competitors, developing the world's best forklift products", the Company has built a technological innovation system featuring "One Core & Two Wings, All-around Planning". Relying on technological innovation platform resources at provincial level or above and its team strength, including the National Enterprise Technology Center, the National Accredited Laboratory, the State-level Industrial Design Center, the National Postdoctoral Research Workstation, the Zhejiang Industrial Vehicle Engineering Technology Research Center, the Zhejiang Academician & Expert Workstation and the Zhejiang Key Enterprise Research Institute, etc., the Company focuses on technological realms such as industrial vehicle green intelligence, comfort and safety, high efficiency and reliability, smart logistics and digital R&D to keep increasing the R&D investment in the core technologies of industrial vehicles. As a result, the Company has mastered a series of key technologies for industrial vehicles and their key components, and built a product system with a complete range of categories, of which, the Company's new-energy and intelligent logistics series products lead the industry. To be precise, the Company's lithium battery forklift leads the industry in category and technological advancement, its hydrogen fuel cell forklift was released, and massively sold and applied earlier than domestic counterparts, and its forklift AGVs and overall intelligent logistics solutions lead the industry in terms of competitiveness and sales volume. For several times, the Company's products have been conferred national, provincial and municipal-level science and technology awards, fully demonstrating the Company's outstanding strength in R&D and innovation.

## R & D and Innovation Achievements of Hangcha Group



## Participation in Formulation of Industry Standards

The Company has established a corporate standard system that is industry-leading and has the industry characteristics for industrial vehicles, aiming to promote the enterprise's innovative development with standards. As the vice chairman of the National Industrial Vehicle Standardization Technical Committee, a standardization expert member of the China Construction Machinery Association (CCMA), and a standardization registered expert of ISO/TC110, the Company actively promotes the formulation of relevant national and industry standards. In 2024, the Company presided over and participated in the formulation and revision of 1 international standard, 9 national standards, 4 industry standards and 2 group/local standards, and took the lead in initiating and drafting the national standard Greenhouse Gases - Quantification Methods and Requirements of Carbon Footprint of Products- Industrial Vehicles, promoting the technological progress of the industry.



Industry-related Standards by Hangcha Group in 2024 (partial)

GB/T 43923-2024	Industrial trucks-Operation manuals
GB/T 43657.1-2024	Energy efficiency of industrial trucks-Test methods-Part 1:General
GB/T 43657.2-2024	Energy efficiency of Industrial trucks - Test methods - Part 2: Operator controlled self-propelled trucks, towing tractors and burden-carrier trucks
GB/T 43657.3-2024	Energy efficiency of industrial trucks-Test methods-Part 3: Container handling lift trucks
GB/T 43756-2024	Design specifications for forklift trucks
GB/T 43909-2024	Forklift truck attachments-Safety requirements
JB/T 3300-2024	Counterbalance lift trucks-Testing method for whole machines
SJ/T 11925.6-2024	Universal management requirements for promoting industrial equipment on the cloud by industrial internet platform-Part 6: on site logistics equipment



Supply Chain Security

Following the principle of "Mutual Benefit and Win-win, Common Development", Hangcha Group has established friendly cooperative relationship with suppliers, in order to facilitate the implementation of the corporate strategies. The Company has put forward the supply chain development concept of "Specialized Cooperation, Market-oriented Integration", and formulated the Procedure for the Management of Suppliers to standardize the supply chain management rules and procedures, thereby the Company vigorously attracted and introduced premium suppliers to enhance the Company's supply chain competitiveness, and made intensified efforts to build an "Impartial, Open, Shared and Win-win" supply chain platform. In the meantime, the Company stressed a long-term and stable cooperative relationship with suppliers. By the end of 2024, the Company had established cooperative relationship with a total of 300-odd eligible suppliers, and more than 80% of these suppliers were distributed in the two-hour logistics circle covering Jiangsu, Zhejiang and Shanghai. By distributing the "Supplier Risk Assessment Form" to suppliers, the Company makes risk assessments on suppliers' corporate operating status, quality assurance capability, environmental protection, and employee occupational health, etc. In light of the feedback from suppliers, the Company performs risk classification and control:

Business risk control

For suppliers with business risks, the Company establishes a support mechanism, and eliminates potential risks through such measures as technology sharing, supply chain collaboration, logistics optimization and financial support. Simultaneously, the Company develops new suppliers to avoid the risk of supply chain interruption.

Quality capability improvement

For suppliers with insufficient quality assurance capability, the Company formulates a second-party audit plan every year and gives special quality improvement instructions at their production sites.

Environmental risk prevention and control

The Company focuses on screening suppliers engaged in electroplating, painting or chemical processes, and reduces the environmental risks in their production processes through technological process optimization.

By establishing a system in which different departments manage the supplier selection, supplier business execution and supplier prices, and supervise one other through a process-oriented approach, the Company ensures the fairness and impartiality of supply chain management. Bidding is adopted in supply chain links if available, in order to ensure the fairness and impartiality of supply chain management.

In supply chain management, the Company attaches great importance to the protection of the rights and interests of suppliers, especially small and medium-sized suppliers. In strict accordance with the requirements of laws and regulations, the Company clarifies that the time limit for payment shall be controlled within 45 days after the delivery of goods. Also, the Company has established a rapid response mechanism for disputes, assuring the timely payment of undisputed amounts. In 2024, the Company had no overdue amounts for payment. In 2024, the Company organized 52 supplier exchange and training activities, and received more than 150 visits from suppliers, with the number of participants exceeding 300 persons and the total duration exceeding 3,000 hours.

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3,000 hours

Product/Service Safety and Quality

Establishment, Implementation and Specific Measures of the Company's Product/Service Quality Management System and Rules;

The Company's steady development is contingent upon its quality management. So far, the Company has established a systematic and standardized quality management system. By formulating a three-level management system including the Quality Manual, Quality Management System Procedure Documents and Quality Management System Guidance Documents, and setting up an independent quality control department, the Company has built a quality control network covering the life cycle of products, which effectively promotes the all-around improvement of product quality, management efficiency, brand value and social benefits. After undergoing 50-odd years of industry practices and 20-odd years of reform and innovation, the Company has never strayed from its development concept of "Building on Quality, Driven by Innovation". In the realm of industrial vehicles, the Company has deeply integrated modern management theories such as life-cycle management and comprehensive quality management, in addition to creatively establishing a quality management paradigm with Hangcha hallmark: it advocates the core value of "Making Handling More Reliable" to popularize a dumbbell-shaped quality management model featuring "Strong at Two Ends, Refined in the Middle". By strengthening the capacity at the two ends (namely R&D design and sales service) and refining the process control in production and manufacturing, the Company has converted the quality management principle of "Customer-oriented, Process Control, All-staff Participation, Continuous Improvement" into specific practices, fostering a competitive quality culture system.

The Company's Certifications Related to Quality Management, and the Quality Management System Authentication of Main Products and Services;

Since 1992, the Company has fully implemented the quality management system standards. In 1995, it took the lead in passing the ISO9001:1994 "Quality Management System" certification in the industry. After that, the Company has continuously passed the re-evaluation of the quality management system. In 2024, it successfully passed the re-evaluation of ISO9001:2015 "Quality Management System" and obtained the certificate again. In terms of metrological management, the Company has always advocated high-standard construction: it passed the third-level metrological assessment in 1985, established a complete metrological testing system in 2007, passed the audit of the measurement management system and procured the "Measurement Management System AAA Certificate" in 2011. In 2024, the Company passed the re-evaluation again and successfully renewed the Level-AAA measurement management system certification qualification. All products of the Company have been granted the special equipment manufacturing license. Among them, some products have also passed the EU CE certification, North American UL certification, and explosion-proof certification for special working conditions, making them represent the highest quality and safety standard in the industry. Meanwhile, the lithium battery forklifts and lithium batteries exported by the Company complied with the relevant certification requirements for the transportation of dangerous goods.



