

Sustainability Report 2024



Shenzhen Honor Electronic Co., Ltd.



Sustainability Report 2024

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About the Report

Report Information Disclosure

This document is the first Sustainability Report issued by Shenzhen Honor Electronic Co., Ltd. (hereinafter referred to as "Honor Electronic", "the Company" and "We"). The report delineates our sustainability philosophy, policies and concrete efforts in 2024 across Environmental Protection, Social Responsibility and Corporate Governance (ESG), and aims to address the expectations and concerns of stakeholders.

Reporting Period

The report covers the period from January 1 2024 to December 31 2024. To maintain information continuity, certain content has been retrospectively reviewed and extended. All information is sourced from internal company data and public listing information.

Data Source

All data and case studies in this report are derived from official company documents and statistical reports, and have undergone internal review. Unless otherwise specified, monetary amounts are denominated in RMB.

Reference Standards

The *Sustainability Reporting Standards (GRI 2021)* published by the Global Sustainability Standards Board (GSSB), *Self-Regulatory Guidelines No. 17 for Listed Companies on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*, *Self-Regulatory Guidelines No. 3 for ChiNext Listed Companies on Shenzhen Stock Exchange - Sustainability Report Preparation*, *TCFD Recommendations Report* issued by the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Sustainable Development Goals (SDGs).

Online Access

This report is available in electronic format. Please visit the Company's official website (www.honor-cn.com) or the Shenzhen Stock Exchange website (www.szse.cn) for access.

Chairman's Statement

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Dear Shareholders, Customers and Partners,

The world is seeing an unprecedented push toward sustainability in past years, as one of the leading members in power supply industry, Honor Electronic adheres to “innovation as engine, responsibility as compass, pioneering a sustainable future”. Here, on behalf of the Board of Directors and the Management of Honor Electronic, I would like to share the history and the achievement in sustainability development of the Company in near 30 years to all who have supported and contributed to the Company's reform and development.

Honor Electronic, founded in 1996, focused on providing lights and related power supply products to customers in Europe. By aligning with rigorous quality standards, the Company developed a comprehensive R&D system to support its power supply product and solution for various applications. In 2004, both the launching of California's first CEC regulations and growing sales of IT devices stimulate power supply products market, the Company seized the opportunity and established adapter business unit. By adopting EPA certified power supply technology, the adapter of the Company met the strict entry requirements of power supply products of the North American market, and the Company became a provider of energy efficiency power supply for consumer electronics.

With the evolution of cloud computing, the cloud infrastructure surges, which results in the rapid growth of data center and increasing demand for advance power supply products with high power density and superior efficiency, leading the Company to establish data center business unit in early 2014, a forefront of the industry. Over the years, the Company keeps investing in R&D and develops core technologies include intelligent lightning protection systems to digital power management platform. The Company obtained The Company accomplished domestication of server power technologies and provided all localization power supply products and solutions to data center. Therefore, Honor Electronics is one of the leading power supply providers with advanced technologies of data center in mainland China.

To fulfill the globalization strategy, the Company keeps actively extending its production bases and building a highly efficient, integrated supply chain network. The Company has developed six major production bases both in mainland China and overseas, includes Shenzhen, Dongguan, Ganzhou, Suzhou, Vietnam and Mexico. By introducing advancing technologies of mass production and management systems, the production bases are capable to meet requirements from global clients and provide high quality products with high efficiency and lower cost.

Innovation is the engines of the Company's development. Headquartered in Shenzhen, Honor Electronic has R&D centers in Shenzhen, Hangzhou and Shanghai, where has 686 R&D engineers. Focusing on power density, power efficiency, green power supply products and intelligent power supply. The Company has won lots of recognitions and was selected as a committee of GB20943-2025 Efficiency National Standards. In 2024, the Company took partnered with STMicroelectronics to launch a joint innovation lab. This is a high-impact alliance focused on developing next-generation power solutions for servers, pushing the limits of what's possible in performance and efficiency.

The year 2024 marks a crucial point in the ongoing journey towards Honor Electronic's development. The Company achieved a record-high full year revenue of RMB3.79 billion, representing a 32.32% year-over-year increase; operating profit surged by an impressive 272.97% and reached RMB256 million, and net profit rose to RMB268 million, up 36.92%.

While sharpening the competitive edge, the Company also actively promoted the sustainability development strategy. The Company established a long-term ESG management framework that integrates green and low-carbon development with the Company's decision-making. The Company set up a multi-level ESG governance structure led by the Board of Directors, which embedding sustainability development among each process of operation.

In 2024, the Company continues to strengthen the environmental (E) and social (S) evaluation criteria for new suppliers, to upgrade ESG supply chain management standards. To promote green and low-energy consumption power supply products, Dongguan production base obtained the certification of cleaner production, which indicates the production base effectively reduced energy consumption. At the same time, the Company further improved the safety management system, enhanced employee safety training, and continued to raise safety awareness. The Company actively participated in charity and donated RMB300,000 to the Hubei Charity Federation to support rural area development.

In prospect of future, Honor Electronic will stay committed to the vision: Pioneering the Industry, Building a Global Brand. The Company will invest in investing R&D, focus on emerging technologies, and develop innovative power supply products and solutions. The Company will firmly commit to the carbon neutrality strategy, create greater value for our shareholders, and contribute to the society. The Company will continue to chart a course toward sustainability development with the supports from shareholders, customers, employees and partners.

Sincerely,
President and Chairman Wang, Heqiu




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About Honor Electronic

Company Profile

Shenzhen Honor Electronic Co., Ltd. has dedicated to the power supply industry for almost three decades, specializing in the R&D, production and sales of switching power supply products. We are committed to providing customers with reliable, intelligent, high-efficiency and high-density switching power solutions. Through continuous innovation in R&D and manufacturing processes, we have secured industry-leading core technologies and consistently achieved breakthroughs in cutting-edge technologies and high-end products, solidifying our position as a benchmark for innovation in the sector. Our product portfolio includes power adapters, data center power systems and industrial power supplies, widely applied across diverse fields such as office electronics, network communications, security monitoring, smart homes, novel consumer electronics, data centers, power battery equipment, electric vehicles and formation and capacity grading devices.

As a National High-Tech Enterprise, Honor Electronic has national innovation platforms, including the Shenzhen Enterprise Technology Center, Postdoctoral Innovation Practice Base, and Guangdong High-Efficiency Intelligent Power Supply and Management Engineering Research Center. Leveraging superior product quality, rapid-response service capabilities and a sustainable approach to manufacturing, Honor Electronic established strong brand competitiveness in global markets, serving internationally renowned clients. Aiming to be a globally competitive supplier of power electronics products and solutions, the Company adheres to the vision of "Pioneering the Industry, Building a Global Brand."