Authentication Certificate



In 2024, no major liability accidents related to the product/service safety and quality occurred in the Company.

Establishment and implementation of the Company's after-sales service/product recall systems, as well as the acceptance channels, handling processes and handling results of customer complaints

The Company has always upheld the "Customer-centered" service philosophy. By going deep into the operation site, listening to customers' opinions, accurately identifying customers' needs, and quickly responding to product problems, the Company keeps optimizing product quality and service quality. To strengthen its service support, the Company has established professional teams such as the Marketing Department, VIP Customer Department, and Customer Service Department, in addition to building an after-sales service network throughout the country to achieve one-stop after-sales support. In the meantime, the Company has formulated a series of standardized rules such as the Service Specification, the Customer Complaint Handling Process, the Work Specification for Delivery and Service Guarantee of Heavy-duty Vehicles, and the Measures for the Management of Customer Training Work, in order to promote the standardization of service process and high-efficiency handling of problems, and to fully meet the diversified needs of customers. By continuously improving the service system and enhancing service capabilities, the Company is committed to bringing customers more values, enhancing customer satisfaction and faith, and shoring up its market competitiveness.

The Company has full faith in its product quality, and solemnly makes the following service commitments to customers

1. Quality Assurance Commitment: For mainstream mid-to-high-end products, a two-year or 4,000-hour quality assurance service is provided (the quality assurance period for some products is even as long as three years or 6,000 hours).
2. Rapid Response:
  - For service outlets in the same city: Ensure arrival at the site within 8 hours;
  - For service outlets outside the city: Guarantee arrival at the site within 24 hours;
  - For suburban or remote areas: Promise arrival at the site within 48 hours.

To continuously improve the customer service experience, the Company adopts a point-to-point refined service mode, in which it visits customers at regular intervals to further learn about the product usage. For special working conditions, the Company provides customized service solutions; for long-term cooperative customers, the Company formulates comprehensive strategic cooperation plans, and dedicates itself to providing meticulous and high-quality services for customers. By strengthening after-sales service management, the Company has raised the customer satisfaction rate to 86.33%, which is significantly higher than the industry average.

To help customers in high-efficiency use of products, the Company is committed to providing all-round professional training services. After the delivery of products, the Company customizes courses according to customers' needs, with contents covering user instructions, maintenance, and repair convenience, etc. In 2024, the Company organized a total of 27 customer training sessions, covering 922 person-times. Meanwhile, it organized the factory visit activities. Through in-depth training and exchanges, the Company helps customers fully learn about products and the enterprise, leading to improvement of brand awareness and goodwill.



the Company has raised the customer satisfaction rate to **86.33%**



In 2024, the Company organized a total of 27 customer training sessions, covering **922** person-times



Overseas Customer Training



Domestic Customer Training



The Company attaches great importance to the construction of the after-sales technical team. It has formulated multiple standardized rules such as the Implementation Rules for the Training of Industrial Vehicle After-sales Maintenance Workers, and established a standardized after-sales technical training management system. In 2024, the Company organizes a total of 45 after-sales technical training sessions, with cumulative trainees of 857 person-times, providing strong technical and talent supports for the after-sales service of Hangcha products.



In 2024, the Company organizes a total of 45 after-sales technical training sessions, with cumulative trainees of **857** person-times



After-sales Personnel Training Site

## Data Security and Customer Privacy Protection

### Establishment, Operation and Specific measures of the Data Security Management System, as well as the Certification (If Any)

In strict accordance with the relevant laws and regulations such as the Data Security Law of the People's Republic of China, the Company has formulated data security rules and regulations such as the Q/HCC G0137-2011 Rules for the Management of Computer Room, the Q/HCC G1504-2013 Corporate Network Management Regulations, the Hangcha Group Network Security Incident Emergency Plan and the Information System Emergency Plan, and established an information security management framework to coordinate the overall strategic planning on the Company's information security and to promote the orderly implementation of information security work.



Classified Protection Certification

In 2024, no data security incidents occurred in the Company

### Establishment and Operation of the Customer Privacy Protection Systems and Rules

In strict accordance with laws and regulations such as the Personal Information Protection Law of the People's Republic of China and the Information Security Technology - Personal Information Security Specification, the Company has formulated the Rules of Hangcha Group for the Management of Customer Privacy to specify the compliant use of customer data and ensure the privacy security of its partners and customers. The Company has established an emergency plan for security incidents such as data leakage to ensure timely response and handling. Each department of the Company has set up data security officers who are responsible for data security and privacy protection in current department. By virtue of technologies such as data encryption, data masking and access control, the Company ensures data security and strictly controls data transmission. Where relevant positions need to retrieve the data of partners and customers for external use, photocopying or electronic transmission and other purposes, they must obtain the approval of relevant responsible persons and put the use on record. For information leakage, the Company will take punishment measures as per regulations to effectively ensure data security.



# Care and Society

- Equality and Diversity
- Equality and Diversity
- Occupational Health and Safety Management
- Compensation and Benefits
- Trade Union Management
- Social Responsibilities



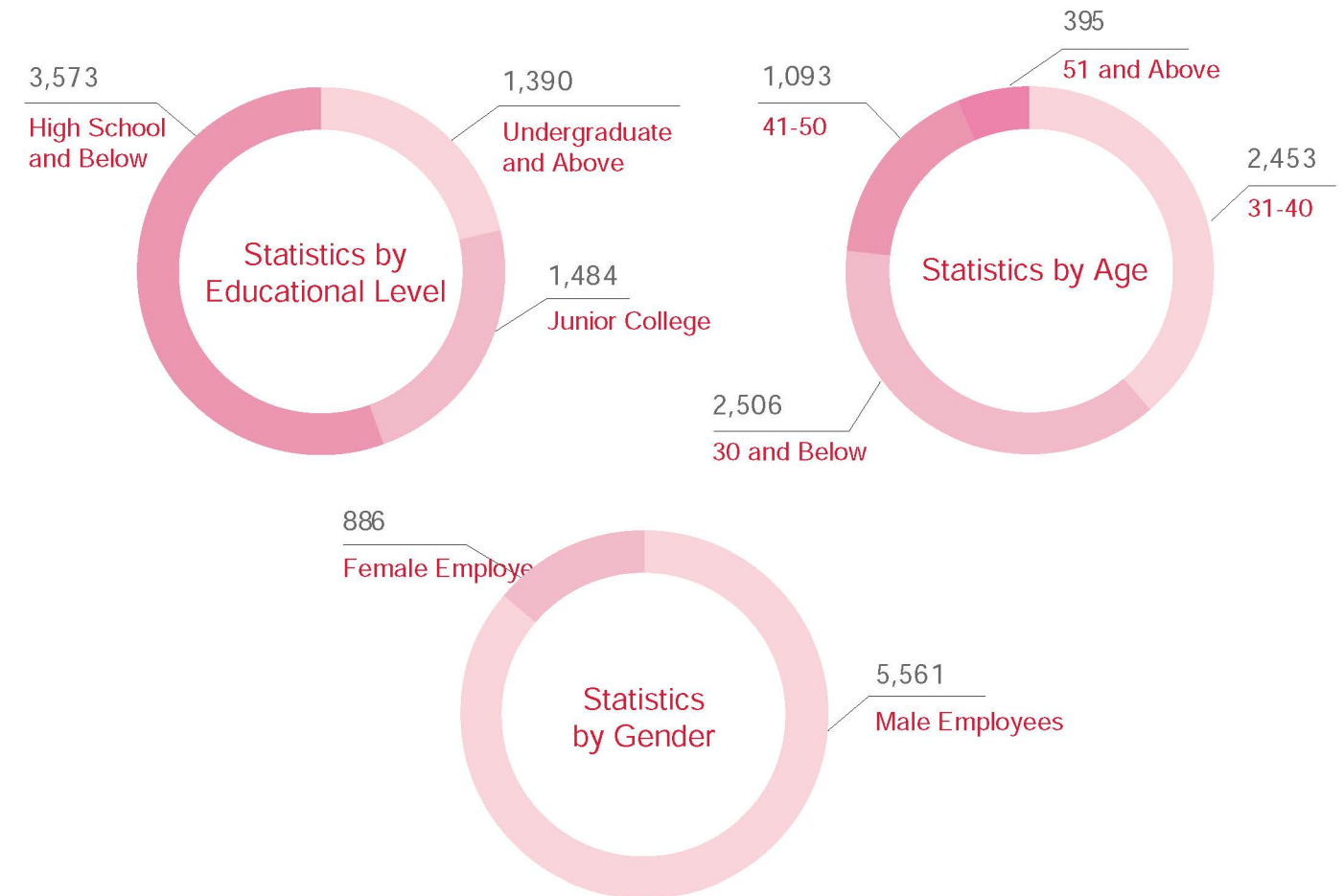
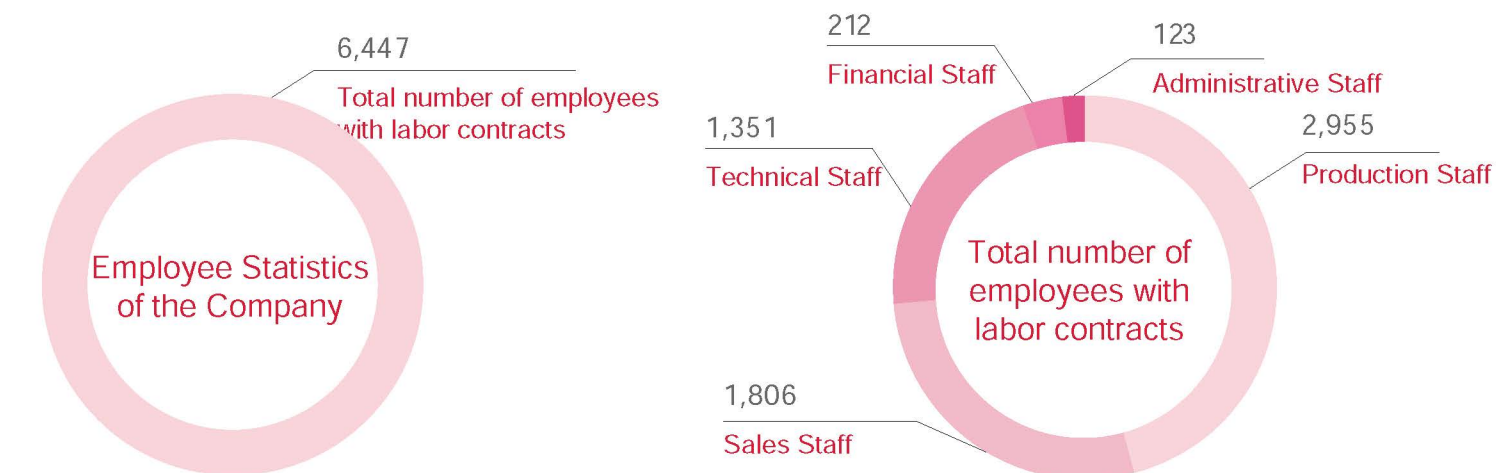


# Equality and Diversity

In 2024, the Company kept improving the Measures for the Management of Employee Recruitment and established and refined a market-oriented talent selection and employment mechanism. The Company prohibits the employment of child labor and forced labor in any form, and requires equal treatment of employees with different genders, ages, ethnic groups and cultural backgrounds, providing equal job opportunities for all applicants.

The Company continued to deepen school-enterprise cooperation and industry-education integration, and adopted multiple measures to promote the precise matchmaking between talent cultivation and industrial needs.

- 01 At the invitation of its cooperative partner Yanshan University, the Company, as the representative of the construction machinery industry, participated in the recording of the Ministry of Education's 24365 "Internet + Employment Guidance" Public Live Streaming Lecture" Development Trends and Job Opportunities in the Construction Machinery Industry. This live streaming lecture was broadcast live to college students across the country through authoritative platforms such as CCTV.com, Xinhuanet, Xuexi.cn and CENTV.cn, with a cumulative viewership of more than 3 million person-times, which effectively enhanced the industry's influence and talent attraction.
- 02 The Company deepens its cooperation with universities, promotes the industry-university-research collaboration in education, and establishes in-depth school-enterprise cooperation with Zhejiang University of Science and Technology, Hangzhou City University and other universities. By means of co-construction of courses, joint research on topics, and joint cultivation of talents, the Company optimizes its professional training system, achieves the in-depth integration of industry, university, and research, and accurately introduces outstanding graduates into the Company.
- 03 The Company implements order-based cultivation to plan talent supply ahead of schedule. It works with Hangzhou Polytechnic to jointly build the "Hangcha Order Class", which recruited 79 trainees in the first batch. In addition, the Company has set up intelligent logistics class and after-sales service class to cultivate the urgently-needed talents for the enterprise and achieve the seamless connection from campus to post.
- 04 The Company leads the innovation in skilled worker education and empowers the AI-based talent cultivation. As a council member unit of the "Artificial Intelligence +" School-Enterprise Cooperation Alliance of Technician Colleges in Zhejiang Province, the Company actively participates in the formulation of the standards for cultivation of high-quality skilled talents, explores the innovative path for "Artificial Intelligence + Skill Education", and provides talent support for the digital transformation of the industry.



## Corporate Culture





# Talent Training and Development

Focusing on its strategic development needs, the Company has established a unique "Navigation" series training system with Hangcha hallmark. In view of the development characteristics of employees at different levels and in different sequences, the Company has created twelve special training programs, and fostered a learning and development ecosystem that covers all employees and runs through the career cycle. Such training system comprises the Lighthouse Program (for senior managers), Pilot Program (for mid-career cadres), Voyage Program (for high-potential talents), Sail Program (for R&D and production), Competition Program (for salespersons), Spark Program (for internal trainers), Escort Program (for highly skilled talents), Kickoff Program (for new employees), Navigation Program (for production interns), Starry Sky Program (for after-sales interns), Blue Ocean Program (for academic education), and Hangcha Lecture Hall (for all employees).



Strengthen the construction of the talent team, build a multiplex talent echelon, and establish a three-in-one talent cultivation pattern integrating technical, skilled and interdisciplinary talents, providing strong talent support for the high-quality development of the enterprise.

Construction of the Technical Talent Team

the Company was successfully selected as one of the first six Hangzhou-based private enterprises with the independent evaluation authority for intermediate professional titles, and it took the lead in carrying out the independent evaluation for the intermediate professional title of "Special-purpose Equipment" engineers. Among the first batch of 71 applicants, 56 passed the evaluation, implying a success rate of 78.87%. The Company achieved remarkable results in professional title evaluation work. In 2024, a total of 3 senior professional title talents, 13 deputy senior professional title talents and 87 intermediate professional title talents were cultivated, indicating that the Company gave full play to the role of professional title evaluation in talent cultivation and incentive.

Construction of the Skilled Talent Team

the Company was successfully approved as one of the first 10 Hangzhou-based enterprises with the independent evaluation qualification for the vocational skill level of first-level/senior technician, and the approved occupation is industrial vehicle assembling & debugging worker. So far, the Company has procured the independent evaluation qualifications for 7 occupations, covering 5 levels from first-level/senior technicians to fifth-level/junior workers. In 2024, the Company organized skill level certificate acquisition training for 3 occupations including industrial vehicle assembling & debugging worker, electric welder and welding equipment operator. A total of 46 persons were granted skill level certificates, among which 15 procured second-level/technician certificates.

Construction of the Interdisciplinary Talent Team

the Company actively built a bridge for the growth of professional technical talents and highly skilled talents, further promoted the connection of the career development paths for the two types of talents, and carried out the "Mutual Evaluation between Professional Titles and Vocational Skill Levels". In 2024, the Company organized a total of 60 employees to participate in the mutual evaluation and achieved remarkable results. Herein, 4 persons were rated as senior technicians (first-level) of industrial vehicle assembling and debugging vocation, and 26 were rated as technicians (second-level) of industrial vehicle assembling and debugging vocation. This has effectively shattered the career development barriers between professional technical talents and skilled talents, broadened the growth channels for employees, and further optimized the Company's interdisciplinary talent cultivation system.