Corporate Culture

Vision

Pioneering the Industry, Building a Global Brand

Mission

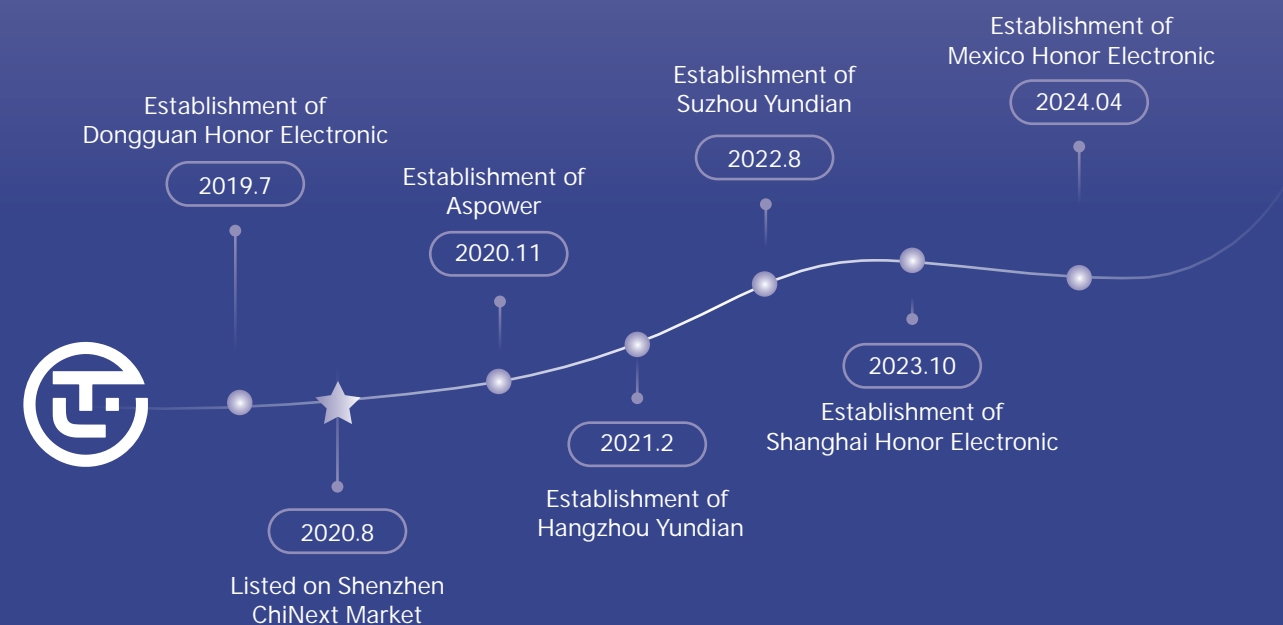
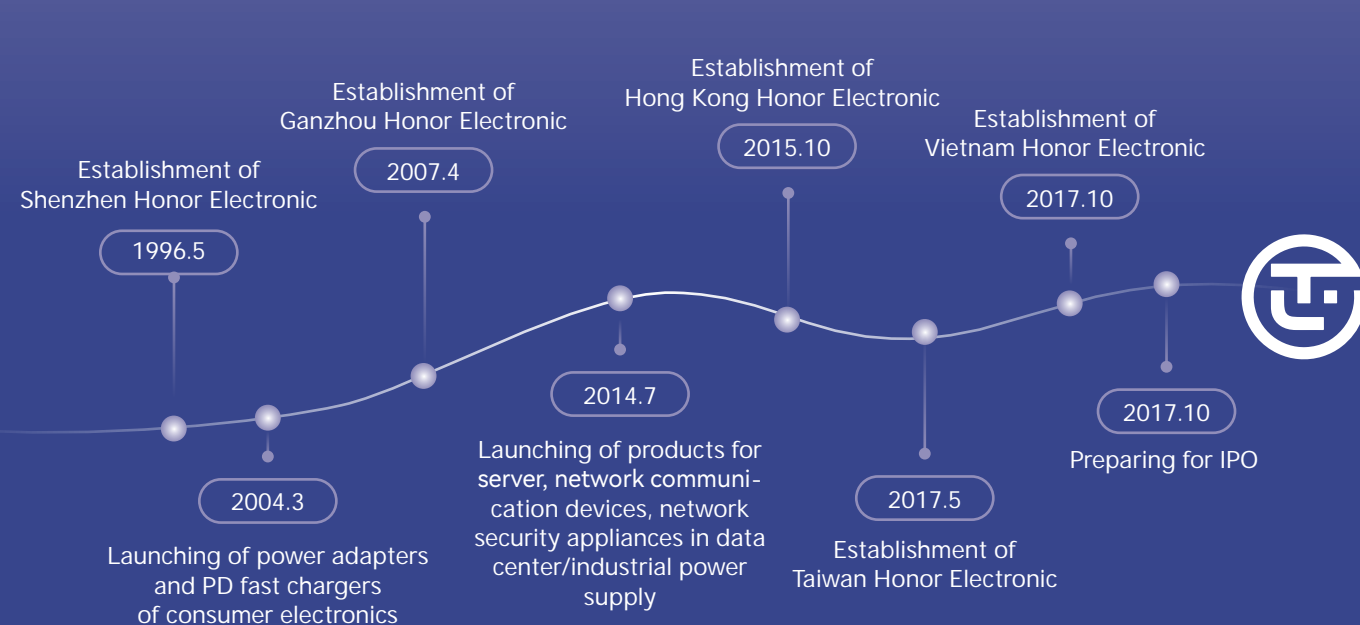
To create value for customers, improve the quality of life for employees, make greater contribution to society, and create greater value to shareholders

Values

Pragmatism, integrity and continuous innovation

Core Competencies

High-end customers, high-end technology, high-end quality, high-end manufacturing



Global Connectivity

As a rapidly growing switching power supply enterprise, Honor Electronic has established global production bases to stay close to markets, effectively respond to regional demand changes, reduce costs and enhance delivery efficiency. Overseas production bases are located in Vietnam and Mexico and domestic bases in Shenzhen, Dongguan, Ganzhou and Suzhou. Additionally, to promptly response to overseas customers' requests, the Company has established business support teams in Europe and North America, in order to offer real time support.



Total Area of Production Bases: **200,872 m²** Total Production Lines: **75** as of 31 Dec 2024.

Core Business & Applications

Power Adapters

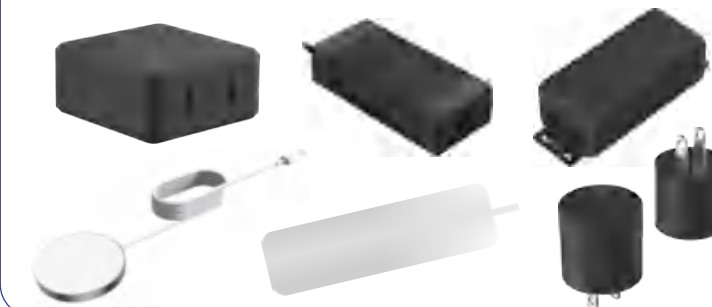
Since 2004, Honor Electronic has accumulated over 20 years of technical expertise and industry experience in power adapters. Currently, the Company offers comprehensive power adapter product series ranging from 3W to 400W, catering to most terminal product requirements and widely applied in office electronics, network communication, security monitoring, smart home and new consumer electronics. With a strong reputation in the power adapter industry, Honor Electronic has established partnerships with renowned enterprises such as LG, HP, Honeywell, Roku, Technicolor, Sagemcom, Google, Walmart, Foxconn, Hikvision and Dahua Technology.

Product Range

- Power Adapters / PD Fast Chargers

Applications

- Office electronics, network communication, security monitoring, smart homes, novel consumer electronics



Data Center Power Supplies

In 2024, the Company's data center power supply business generated revenue of RMB1.459 billion, a year-on-year increase of 79.95%, with its contribution to total revenue continuing to rise, making it a key driver of revenue growth. Specifically, high-power server power supplies achieved revenue of RMB 780 million, a significant year-on-year increase of 536.88%, accounting for 53.48% of total data center power supply revenue and maintaining strong growth momentum. Leveraging forward-looking strategies and robust R&D capabilities, the Company's high-power server power supplies are among domestic leaders and comparable to international high-end levels, making Honor Electronic one of the few power supply vendors capable of large-scale sales of high-power server power supplies. The Company has supplied products to domestic renowned server system manufacturers such as Inspur, Foxconn, Huaqin Technology, Lenovo, ZTE and H3C, while maintaining close cooperation with leading domestic Internet enterprises, earning high recognition for its comprehensive capabilities.