For high-level talent cultivation, a total of 50 high-level talents were newly identified throughout the year, including 1 Class-B talent, 2 Class-C talents and 4 Class-D talents. In addition, 2 employees of the Company were conferred the title of "Outstanding Engineers of Zhejiang Province", demonstrating the Company's outstanding achievements in high-level talent cultivation.

## Discovering Hangcha" Themed Activity

The Company organized three phases of the "Discovering Hangcha" themed activity, in which the activity contents were arranged in a targeted manner according to the differences of the trainees. A total of 143 sales, office and financial staff on overseas assignment participated in the activity, making employees on overseas assignment "often come back home". This further strengthens the cohesion of the enterprise and the sense of belonging among employees.



## "Spark Program" (Phase II) Training Camp for Internal Trainers

The Company organized to launch the "Spark Program" (Phase II) Training Camp for Internal Trainer, and a total of 30 internal trainers participated. Through offline lecturing and online communication, the internal trainers improved their course development and lecturing skills, mastered the use of AI tools proficiently, got rid of the shackles of traditional lecturing modes, and explored more flexible and diverse lecturing strategies.



## "Kickoff Program" New College Graduate Training Camp

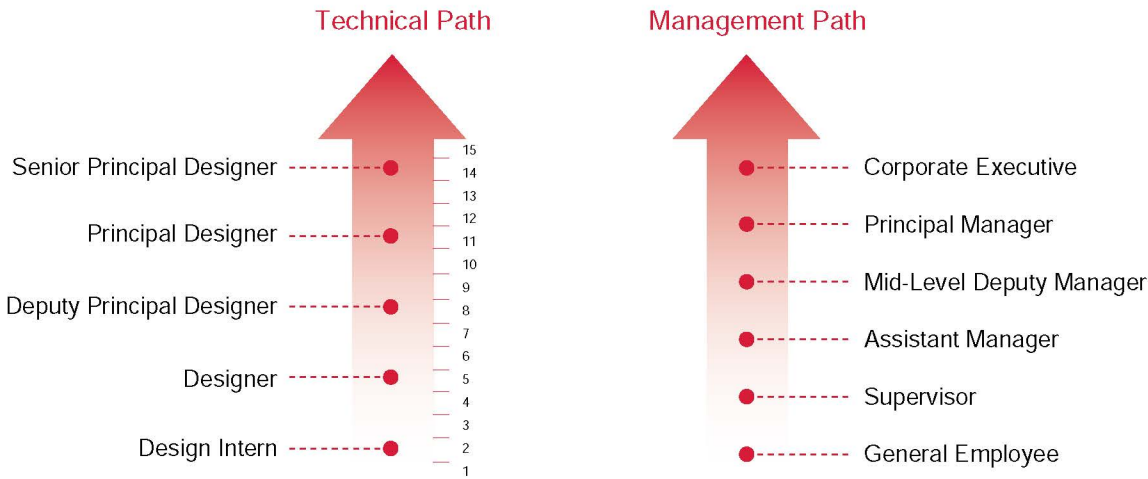
For newly recruited college graduates, the Company organized a three-month training program consisting of theoretical learning of multiple general courses and professional courses as well as modular practice-based training in the production workshop. In the wake of the training, professional mentors will be arranged for college graduates when they serve the departments, as a way to help them grow quickly.



🧧 In 2024, the Company invested a total of RMB **4.766** million in employee training and development, with a training coverage rate of **100%**.

## The Company's Job Systems and Employee Promotion, Selection and Career Development Mechanism

The Company has established promotion channels for employees in different job systems such as technology, management, production and marketing. The Company plans different career promotion channels for employees according to their abilities. It adopts a flexible multi-channel promotion mode, and opens up special promotion channels for extraordinary talents.





# Occupational Health and Safety Management

The Company attaches great importance to occupational health and work safety management and has established a full-fledged management system. For occupational health management, the Company has formulated a series of rules such as the Procedure for the Management of Occupational Health and Safety and the Procedure for Hazard Source Identification, Risk Assessment and Control to safeguard the employees' health rights and interests in an all-around manner. For work safety management, the Company has formulated such rules as the Work Safety Inspection Rules, the Procedure for the Control of Accidents (Incidents) and the Procedure for Emergency Preparedness and Response to effectively guard against all kinds of safety accidents. To ensure the effective implementation of these rules, the Company has specially set up the Security Department, which works as a specialized management organ to coordinate core functions such as occupational health monitoring, safety hazard investigation, and response to emergencies. Through the organic combination of system norms and organizational guarantees, the Company continuously promotes the steady improvement of its occupational health and safety management level. By the end of the reporting period, all production departments of the Company had passed the ISO45001 Occupational Health and Safety Management System Certification, achieving 100% coverage and effectively improving the occupational health and safety management level.

## Review of the Occupational Health and Safety Management System of Hangcha Group in 2024

Internal Review	External Review
<p>*19 internal audit working groups composed of 38 internal auditors audited 44 departments of the Company;</p> <p>*0 serious non-conformity items, 17 general non-conformity items (including 7 in quality, 1 in environment and 9 in occupational health and safety) and 51 recommended follow-up items were found;</p> <p>*Each responsible department rectified the non-conformity items, and each group verified and tracked the responsible department's rectification effect;</p>	<p>WIT Assessment Co., Ltd.'s System Audit Team conducted on-site audits on the continuous effectiveness, standardization, adequacy and applicability of the Company's quality, environment and occupational health and safety management systems in operation, and a total of 38 departments were sampled. During the reporting period, the Company successfully passed the external audits.</p>



In 2024, the Company's investment in occupational health and safety management totaled RMB **8.7628** million. (\*Note: The above data only includes the data of the parent company of Hangcha Group.)



## Work Safety

The Company has established an all-around safety prevention and control mechanism that comprises management systems such as the Safety Risk Hierarchical Management and Control System and Work Safety Inspection System as well as management processes such as the Procedure for Hazard Source Identification, Risk Assessment and Control. Also, the Company has made every effort to promote the implementation of relevant rules and processes, and carried out risk and hazard investigation actions at regular intervals to comprehensively screen potential risks and hazards, living up to preparedness before challenges arise.

## The Company's work safety performance in 2024

No accidents of serious injury or above occurred
The injury rate per thousand people was 3.6‰
The Company carried out 2 special safety inspections and 12 safety investigations, with a completion rate of 100%
2 on-site disposal plan drills and 3 emergency plan drills were organized, with a coverage rate of 100%

## The Company's main safety training activities

Safety Training Activity	Safety Training Activity
Safety Training for Intermediate Management Personnel	The Company invited safety experts to train all intermediate management personnel on the criteria for determining major safety hazards in industrial and trade enterprises, which achieved good results.
Safety Training for Intermediate Management Personnel	The Company invited safety experts to train all team leaders on team safety construction, which effectively improved the safety management level of team leaders.
Safety Month All-employee Training	Providing important instructions of Xi Jinping on work safety, video materials related to work safety, and materials for the Work Safety Month activities. Also, the Company organized an all-employee safety examination through DingTalk, and all employees passed the examination.
Special Safety Training	According to the principle of hierarchical and classified training, the Company organized special safety training on dangerous chemicals, explosive dust, confined space and other contents for the safety officers of each department, as a way to improve the Company's work safety management level.
Work Safety Standardization Training	Organizing the safety managers of each department and subsidiary to participate in the work safety standardization training class organized by the superior department, aiming to improve the safety management level through theoretical learning and practical operation exercises.



The Company's main occupational health and safety risk factors and preventive measures

Process Flow	Possible Consequences	Possible Consequences
Coating Line	Fire, explosion, mechanical injury, object strike, vehicle injury, poisoning, pneumoconiosis	Engineering measures: Explosion-proof equipment, ventilation equipment, gas detection and alarm devices
		Management measures: Formulating operation procedures, strengthening on-site management, conducting occupational health examinations
		Training measures: Providing regular safety training
		Personal protection: Wearing protective gloves, masks, shoes and uniforms
		Emergency response: Establishing emergency response plans and conducting regular drills
Gas Station, Oil Tanker	Fire, explosion	Engineering measures: Explosion-proof equipment, ventilation equipment, gas detection and alarm devices
		Management measures: Strictly controlling the fueling operation procedures
		Training measures: Providing training on employees' safety awareness and emergency handling
		Personal protection: Wearing anti-static work uniforms
		Emergency response: Installing fire extinguishing equipment and conducting regular drills on emergency evacuation and fire handling
Hazardous Chemicals Warehouse	Fire, explosion	Engineering measures: Explosion-proof equipment, ventilation facilities, gas detection and alarm devices
		Management measures: Formulating operating procedures, strengthening on-site management
		Training measures: Providing regular safety training and drills
		Personal protection: Wearing anti-static work uniforms
		Emergency response: Establishing emergency response plans and conducting regular drills
Power Distribution Room	Electric shock, fire	Engineering measures: Installing leakage protectors, insulation facilities
		Management measures: Conducting regular electrical safety inspections, arranging dedicated operators
		Management measures: Conducting regular electrical safety inspections, arranging dedicated operators
		Personal protection: Wearing insulating gloves and shoes
		Emergency response: Setting up signs and operation guides for emergency power cut-off

Process Flow	Possible Consequences	Possible Consequences
Powder-spraying Line	Fire, explosion, pneumoconiosis	Engineering measures: Anti-static devices, ventilation equipment, explosion-proof and explosion-venting devices, safety alarm devices, automatic sprinkler systems
		Management measures: Formulating operating procedures, strengthening on-site management
		Training measures: Providing regular safety training and drills
		Personal protection: Wearing protective gloves, masks and fireproof uniforms
		Emergency response: Establishing emergency response plans and conducting regular drills
Vehicle Assembling Line	Fire, explosion, pneumoconiosis	Engineering measures: Protective fences, protective nets, emergency stop switches
		Management measures: Safety operation specification management, occupational health examinations
		Training measures: Providing mechanical operation training, occupational health training
		Personal protection: Wearing safety shoes, safety helmets, earplugs
		Emergency response: Conducting emergency rescue training, setting up first aid facilities and medicines
Natural Gas Pipeline and Facilities	Fire, explosion	Engineering measures: Gas detectors, automatic cut-off devices
		Management measures: Establishing a safety inspection system
		Training measures: Providing training on natural gas safety knowledge
		Personal protection: Communication equipment, mobile gas detectors
		Emergency response: Establishing a natural gas leakage emergency plan, implementing drills and rehearsals
Environmental Protection Facility - Catalytic Combustion	Fire, explosion	Engineering measures: Gas detectors, automatic monitoring systems, installing appropriate explosion-proof equipment, setting up emergency fire extinguishing systems
		Management measures: Safety regulations in line with the standards
		Training measures: Providing equipment operation training
		Personal protection: Wearing protective gloves
		Emergency response: Establishing an environmental protection accident reporting and emergency response mechanism



# Occupational Health

The Company has formulated such management rules as the Occupational Disease Prevention and Control Management Rules and the Procedure for the Management of Occupational Health and Safety, and it is committed to safeguarding the employees’ rights and interests in occupational health. Besides, the Company has worked out the Occupational Health Goal and Indicator Management Plan to clarify the assessment elements in various dimensions of occupational health. The Company organizes physical checkup for workers with occupational hazards, and conducts on-site occupational health detection and status quo evaluation, so as to effectively prevent and control the hazards of occupational diseases. The Company has not only purchased basic medical insurance for employees but also put in place the Implementation Measures for Mutual Medical Assistance of Employees.



As a result, the Company has built a multi-level health guarantee system. Up until now, the Company has purchased the “Hangzhou Mutual Medical Assistance Insurance for In-service Staff” for **4,924** employees, providing them with a stronger health guarantee and safeguarding the employees’ happiness and well-being.

The Company's occupational health performance in 2024	
	No occupational diseases occurred
	Physical checkups and reexaminations for workers in toxic and harmful occupations totaled <b>676</b> person-times, with a coverage rate of <b>100%</b>
	The participation rate of employees in annual physical checkup: <b>100%</b>
	The completion rate of the status quo evaluation of occupational hazards and the rectification rate of problems&hazards: <b>100%</b>

# Occupational Health and Safety Culture



During the reporting period, employees of the Company participated in a total of 13 training sessions related to work safety and occupational health, with an average training duration of **8.5** hours per person and covering a total of **1,950** person-times of trainees.



Employee Physical Checkup



Occupational Health Training



## Compensation and Benefits

In strict accordance with the relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Minors, the Company has formulated internal rules such as the Employee Handbook. It insists on lawful and compliant employment, and has purchased endowment insurance, work-related injury insurance, unemployment insurance, medical insurance and maternity insurance for employees in accordance with the provisions of the Ministry of Human Resources and Social Security and the relevant laws and regulations of the places where each subsidiary is located. Also, the Company has implemented the housing provident fund system. In 2024, the Company's total expenditure on compensation and benefits was RMB 1,265,310,500, and the social insurance paid for employees totaled RMB 170,457,100.

Employee Benefits	
Multi-dimensional Incentives	Interest-free housing purchase loans, allowances (including professional title allowances, vocational qualification allowances, technical post allowances, and mentor allowances), subsidies (including rental subsidies, transportation subsidies, and living subsidies), and rewards (including sci-tech achievement rewards, cost reduction rewards, and special rewards).
Leave Benefits	Providing employees with statutory leaves, including annual leave, sick leave, marriage leave, maternity leave, nursing leave, parental leave and other welfare leaves.
Leave Benefits	Free work meals, free shuttle buses, expatriate subsidies, annual physical checkups, talent apartments, consolation allowances, high-temperature subsidies, beverage subsidies, winter skin-care product subsidies, newspaper and book subsidies, spring outings, autumn outings, team building activities, allowances for festivals such as May Day, Mid-Autumn Festival, National Day, and Spring Festival, and living expenses for sick personnel and dependents.



Structure of the Company's Compensation System

Employee Compensation (in ten thousand yuan)	126,531.05
Including	
Wages, Bonuses, Allowances and Subsidies	97,054.29
Welfare Benefits	4,873.84
Social Insurance Premiums	17,045.71
Housing Provident Fund	6,032.12
Trade Union Funds and Employee Education Funds	1,525.09



Trade Union Funds and Employee Education Funds

The Company has formulated rules related to trade union, for example, AS344613 Female Employee Protection Rules, and AS344614 Trade Union Management Rules.



In 2024, the Company organized **2** sessions of the workers' congress, with a cumulative expenditure of RMB **7.0259** million on trade union activities.

Trade Union Management Structure



Under the trade union there are **10** branches and one fund review committee. The Company's employees spontaneously join the trade union, whereas the trade union strictly performs its safeguarding, building, participating, and educating functions, representing and safeguarding the employees' legitimate rights and interests.