Product Range

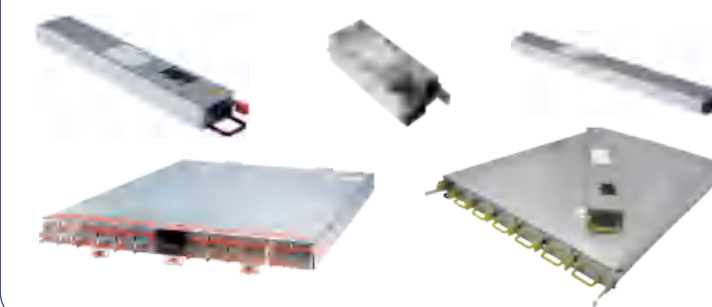
- General server power supplies
- High-power server power supplies

Applications

- Data centers, General servers, AI servers, liquid-cooled servers, RAM

- Network security, communication and other power supplies for data Centers

- 5G base stations, switches, firewalls, gateways, gatekeepers, network monitoring equipment



Other Power Supplies

In addition to power adapter and data center power supply businesses, the Company remains committed to the power supply industry, continuously exploring new application fields centered on power supply technologies, including lithium-ion power tools and home appliance chargers, electric vehicle chargers, high-power battery equipment chargers, and formation and capacity grading devices, etc. In the field of power tooling and home appliance chargers, the Company has become the supplier of power battery chargers to industry-leading customers, such as TTI, LG, etc.

Product Range

- Power tooling chargers
- High-power battery chargers
- Pure electric vehicles chargers
- Charging power supply for battery swapping stations
- Power supply for formation and capacity grading devices

Applications

- Lithium-ion battery-powered tools / home appliances, etc.
- Large-scale UAVs, etc.
- Electric bicycles, electric motorcycles, etc.
- Battery swapping stations, etc.
- Formation and capacity grading devices, etc.



Rating Performance

Ratings

B

Wind

BB

CCXI

BB

Zhi Ding

B-

SynTao Green Finance

Index

932000.CSI

CSI 2000 Index

399303.SZ

SZSE New Market 2000 Index

931187.CSI

Tech 100 Index

h30475.CSI

CSI SH-HK-SZ Connect SME IT Index

h30508.CSI

CSI SH-HK-SZ Connect SME IT Index HKD

881015.WI

Wind SZ-HK Connect Index

Awards & Recognitions

4th "Shenzhen Top 100 Quality Enterprises"

Shenzhen Enterprise Confederation

3rd "Shenzhen Top 100 Brand Enterprises"

Shenzhen Quality Promotion Association

2024 Guangdong Provincial Manufacturing Single Champion Enterprise

Guangdong Provincial Department of Industry and Information Technology

2024 Shenzhen Top 100 Industry Leader Enterprises

Shenzhen Industry Leader
Shenzhen Enterprise High-Quality Development Promotion Association,
Shenzhen Economic Daily

China's Top 50 Listed Companies with New Productivity

Securities Times

Securities Times

CLS

2024 New Generation IT TOP100
Beijing Association for the Promotion of Asia-Pacific Economic Cooperation, China Industrial Cooperation Association

2024 Guangdong Top 500 Enterprises

Guangdong Federation of Enterprises & Entrepreneurs Association

2024 Shenzhen Top 500 Enterprises

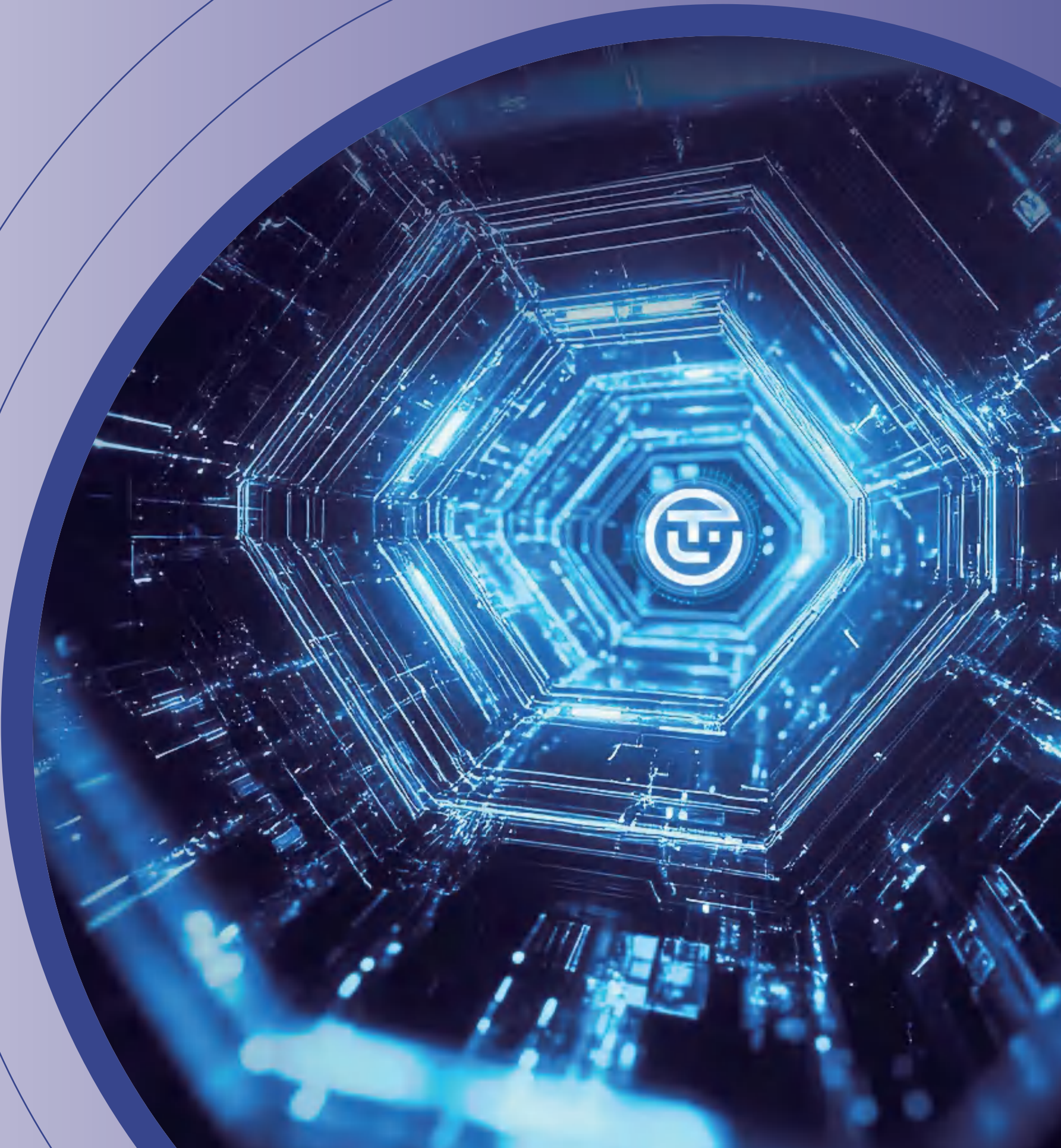
Shenzhen Enterprise Confederation & Entrepreneurs Association

2024 Guangdong Top 500 Manufacturing Enterprises

Guangdong Manufacturing Association,
Guangdong Development and Reform Institute, Institute of Industrial Economics,
Jinan University