Trade Union Activities



Awards conferred to trade union or trade union activities in 2024

Trade Union Name	Award Name	Conferred by
Trade Union of Hangcha Group	2024 Top Ten Representative Cases in Creating a New Situation of "Climbing the Peak, Standing at the Forefront" and Building a Harmonious Labor Relationship in the New Era	Hangzhou Federation of Trade Unions
	2024 Lin'an District Welder and Fitter Competition (1 first-prize winner, 1 second-prize winner, 5 third-prize winners)	Lin'an District Federation of Trade Unions
	2024 Industrial System Robot Competition (1 first-prize winner, 2 second-prize winners, 1 third-prize winner)	Hangzhou Industrial Trade Union
	Second Prize at the 2024 Industrial System Machine Tool Assembling and Debugging Maintenance Worker (CNC Machine Tool Electrical Maintenance) Vocational Skill Competition	Hangzhou Industrial Trade Union
	Third Prize at the 2024 Hangzhou Robot Competition	Hangzhou Federation of Trade Unions
	Second Prize, Excellence Prize at the 2024 Zhejiang Province Intelligent Manufacturing Equipment Technology Application Vocational Skill Competition	Zhejiang Federation of Trade Unions
	2024 Badminton Outstanding Interest Group	Hangzhou Industrial Trade Union
	Fourth Place, Seventh Place, and Eighth Place (All belong to Third Prize) at the 2024 Zhejiang Province Industrial Internet Integration Application Competition	Zhejiang Federation of Trade Unions
	2024 Hangzhou Pilot Enterprise for Improving the Life Quality of Employees	Hangzhou Federation of Trade Unions

Social Responsibilities

With a sense of mission and responsibility, the Company takes the initiative to assume responsibilities for consumers, communities, and the environment while making profits and fulfilling its legal responsibilities to shareholders and employees. It does not regard profit as the sole goal but gives more attention to humanistic care and the enhancement of human value in the production process. By continuously practicing its corporate social responsibilities, the Company is committed to promoting the value enhancement of employees, pushing ahead with environmental protection, improving social well-being, and doing its bit for sustainable development.



In 2024, the Company actively fulfilled its social responsibilities and made a cumulative donation of RMB **1.0633** million in public welfare.

List of fulfillments of social responsibilities

External Donation/Public Welfare Projects	Quantity/Content	Remarks
Total Investment (in ten thousand yuan)	106.33	-
Total Number of Beneficiaries (persons)	800	-
Including: Total Investment in Poverty Alleviation and Rural Revitalization Projects (in ten thousand yuan)	88.33	Conversion of donated materials into amount; the Company worked in pairs with Baiyu County of Sichuan Province, Zuokou Township and Tianmushan Town of Lin'an District, and Yankou Elementary School of Lin'an District, etc., to show solicitude for the groups in need
Number of Beneficiaries from Poverty Alleviation and Rural Revitalization Projects (persons)	500	-

The Company's Main Achievements in Poverty Alleviation and Rural Revitalization Assistance:

Poverty Alleviation by Industry

the Company further implemented the mechanism of pairing with townships, focused on supporting Zitong Township of Chun'an County, pushed ahead with the collective economic income increase project in Fushi Village, and established a dual-drive mode of "Eliminating Weaknesses, Increasing Income + Art Industry".

Poverty Alleviation by Employment

the Company capitalized on the "Tianmu Common Prosperity Alliance" co-construction mechanism to drive the development of rural industries in Guifangqiao Village of Lin'an District, etc. As a result, the Company created more than 200 job opportunities.

Poverty Alleviation by Education

the Company continuously carried out the activity of showing solicitude for Yankou Elementary School of Lin'an District on June 1st. It donated RMB 30,000 to Baiyu County for the improvement of educational facilities, helping to upgrade educational resources in remote areas.

Public Welfare Assistance

In response to the "Ten Thousand Enterprises Help Revitalize Ten Thousand Villages" campaign, the Company deepened the counterpart support from Lin'an to Baiyu, and helped rural revitalization through the Living Environment Improvement Project. It has been ranked among "Top 100 Leading Private Enterprises of Zhejiang in Fulfillment of Social Responsibilities" for two consecutive years.

The Company actively responds to the call of the Hangzhou Municipal Government and is one of the first organizations to become a member of the Hangzhou Assistance Group. From "49100" to "Pairing with Townships", the Company has paired with and assisted "Zuokou Township" and "Zitong Township" of Chun'an County and Tianmushan Township of Lin'an District in succession since 2000. Thanks to nearly 20 years of efforts, the Company has provided assistance funds and materials worth more than RMB 10 million.



## "Pairing with Townships and Villages" has played an important role in strengthening the village collective economy and driving farmers to increase income and achieve prosperity.

In 2024, under the paired assistance of the Company, Zitong Township of Chun'an County actively played the exemplary and leading role of the "Pairing with Townships and Villages" assistance funds while centering on "Eliminating Weaknesses, Increasing Income" and "Art Industry". Based on its realities, Zitong Township emphasized work priorities and implemented livelihood projects such as the Collective Economic Income Increase Project in Fushi Village, the Chinese Bee Breeding Procurement Project for near-poor households in each administrative village, and the Art Museum Renovation Project. "Pairing with Townships and Villages" has played an important role in strengthening the village collective economy and driving farmers to increase income and achieve prosperity.



Philanthropic Enterprise for Counterpart Support from Lin'an District, Hangzhou City of Zhejiang Province to Baiyu County, Ganzi Prefecture

Excellent Team Enterprise for Facilitating Common Prosperity in the "Ten Thousand Enterprises Help Revitalize Ten Thousand Villages" Campaign of 2023

In 2024, the Company worked with the Tianmu Common Prosperity Alliance to establish a "League, Party Building, Industry" co-construction mechanism. The Company not only changed the previous "One-to-One Pairing" situation through league co-construction, but also strengthened the party building's leadership in the enterprise-village co-construction work through co-construction in party building. Meanwhile, talents underlay the industrial development. As the corporate representative of the "Tianmu Common Prosperity" Alliance in Lin'an District, Hangcha Group actively fulfilled its corporate social responsibilities, contributed to the common prosperity of Guifangqiao Village in Lin'an District, and helped with rural revitalization. Hangcha Group was full of confidence in promoting the enterprise-village matchmaking project. On June 1st every year, the Company, together with the GreatStar Group, pays a visit to Yankou Elementary School in Yuqian Township, Lin'an District, where they show solicitude for teachers and students and send Children's Day gifts. In 2024, to promote the enterprise-village paired assistance work between Lin'an District and Baiyu County, strengthen the effective connection between consolidation & expansion of poverty alleviation achievements and rural revitalization, deepen the all-round and all-domain counterpart support from Lin'an to Baiyu, and promote the development of socialist public welfare undertakings, Hangcha Group donated RMB 30,000 to Baiyu County for the improvement of the living environment.

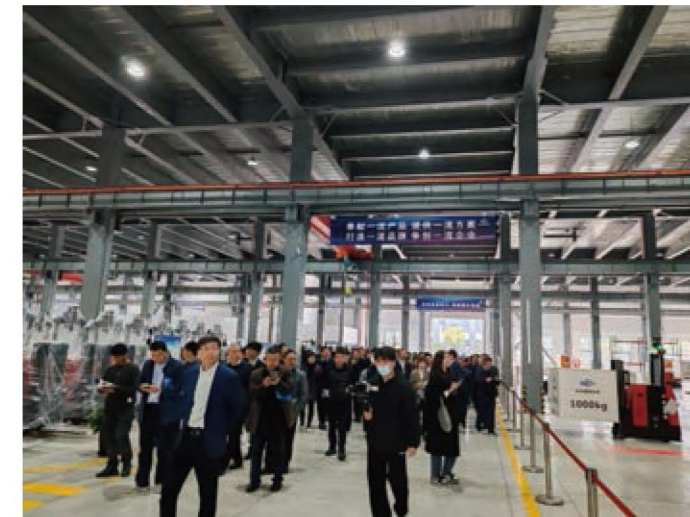


Advanced Organization in Public Welfare Undertakings of 2023

In 2024, as the corporate representative of the "Tianmu Common Prosperity" Alliance in Lin'an District of Hangzhou City, Hangcha Group actively fulfilled its corporate social responsibilities, contributed to the common prosperity of Guifangqiao Village and Zuokou Township and other areas in Lin'an District, and helped with rural revitalization. In April 2024, Hangcha Group was rated as an excellent team enterprise for facilitating the common prosperity in the "Ten Thousand Enterprises Help Revitalize Ten Thousand Villages" campaign of 2023 by the leadership group of the "Ten Thousand Enterprises Help Revitalize Ten Thousand Villages" Campaign of 2023 by the Federation of Industry and Commerce of Lin'an District, Hangzhou City.

## 2024 Zhejiang Private Enterprise Social Responsibilities & Zhejiang Merchants ESG Symposium

In March 2024, the "2024 Zhejiang Private Enterprise Social Responsibilities & Zhejiang Merchants ESG Symposium" took place in Hangcha Group. The Company was listed among the "2023 Top 100 Leading Private Enterprises of Zhejiang in Fulfillment of Social Responsibilities". Meanwhile, the attendees visited Hangcha Group's exhibition hall and intelligent logistics workshop on the spot, and Wang Fuxi, deputy secretary of the Party Committee of Hangcha Group, fully interpreted and expounded the efforts and achievements made by Hangcha Group in sustainable development from different respects such as honest operation, standardized governance, technological innovation, green products, energy conservation and emission reduction, intelligent factories, people first, caring for employees, practicing public welfare, and giving back to society.



Attendees in the "2024 Zhejiang Private Enterprise Social Responsibilities & Zhejiang Merchants ESG Symposium" Visit Hangcha Group

Next, Hangcha Group will take new steps in deepening the concept of social responsibility, and make new contributions in serving the high-quality development of Zhejiang Province. It vows to show a new look in fostering social responsibility brand, and make new breakthroughs in improving the corporate ESG governance capacity. Hangcha Group will surely take this as a new starting point to keep ascending to a new height and making new progress in the realm of social responsibility.

Over the years, Hangcha Group has upheld the core value "Integrity-based, Efficiency First, Sustainable Development, Giving Back to Society" to actively improve the working environment, fulfill social responsibilities, and put in place the governance system. The Company persists in incorporating various social responsibility elements into its daily management and operation, and strives to achieve harmony and win-win development among the enterprise, employees, society, and the environment. The Company seamlessly integrates its own development with social development, and performs a listed company's social responsibilities with the win-win philosophy.



# Corporate Governance

- ESG Governance Structure
- Standardized Operation
- Risk Management and Internal Control
- Business Ethics



# ESG Governance Structure

## ESG Governance Structure

The Company has continuously deepened its understanding of the ESG management system and endeavored to keep optimizing and improving the system. Up until now, the Company has built an ESG governance architecture with complete structure, clear hierarchy, specific rights and responsibilities, and efficient operation mechanism.

### 01 Decision-making Level

The board of directors (BOD) is the leading and decision-making body for ESG management and information disclosure. It is responsible for deliberating and approving the Company's ESG strategic planning, plans, and implementation schemes, deliberating and approving the Company's ESG governance structure and management system, deliberating and approving the Company's ESG report, deliberating and approving the information disclosure involving the Company's major ESG information, and deliberating the response plans for ESG-related risks and major ESG negative events that have a significant impact on the Company.

### 02 Management Level

The Strategic Committee of the BOD serves as the research and guidance organ for ESG work. It is responsible for researching and making suggestions on the Company's ESG goals, strategic planning, governance structure, and management system, identifying and monitoring ESG-related risks and opportunities that have a significant impact on the Company's business, guiding the management team to take appropriate response measures for ESG risks and opportunities, and reviewing the Company's ESG-related reports and submitting them to the BOD.

### 03 Execution Level

The ESG Promotion Group is the coordination and execution organ for ESG work. It consists of the ESG Leadership Group and the ESG Working Group, which jointly promote the implementation of the Company's ESG development strategic goals. The Company has established an internal reporting mechanism for sustainable development information. The reporting methods include special reports and progress statements, etc., and the reporting is made on an annual basis, ensuring that personnel at all levels of the governance structure have a timely access to relevant information. The Company has established a sustainable development supervision mechanism, by which it discloses the information of relevant institutions and personnel in supervising and managing the formulation of sustainable development-related goals, the implementation of strategies, and the progress of goal achievement, for example, internal control rules, supervision procedures, supervision measures, and assessment results, etc.

# Standardized Operation

1

## Investor Relations

The Company has formulated the Information Disclosure Management Rules and the Investor Relations Management Rules. Based on "Authentic, Accurate, Complete, Timely, and Effective" information disclosure principle, the Company maintains effective communication with investors through diverse means such as information disclosure, performance briefing, institutional research, investor hotline, and investor Q&A on the E-interaction platform, in order to help investors learn about the Company's information in an objective, comprehensive, and in-depth manner, and establish a long-term and stable interactive relationship with investors. In 2024, the Company organized or participated in a total of 239 exchange meetings, which attracted more than 5,000 person-times of attendees. Meanwhile, the Company was conferred the "15th China Listed Company Investor Relations Tianma Award" by the Securities Times (STCN).

2

## Information Disclosure

The Company attaches great importance to information disclosure work, fulfills its information disclosure obligations in a timely manner as per relevant laws and regulations, and safeguards the legitimate rights and interests of its shareholders. In 2024, the Company completed the preparation, submission, and disclosure of periodic reports and released a total of 46 announcements, which disclosed the Company's relevant information to the vast number of investors in an authentic, accurate, complete, timely, and fair manner, enabling investors to better understand the Company's status quo. In 2024, the Company was rated as Class-A information disclosure entity of the Shanghai Stock Exchange.

3

## Shareholder Returns

The Company attaches great importance to shareholder returns and has clarified the dividend distribution policy in its Articles of Association. To bring reasonable investment returns for public shareholders, the Company upholds sustainable development and protection of shareholders' rights and interests, and maintains continuity and stability of its profit distribution policy.

The Company successfully implemented the equity distribution plan for the year 2023, distributing a cash dividend of RMB **5** (tax-inclusive) per **10** shares to all shareholders.

Since the Company's total share capital is 935,580,035 shares, the total cash dividend distribution was RMB **467,790,017.50** (tax-inclusive).

In 2023, the total amount paid by the Company for the repurchase of its shares through centralized auction trading was RMB **94,991,157.86**.

According to relevant provisions, this can be regarded as the Company's cash dividend for 2023. Combined calculation shows that the Company's total cash dividend for 2023 amounted to RMB **562,781,175.36**, accounting for **32.71%** of the net profit attributable to shareholders for the year.



The Company will also issue **4** bonus shares per 10 shares held by shareholders from its capital reserve.

After the capitalization, the Company's total share capital will increase from **935,580,035** shares to **1,309,812,049** shares.

## Risk Management and Internal Control

To effectively prevent and dissolve major risks and keep strengthening the Company's comprehensive risk management, the Company has updated and improved the Internal Control Management Rules. As a result, the Company has established a succinct and effective internal control system, ensuring that the risk management process runs through all links of the Company's business management. The Company's risk internal control management organization, which is made up of the board of directors, the board of supervisors, the management team, and the internal audit department, is responsible for supervising and evaluating the Company's internal control management. In its business management, the Company strictly complies with laws and regulations.

The Company hired Pan-China Certified Public Accountants LLP as its internal control audit agency for the year 2024 to evaluate the internal control effectiveness of the head office's functional departments and subsidiaries at all levels. No major deficiencies were found in the Company's internal control design and implementation throughout the year, and a standard Internal Control Audit Report with unqualified opinions was issued. The Company discloses the Internal Control Self-evaluation Report every year.

In 2024, the board of directors and professional committees operated in accordance with the laws, earnestly fulfilled their duties, and carried out active work in improving the corporate governance structure and strengthening internal control construction, which ensured the healthy operation and orderly development of the Company. In 2024, the Company convened 10 BOD meetings and 4 BOS meetings, and the BOD organized and convened 1 general meeting of shareholders. All the meeting resolutions were fully and effectively implemented, which safeguarded the interests of the Company, shareholders, and relevant entities to the greatest extent.

## Business Ethics

### Anti-bribery and Anti-corruption

Improper behaviors in commercial activities, such as embezzlement, accepting bribes, resorting to bribery, either at the expense of the Company's interests or in violation of the "Fair Trading" principle and jeopardizing the Company's goodwill, will seriously disrupt an enterprise's normal management order and hinder its sustainable and healthy development.