01

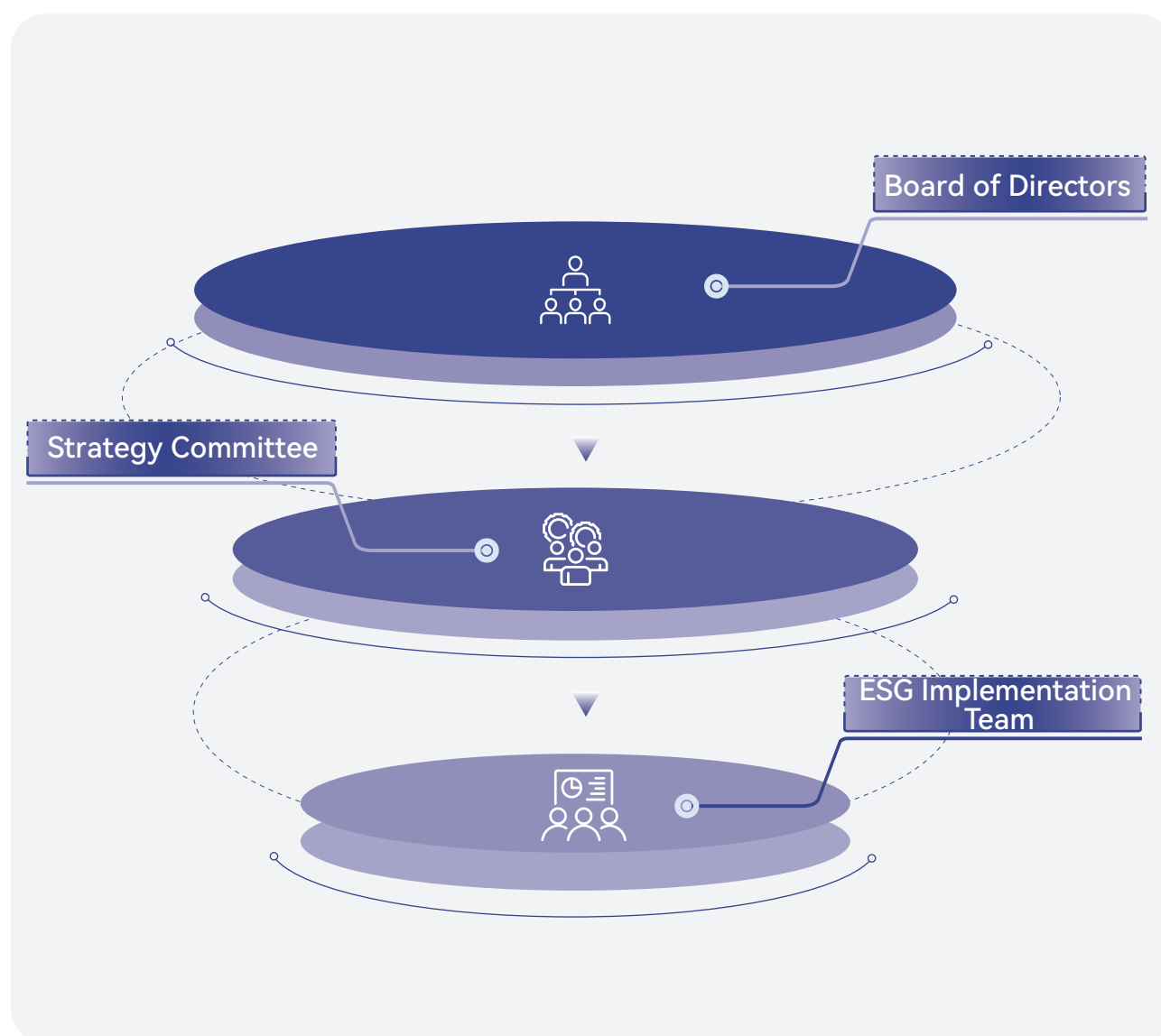
Sustainable Development (ESG) Management



ESG Governance Structure

As a leading enterprise in the power supply industry, Honor Electronic actively supports the *UN 2030 Agenda for Sustainable Development*. The Company integrates environmental and social and governance (ESG) into all aspects of its operations to ensure effective implementation of sustainability practices.

In 2024, Honor Electronic further enhanced its ESG management structure by assigning the Strategy Committee to discuss and propose long-term development strategies, major investment decisions and ESG policies; review ESG trends related issues of business development and assess risks and opportunities; and supervise the implementation and progress of ESG initiatives, thereby strengthening the Company's ESG governance structure and effectiveness.



Honor Electronic ESG Governance Structure

Board of Directors

- Take responsibility for ESG affairs
- Responsible for Board statements and release of sustainability report
- Responsible for formulating ESG strategies and goal setting
- Review of recommendations of Strategy Committee on ESG risk performance improvement, identification, measures, policies, etc.

Strategy Committee

- Lead ESG-related affairs on behalf of the Board of Directors
- Organization of professional committees to formulate, implement, review and continuously improve ESG-related goals and plans
- Deliberation, implementation oversight, and target progress review of material ESG matters
- Review sustainability reports and proposal of disclosure recommendations
- Formulate and review targets, strategies, risk identification, measures, policies and material issues of climate risk
- Analysing laws and regulations related to sustainable development and ESG

ESG Implementation Team

- ESG work plan and resource allocation
- Review and discuss ESG material issue
- Prepare for sustainability reports
- Supervise the progress of ESG tasks
- Organization of ESG management and system development

Related Departments

- Implement specific ESG tasks and report to team
- Communicate with stakeholders
- Review ESG task implementation and progress of subsidiaries
- Review and make suggestion to specific ESG implementation

Materiality Assessment

Dual Materiality Assessment is the core part of sustainability reports, long-term ESG strategic goal setting and stakeholder engagement mechanisms of Honor Electronic. The Company's issue refers to MSCI, CSI, Wind and other ESG rating service, and the *Self-Regulatory Guidelines No. 17 for Listed Companies on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*, *Self-Regulatory Guidelines No. 3 for ChiNext Listed Companies on Shenzhen Stock Exchange - Sustainability Report Preparation*, the *United Nations Sustainable Development Goals (SDGs)*, issues and other sustainability-related standards in GRI 2021. Complied with regulations and laws in its operational regions and referring to the issue lists of peer companies, the Company identifies and classifies its general and industry-specific issues.

Company Value Chain Analysis:

Honor Electronic conducts regular materiality assessments to identify and evaluate ESG-related risks and opportunities. The Company conducts background analysis on industry-specific development, technology trends and trend of low-carbon emission in order to assess the risk and impact towards income and production costs. The Company conducts a survey among a wide range of stakeholders, including shareholders, investors, customers, governments and regulators, employees, suppliers and partners.

Material Issues List:

We establish a list of 28 ESG issues with reference to international and domestic sustainability standards, including: **12 environmental issues; 11 social issues; 5 sustainability governance issues.**

Materiality Assessment and Confirmation:

- For impact materiality,** apply the FMEA (Failure Mode and Effects Analysis) model, quantifying impact significance from scale, scope, irremediability and likelihood dimensions, and calculates Risk Priority Numbers (RPN) via multiplication.
- For financial materiality,** apply weight grade method on financial impacts, based on the time horizon, including short-term, medium-term and long-term, to obtain a score of financial materiality.

Issue Reporting:

According to the result of the materiality matrix based on the materiality assessment, the Company defines major impacts, which are the high-score issues and presented as main focuses of the sustainability report.

The Company prioritizes and allocates more resources on critical ESG issues, to ensure its sustainable development.