Therefore, the Company has formulated the Anti-corruption and Anti-bribery Management Rules and the Measures for the Management of Reporting and Complaints in strict accordance with relevant laws and regulations such as the Criminal Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China, and the Interim Provisions on Prohibiting Commercial Bribery Behaviors, in order to firmly oppose and explicitly prohibit corrupt behaviors, hoping to cultivate a clean-fingered, honest, and trustworthy cultural atmosphere within the Company.

Reporting Overview	The Company attaches great importance to the management over reporting of anti-fraud and anti-corruption incidents. It has set up the work group and compliance committee for punishing and preventing corruptions. During the investigation and disposal of reported incidents, Company stresses protection to the rights and interests of whistle-blowers. For verified corrupt and commercial bribery behaviors, penalties will be imposed according to the severity of the circumstances and in light of the Company's Measures for the Management of Employee Rewards and Punishments, the Measures for the Management of Fault Cost Investigation and Pursuit, the Measures for the Management of Integrity & Self-discipline and Corruption Punishment and Prevention, and the Notice on Establishing the 'Five Red Lines' Management Principle. Where the circumstance is serious, the labor relationship will be terminated. If losses are caused to the Company, compensation will be pursued in accordance with the laws. If suspected of constituting a crime, the case will be transferred to the judicial authorities for disposal. In case entities and their employees with business contact with the Company violate the commitments provided in these rules, their qualifications as suppliers, service providers, agents, distributors, and bidders will be annulled. If suspected of constituting a crime, the case will be transferred to the judicial authorities for disposal.
Reporting and Reporting Management	Setting up a reporting hotline and an email address to receive reports from employees and external third parties, either in real name or in an anonymous manner. Reporting Hotline: 0571-88144834 Email: hcjw@zihc.cn
Incident Investigation	Establishing an investigation team for corruption or fraud incidents. Formulating processes for disposal of corruption or fraud incidents, and clarifying the responsibilities of personnel in each process.
Whistle-blower Protection	Staff members who receive complaints or participate in fraud & corruption investigation shall not provide information on the whistle-blower or reporting contents to any department or individual without approval. The Company prohibits any illegal discriminatory or retaliatory behaviors, or any hostile measures against employees involved in the investigation. Staff members who illegally disclose information on the whistle-blower or take retaliatory actions against the whistle-blower will be dismissed, and their labor contracts with the Company will be accordingly terminated. In case of violation of the laws, they will be transferred to the judicial authorities for disposal.



Training

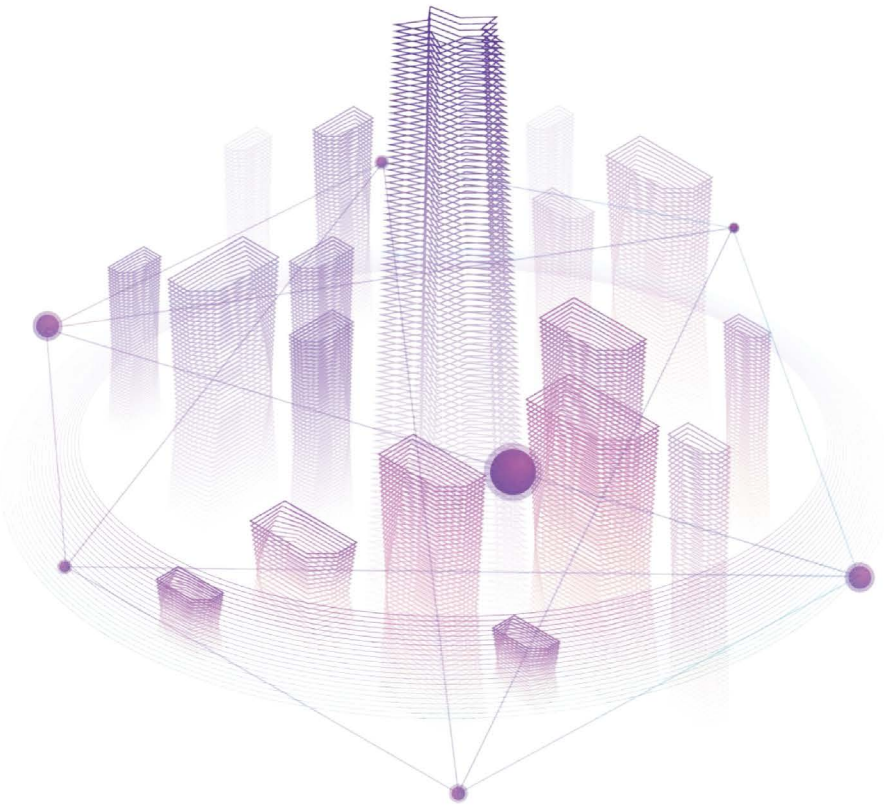
Item	2024
Number of directors receiving anti-bribery and anti-corruption training (persons)	9
Proportion of directors receiving training	100%
Number of management personnel receiving anti-bribery and anti-corruption training (persons)	13
Proportion of management personnel receiving training	100%
Total number of employees receiving anti-bribery and anti-corruption training (persons)	320
Proportion of employees receiving training	5%



Unfair Competition

The Company strictly complies with relevant laws and regulations such as the Company Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China. Upholding the principle of fair competition, the Company does not engage in any activities that may jeopardize fair market competition, but prohibits any form of unfair competition. The Company ensures the impartiality and transparency of procurement activities by formulating procurement process in detail, clarifying evaluation standards, and establishing a strict supervision mechanism. Besides that, by establishing a procurement bidding punishment mechanism, organizing procurement-related training at irregular intervals, and introducing procurement rules, the Company standardizes the commercial behaviors of its employees and suppliers, putting an end to unfair competition

Item	2024
Number of joint anti-monopoly and fair competition training activities	2
Number of participants in anti-monopoly and fair competition training	200
Total duration of anti-monopoly and fair competition training	4 hours





Sustainable Development Report Index Table	
Disclosure Requirements	Chapters in This Report
Response to Climate Change	Environmental Management System, Climate Change
Pollutant Emissions	Waste Discharge Management
Waste Disposal	Waste Discharge Management
Ecosystem and Biodiversity Protection	Biodiversity
Environmental Compliance Management	Environmental Management System
Energy Utilization	Energy Management
Water Resource Utilization	Water Resource Utilization
Circular Economy	Energy Saving and Emission Reduction Measures
Rural Revitalization	Social Responsibility
Social Contribution	Social Responsibility
Innovation-driven	Developing Outstanding Products, Intellectual Property Protection, Innovation-driven
Technology Ethics	Not a major issue for the Company
Supply Chain Security	Supply Chain Security
Equal Treatment of Small and Medium-sized Enterprises	Supply Chain Security
Product and Service Safety and Quality	Product/Service Safety and Quality
Data Security and Customer Privacy Protection	Data Security and Customer Privacy Protection
Employees	Equality and Diversity, Talent Training and Development
Due Diligence	ESG Governance Structure, Standardized Operation, Risk Management and Internal Control
Communication with stakeholders	Communication with Stakeholders
Anti-bribery and Anti-corruption	Business Ethics
Anti-unfair Competition	Business Ethics

## Reader Feedback Form

Dear Readers:

To further improve the level of our ESG work and the quality of report preparation, we sincerely hope that you can evaluate this report and put forward your valuable suggestions. You are welcome to send your feedback form to us by mailing, email, telephone or other means. We will strictly maintain the confidentiality of your personal information and the content you submit. Thank you!

1. Are you satisfied with the report? Please give your evaluation of this report.

2. Do you think our fulfillment of social responsibilities has been fully disclosed?

3. Has the information you want to know been fully disclosed in the report?

4. What suggestions do you have for improvement of the report?

Your Information

Name

Fax

Company/Organization

Contact Number

Position

Email



**4008-777-200**



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