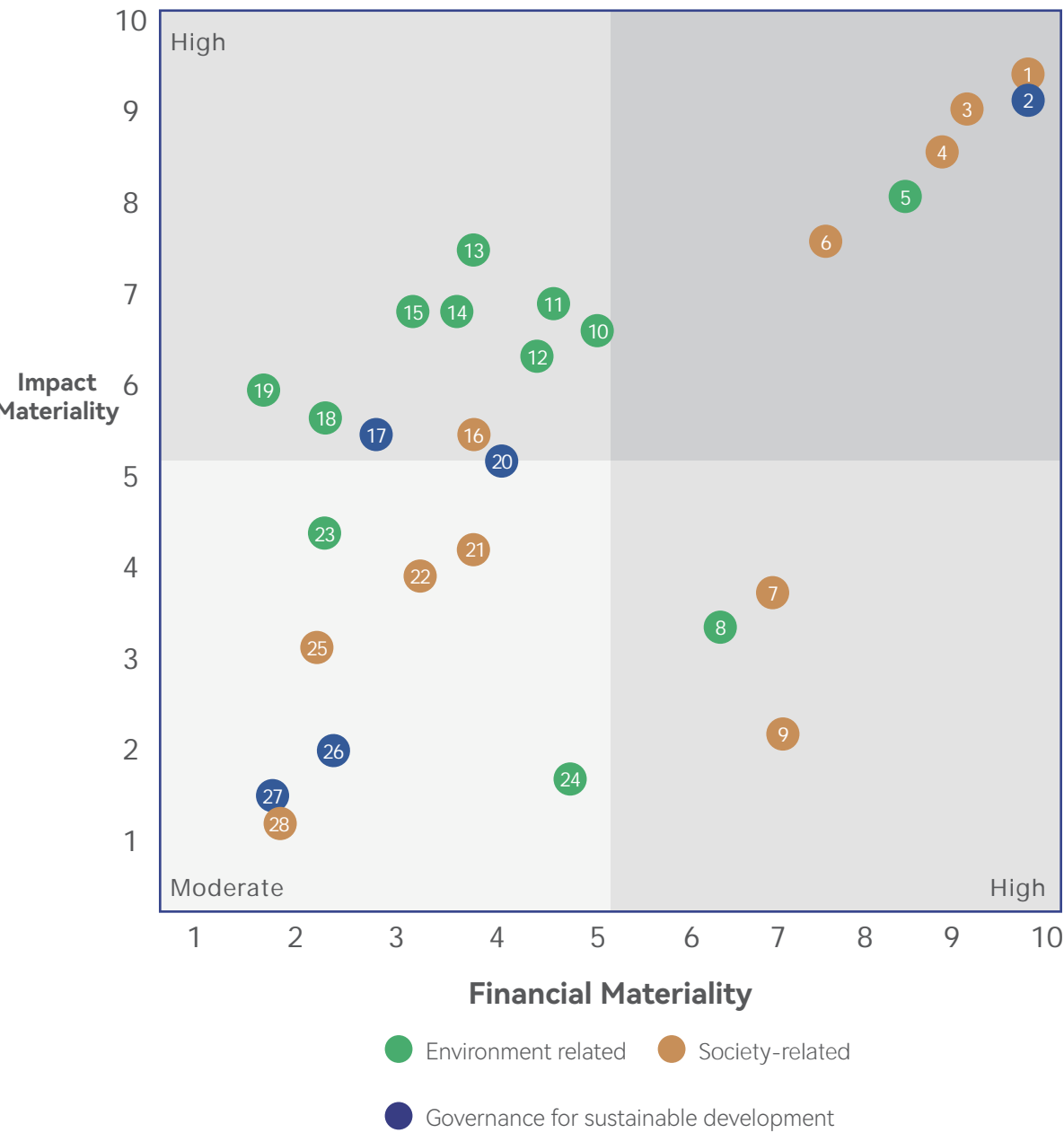
Communication With Stakeholders

Following the AA1000 SES stakeholder engagement mechanism, Honor Electronic identifies shareholders / investors, customers, suppliers, employees, government / regulators, communities and media as key stakeholders.

Stakeholder	Channels	Material Concerns	Response
Shareholders/ Investors	General meetings of shareholders Investor relations website Earnings calls Analyst meetings (Roadshows) & Non-deal roadshow	Corporate governance Announcement Product and service quality Innovation-driven development Climate strategy	Improvement of corporate governance Regular disclosure of business and financial information Enhancement of all-round control in quality Continual investment in R&D Carbon neutrality actions
Customers	Emails Conference calls On-site visits Customer Satisfaction survey Annual reports	Product and service quality Data and privacy security Use of green materials Climate strategy Intellectual property protection	Enhancement in data security Enhancement in circular economy Strengthening intellectual property management
Suppliers	Emails Conference calls On-site visits Supplier conferences Instant messaging	Energy consumption Product and service quality Supply chain safety Innovation-driven development Use of green materials	Improvement in energy conservation
Employees	Internal emails Employee conferences Performance evaluation Instant messengers Annual Reports	Employees Occupational health & safety Career development Contribution to society Integrity and anti-corruption	Enhancement in protection of employee's interests and rights Organizing training of health and safety Promotion and development of transparency mechanisms Public service activity engagement Strict compliance with anti-corruption
Government /Regulators	Meetings and exchanges Policy communication Information submission and filing Routine inspection	Environmental compliance management Data and privacy security Climate strategy	Strict environmental compliance management
Communities & Media	Community events & activities Environmental reports Social media interactions Emails Meetings	Pollutant and waste management Climate strategy Water resource utilization Waste disposal Biodiversity conservation	Reducing emission, pollutants and wastes Enhancement in water utilization Participating in circular economy Support biodiversity conservation

Materiality Issues Matrix

In 2024, Honor Electronic continued identifying sustainability issues and assessing / screening their materiality. This report discloses and responds to the implementation and practices of the 28 identified issues. Core issues include innovation-driven development, corporate governance, product / service safety and quality, supply chain security, energy utilization and intellectual property protection.



Material Issues	List	Issues	Field
1: Core Issues	1	Innovation-driven development	Society-related
	2	Corporate governance	Governance for sustainable development
	3	Product / service safety and quality	Society-related
	4	Supply chain security	Society-related
	5	Energy utilization	Environment related
	6	Intellectual property protection	Society-related
2: Financially Material Issues	7	Employees	Society-related
	8	Hazardous substance management	Environment related
	9	Data privacy protection	Society-related
3: Impact Material Issues	10	Use of green materials	Environment related
	11	Climate strategy	Environment related
	12	Water resource utilization	Environment related
	13	Environmental compliance management	Environment related
	14	Waste disposal	Environment related
	15	Green products and design	Environment related
	16	Ethical principles to technological activities	Society-related
	17	Due diligence	Governance for sustainable development
	18	Circular economy	Environment related
	19	Opportunities of clean technology	Environment related
	20	Communication with stakeholders	Governance for sustainable development
	21	Equal treatment of SMEs	Society-related
	22	Industry collaboration & shared growth	Society-related
	23	Noise monitoring	Environment related
	24	Ecosystem and biodiversity conservation	Environment related
	25	Rural revitalization	Society-related
	26	Anti-commercial bribery and anti-corruption	Governance for sustainable development
	27	Anti-unfair competition	Governance for sustainable development
	28	Social contribution	Society-related
4: General Issues			

02

Corporate Governance & Stable Operation

The Company is deeply rooted in the switching power supply industry - an important part of the power supply industry. The power supply industry, mainly relying on power electronic technology, is a multidisciplinary industry that includes power semiconductor, frequency conversion technology, electromagnetic technology, microcomputer and automation. Seeing the surging demand for electrical power because of the proliferation of devices, the Company leverages proactive management, strengthens its environmental, social and governance (ESG) management framework by leveraging proactive governance enhancements, enhancing the sustainable raw material procurement and usage, employee relations and corporate governance for further comprehensive benefit. Furthermore, the Company built up a sound risk management system to address risks related to rapid technology development of power electronics, fluctuating raw material costs, and established compliance and governance mechanisms to ensure day-to-day operations comply with laws and regulations, which results in its high quality and sustainable development.

2024 Key Performance Indicators

- In 2024, the Company convened 3 General Meetings of Shareholders, 7 Board of Directors Meetings and 6 Supervisory Board Meetings.
- In 2024, the proportion of female directors is 22.2%, independent directors is 33.3%, independent directors on the Audit Committee is 66.7%; and the proportion of independent directors on the Remuneration and Appraisal Committee is 66.7%.
- In 2024, the Company met with more than 100 investors and received 8 sell-side analysts' coverage with 20 reports, which all maintain an overweight rating.

Aligning with Sustainable Development Goals



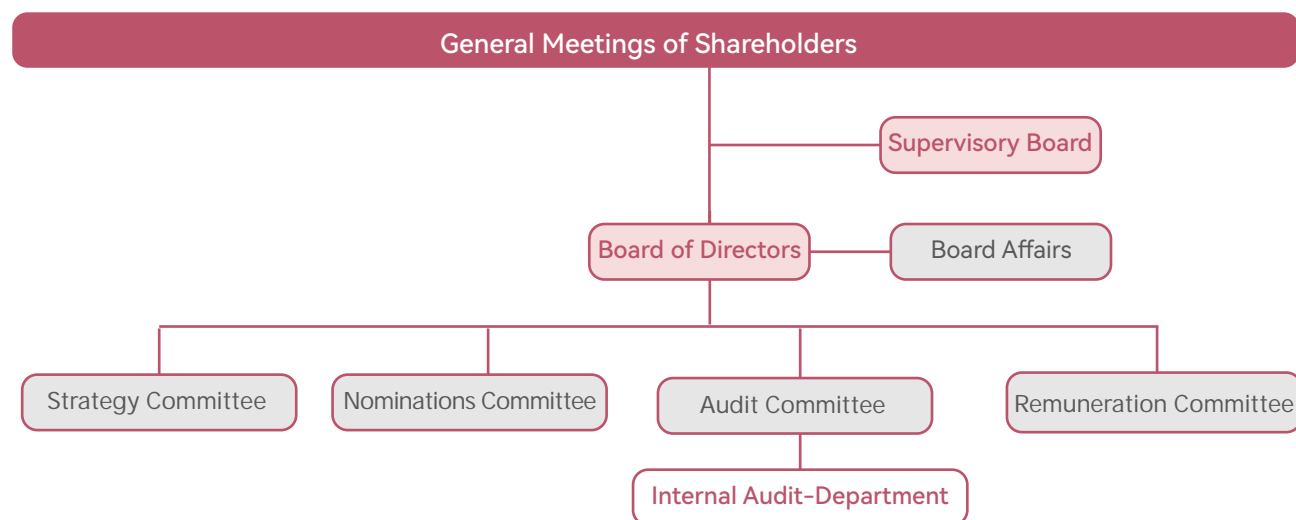
Corporate Governance Structure

The Board of Directors of Honor Electronic takes the legitimate rights of the Company and all shareholders into account, proactively participates in matters related to duties of directors, and continuously enhances corporate governance capabilities. It strengthens independence and diversity of the Board of Directors, actively engages with investors, participates in investor relations management, and enhances information disclosure.

Governance Structure

Strictly adhering to laws and regulations, such as the *Company Law*, *Securities Law of the People's Republic of China*, *Corporate Governance Code for Listed Companies* and the *Shenzhen Stock Exchange Listing Rules in mainland China*, Honor Electronic continuously explores best practices in modern corporate governance, integrating environmental, social and governance(ESG) principles into all aspects of governance to enhance the value-creation of sustainable development.

The Board committees include Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee. All Board Committee meetings comply with corporate governance and internal control, fully protecting shareholder rights and ensuring the operation and development of the Company.



Duty Fulfillment Performance & Implementation

In 2024, Honor Electronic established and improved its internal control system in strict compliance with the Company Law of the People's Republic of China and Corporate Governance Code for Listed Companies in China, further enhancing business operations and corporate governance. In 2024, all directors fulfilled their duties with a 100% attendance rate at Board of Directors Meetings.

Key Performance Indicators

In 2024, the Company convened **3** General Meetings of Shareholders, **7** Board of Directors Meetings and **6** Supervisory Board Meetings.

Diversity and Independence

The Company maintains a 9 Board members, reflecting its long-standing commitment to enhancing board diversity. As at 31 December 2024, there are 9 directors, including 3 independent directors and 2 female directors. The Board consists of members with professional backgrounds and experience in the related industry and financial management; all above support the Board for effective decision-making and sustainable development of the Company. The resumes of Board members are presented in the *2024 Annual Report*.

The independent directors are professionals in accounting, legal and compliance, and technology. They all meet the criteria of the *Administrative Measures for Independent Directors of Listed Companies* and the *Shenzhen Stock Exchange Self-Regulatory Guidelines NO.1 Standardized Operations of Main Board Listed Companies*, including independent directors cannot hold any position in the Company and have no material interest with or receive additional / undisclosed benefit from the Company and its holding shareholders, including absence of executive or non-executive roles beyond their independent directorship within the organization; no material relationships with the Company or its controlling shareholder that could impair objective judgment, as well as certification of no undisclosed supplementary benefits received from the Company, its controlling shareholder or affiliated entities. To ensure board independence and effectiveness, the proportion of independent directors in the Remuneration Committee, Audit Committee and Nomination Committee exceeds 50%.

Key Performance Indicators

Independent directors: **33.3%** Female directors: **22.2%**
Independent directors of Audit Committee: **66.7%** Independent directors of Remuneration and Appraisal Committee: **66.7%**

Remuneration Management with Sustainability

The Remuneration Committee reformulates and reviews remuneration policy and package of directors and senior management in accordance with the Board's long-term strategy and business development, and compares compensations and benefits with peer companies within the industry. The Committee makes recommendations on the performance assessment of directors and senior management. Furthermore, to ensure the independence of the remuneration system, the Committee reviews the implementation of policy.

Investor Protection and Avoidance of Conflict of Merest

The Company undertakes its dividend policy in accordance with its memorandum and articles of association. The dividend policy and declaration are subject to the Board's review and determinations.

A stable dividend policy, target payout ratio and the reviewing and declaration ensure the best interest of the shareholders.

The Company maintains an avoidance of conflict of interest policy to protect shareholders' and investors' rights. The Board reviews, approves and discloses related party transactions to ensure the fairness, justice and transparency.

Information Disclosure and Investor Engagement

Honor Electronic strictly adheres to laws and regulations for information disclosure, fulfills its disclosure obligations, and maintains the *Investor Relations Management System* to protect the benefits and interests of stakeholders, particularly minority shareholders. During this reporting period, except maintaining high-quality information disclosure, the Company delivered and shared more information to investors, including corporate strategy, governance framework, green operations, employee welfare and supply chain management.

In 2024, the Company published its 2023 Annual Report, 2024 First Quarter Report, Interim Report and Third Quarter Report, releasing 143 announcements. Within 2024, the Company held one online earnings conference for 2023 annual results and disclosed 11 Investor Relations Activity Reports, which includes investor conference, non-deal roadshows, small group one-on-one meetings and analyst briefing. The Company also held earning calls on the release of 2023 AR, 2024 Interim, 2024 3Q and 2024 Profit Alert. The Company responded to 150 questions via the SZSE on-line investors platform: irm.cninfo.com.cn, and received over 100 investor hotline calls. During the reporting period, the Company received 8 analyst coverages and 20 reports of recommendation, all of above maintained rate of "Overweight".

Key Performance Indicators

In 2024, met with more than 100 investors and received **8** sell-side analysts' coverage with **20** reports, which all maintain an overweight rating.

Cases

Honor Electronic Investor Conferences



Business Ethics & Anti-Corruption

Honor Electronic implements a 'zero-tolerance' policy on corruption, continuously enhancing its anti-corruption compliance management mechanism.

Business Ethics Governance

Honor Electronic strictly complies with China's anti-corruption laws, the *United Nations Convention against Corruption*, and committed to related politics and commitments of its business partners. The Company implements a zero-tolerance policy against corruption, bribery, fraud and money laundering, which is applicable to all personnel (including contract and temporary employees). The policy also applies to suppliers, contractors and service providers. The Company strictly complies with above policy when holding business activities in mainland China and overseas countries.

The Honor Electronic Board leads anti-corruption efforts, while the Sustainability Management Team organizes and coordinates related initiatives, collaborates with professional institutions to strengthen training, and ensures implementation of all departments on anti-corruption measures in compliance with laws and regulations.

Anti-Corruption Training

Honor Electronic views anti-corruption training as critical to enhance employee awareness and understanding. In 2024, the Company invited a third-party consultant to provide training program of ethics and integrity for new employees; the training includes case studies and industry policies. To mitigate risks, new employees are required to sign *Anti-Bribery Agreements* to ensure understanding of bribery risks and compliance. Employees are required to avoid bribery embezzlement, or conflicts against the Company's interests.

Antitrust and Anti-unfair Competition

The Company supports fair competition and prioritizes antitrust and anti-unfair competition efforts, and provides senior management teams training on relevant laws and guidelines, ensuring adherence to anti-unfair competition rules.

In 2024, the Company reported no legal proceedings related to unfair competition, antitrust violations, fraud or corruption.

Whistleblower Protection

The Company has established the *Anti-Fraud Policy*, with the Internal Audit Department responsible for dedicated fraud reporting hotlines and email to serve as channels for reporting fraud cases. Employees and external parties, which are direct or indirect connections to the Company can report misconduct or actual or suspected fraud cases through the hotline and email.

Hotline

86 755 3385 7166-8308

Email

audit@honor-cn.com

The Company provides comprehensive protection for whistleblowers, including keep strictly confidential their identities, and explicitly prohibits any form of retaliation against whistleblowers, their relatives, or associated individuals. Any retaliation against whistleblowers faces legal and financial consequences in compliance with laws and regulations. Impartial individuals and parties, who are in actual or potential conflict of interests, are recused in investigation or lawsuits.

Compliance Management & Risk Management

Honor Electronic integrates compliance management into all aspects of business operations to empower business development. The company keeps optimizing its compliance management system in compliance with laws, regulations, industry and company policies.

Compliance Governance System

To set up rigorous internal control system and protect investor' rights, the Company has established a compliance management system including corporate governance, sales cycles, employee relations and other areas, in accordance with the *Supervision Law of the People's Republic of China, Auditing Law of the People's Republic of China and Provisions on Internal Audit Work* issued by the National Audit Office.

The Company continuously enhancing the function of the Audit Committee of the Board and the Internal Audit Department, strengthening the oversight, supervision and inspection authorized by the Board. The Internal Audit Department conducts comprehensive inspection of internal control, enhancing the effectiveness of internal audit in scope and depth. Clarifying internal control responsibilities for key positions and enhancing the internal control awareness of the Board through training and activities; all ensure a consensus of the significance of the internal control in improving corporate governance, risk prevention and high-quality development of the Company.

In 2024, the Company enhanced its business compliance reviewing and supervision mechanisms through the development and continuous improvement of corporate governance, including the *Contract Management Policy and Signature*, ensuring full coverage across all processes of daily operation.

Risk Control

The Company has established a cross-departmental risk governance structure led by the Board of Directors based on the operation and business development. The Board, internal departments and the consulting institutes identify, evaluate and analyze the business related risk based on the industry development.

Risk Category		Description	Measures
Market Risks	Market Demands Fluctuation	Rapid change in market demands and business models result in niche and customizing products. If products and solutions are lack of competitiveness, which result in market demand risk.	Keep up with global technology trend and conduct market research to provide innovative products and solutions for customers. Keep up with the market trend, promptly provide feedbacks and measures.
	Supply Chain Disruption	Risks of business disruption due to natural disasters, accidents, system failures, or supply chain interruptions	Strengthen stability supply chain management and compliance of through transparency and digitalization in the overall supply chain. Strengthen supply chain by multi production bases and warehouses.
Supply Chain Risks	Supply Chain ESG Risk	ESG issues in the supply chain, including environmental, ethical, labor rights, health and safety concerns, may impact production cycle stability, product compliance and safety.	Suppliers are strictly required to comply with the Company's policy.

Risk Category		Description	Measures
Legal and Compliance Risks	Compliance Risks	Risk of illegal business practices or operations result in legal liabilities, regulatory penalties, financial losses and brand damage.	Establish sound risk management system, which covers rule, process and implement, to prevent potential risk of compliance management, enhance risk response and effectively mitigate risk.
	Quality Risks	Product quality risk due to deficiency in manufacturing and design.	Create a robust quality management system and guidelines that ensure product quality during each stage.
Operational Risks	Work Safety Risks	Risks of fire, explosion, or other accidents during the use or storage of raw materials.	Carry out and propose rectification measures for potential hazards. Equip facilities for prevent fire hazard and establish online training platform of work safety.
	Environmental Pollution Risks	Risks of disrupting neighborhoods and communities due to pollution from raw materials, noise, wastewater and waste gas.	Proper storage of raw materials and effective control of pollutants and emissions in compliance with laws and regulations.

Fulfilling Tax Obligations

Honor Electronic strictly complies with the Enterprise Income Tax Law of the People's Republic of China and Tax Collection and Administration Law of the People's Republic of China. The Board is responsible for reviewing and approval of tax affairs of the Company. Clear separation for tax-related duties, strengthen tax declaration review process, tax-related document management and risk control are measurements to effectively mitigate risks and ensure sustainable development of the Company. The Company actively communicated with tax authorities in 2024 to analysis updates and change of tax policy and improve the tax compliance system.

Date Privacy Protection

Honor Electronic places particular emphasis on data privacy, building a robust internal information security management system while continuously enhancing its IT to uphold security standards.

The Company maintains strict adherence to laws and regulations such as the *Cybersecurity Law of the People's Republic of China, Electronic Signature Law of the People's Republic of China and Regulations of the People's Republic of China on Security Protection of Computer Information Systems*. Internally, the Company has established a comprehensive information security management system anchored by policies includes the *Information Network Management Regulations, Information and Computer Management Regulations, Information System Operation Management Measures, and Information Security Organization Development Guidelines*. Lead by project managers, the data privacy protection structure ensures the information of employees, customers, suppliers and etc., are collected and used in lawful and regulated manner, and prevents any breach of users' privacy. Furthermore, the Company established a regular inspection and reporting system to better protect data privacy.

To mitigate potential system failures and protect information, the Company has established a comprehensive security incident response system, supported by the internal policies, such as the *Information Security Risk Assessment Management Procedure, Information Security Risk Assessment Control Guidelines and Incident and Weakness Management Procedure* to proactively address information security incidents.

03

Climate Action & Green Development

The Company proactively implements climate governance and environmental stewardship through the following measures: continuous adoption of energy-saving equipment in production processes, reducing annual energy consumption; optimization of facility layouts to enhance space utilization and minimize waste generation. Our product development philosophy upholds eco-efficient design principles of miniaturization & lightweighting and green manufacturing integration, to minimize environmental impacts across the value chain. Employees are encouraged to adopt eco-friendly workplace practices, fostering a multi-dimensional environment friendly enterprise for sustainable development.

2024 Key Performance Indicators

- In 2024, the Company established a comprehensive climate risk and opportunity identification system aligned with the Task Force on Climate-related Financial Disclosures (TCFD).
- In 2024, the expenditure of environmental protection reached RMB 19.7403 million. All primary production bases achieved ISO 14001:2015 Certification.
- In 2024, we achieved progress circular economy in promoting through the recovery and recycling of 816.49 metric tons of waste materials.
- In 2024, our domestic operations generated: Scope 1 emissions: 116.51 metric tons CO₂e, Scope 2 emissions: 19,675.75 metric tons CO₂e.

Aligning with Sustainable Development Goals



Climate Strategy

Honor Electronic recognizes the operational impacts of climate change and disclosed information in alignment with the TCFD recommendations. The Strategy Committee of the Board oversees the disclosure of financial information, the formulation of the system, methodology of analysis of the climate in accordance with TCFD framework.

Climate Risk Governance Framework

Honor Electronic proactively aligns its operations with the 1.5°C global warming trajectory outlined in the *Paris Agreement* and China's *Action Plan for Carbon Peaking Before 2030* issued by the council of China, embedding climate risk governance into its existing ESG governance infrastructure. In 2024, the guidance of the Board a three-tier governance structure was established: the Strategy Committee is responsible for overseeing, the ESG management team is responsible for leading and coordinating, and the related departments are responsible for implementation.

Climate-Related Risk and Opportunity Management

Honor Electronic has developed an identification framework for climate-related risks and opportunities in accordance with the *TCFD's Final Recommendations Report*, systematically defining time dimensions (short / medium / long-term) for material impacts arising from these exposures. "Short-term" refers to within 1 year (inclusive) after the end of the current reporting period; "Medium-term" spans 1 to 5 years (inclusive) post-reporting; "Long-term" exceeds 5 years post-reporting.

The Company analyzes potential impacts on business models, operations, strategies, financials, management results, cash flow, corporate financing and costs. It evaluates the likelihood, magnitude and pathways of these impacts to prioritize risks / opportunities and assess alignment of strategies / business models with climate change. Transformation plans and measures are proposed accordingly.

Climate-Related Risk Categories		Risk		Financial Implications of Climate Risks	Countermeasures	Reporting Period
Transition Risks	Compliance Risk	ESG Disclosure	The evolving landscape of corporate sustainability indicates higher standards for information disclosure or ESG. Compliance risk due to late report may result in legal liability.	Expense increase, non-operating expenditure increase	The Company periodically discloses environmental information in compliance with statutory and regulatory requirements and formulates / publishes sustainability reports.	Medium - Term
	Technology Risks	Low-Carbon Technology Transition	In compliance with China's dual carbon policy, enterprises are mandated to execute low-carbon transition strategies.	Cost Increase	The Company's core product portfolio is strategically aligned with global green and low-carbon development trends.	Long - Term
		New Technology Investment Risks	The dual carbon policy accelerates industry growth, investment of the Company in R&D is required to maintain market competitiveness.	Cost Increase	The Company leverages its R&D infrastructure, expertise, and financial resources to drive innovation.	Long - Term

Climate-Related Risk Categories		Risk		Financial Implications of Climate Risks	Countermeasures	Reporting Period
Transition Risks	Market Risks	Raw Material Supply Challenges or Cost Increases	The Company's major raw material suppliers are anticipated to fulfill increasingly stringent energy conservation and emission reduction obligations with the evolving expectations of sustainability.	Cost Increase	The Company is proactively fostering a sustainable supply chain by enhancing supplier selection criteria aligned with energy-efficient and low-carbon material sourcing, thereby intensifying supply chain stability.	Medium - Term
Physical Risks	Short-term	Typhoons and Floods	The Company's headquarters locate in a region prone to have typhoon and flood risks, with climate change exacerbating both the probability and potential economic impacts of natural disaster exposures.	Operating Costs, Cost Increases	Implement typhoon and flood prevention emergency protocols.	Medium - Term
	Long-term	Rising Average Temperatures	Elevated temperatures may cause production equipment overheating or employee health issues, reducing efficiency and increasing costs.	Cost Increase	Provide high-temperature allowances for employees and upgrade cooling systems in workplace.	Long - Term
		Sea-Level Rise	The Company's low-lying coastal location exposes it to exacerbated flood risks associated with sea-level rise.	Operating Costs, Cost Increases	Develop specialized flood prevention emergency plans.	Long - Term

Climate-Related Opportunity Categories		Opportunity Description	Financial Implications of Climate Risks	Countermeasures	Reporting Period
Resource Efficiency	Enhancing Resource Utilization Efficiency	The Company achieves cost efficiency improvements through operational optimization, low-carbon technology adoption and energy-efficient equipment upgrades.	Cost Reductions	The Company places a high priority on energy conservation, advancing green transformations in core operations, promoting eco-friendly workplace, and reducing resource consumption across production and administrative activities.	Short - Term
Products and Services	Green Products and Services	Dual carbon policy celerates the low-carbon transformation of the industry. The Company has introduced products that are more aligned with the dual carbon policy through innovation.	Revenue Growth	The Company develops and deploys energy-saving technologies to reduce product / service carbon footprints, enhancing customer appeal.	Medium - Term
Markets	International Markets	The Company's proactive implementation of sustainability strategies to strengthens its reputation.	Revenue Growth	As part of its strategic expansion into overseas markets, the Company proactively enhances product technology innovation and management systems, adopting energy-saving and carbon-reduction to ensure compliance with international environmental regulations.	Short - Term
Resilience	Enterprise Resilience	The Company's adaptive capacity to climate change enhances risk management and opportunity utilization.	Revenue Growth, Cost Reductions	The Company has established a robust climate risk and opportunity management framework to conduct proactive identification and assessment of potential risks / opportunities, evaluate the magnitude of impacts, and formulate targeted mitigation and adaptation solutions	Short - Term

Indicators and Goals

At the climate change indicators level, given that the Company's business does not involve major greenhouse gas-emitting infrastructure, the primary source of Scope 1 emissions stems from combustion activities related to transportation vehicles. Consequently, the scale of gasoline, diesel and similar fuel consumption exhibits direct correlation with the Company's Scope 1 carbon footprint. We actively track and report the consumption of these fuels.

In terms of indirect carbon emissions management, the Company primarily relies on electricity to support production, office operation and a portion of electronic vehicle. Consequently, we implement systematic monitoring and quantification protocols for electricity and heat consumption to maintain transparency regarding Scope 2 greenhouse gas emissions.

Key Performance Indicators

Scope 1 GHG emissions (domestic):
116.51 tons CO₂e

Scope 2 GHG emissions (domestic):
19,675.75 tons CO₂e

Environmental Management System

The Company adheres to an environmental policy "regulatory compliance, pollution prevention, design and manufacture of energy-efficient and eco-friendly products, continuous improvement and harmonious coexistence with the environment."

Cases

In 2024, the expenditure of environmental protection reached RMB 19.7403 million.
All primary production bases achieved ISO 14001:2015 Certification.



Cases

The Company's major production sites are certified under QC 080000:2017 (Hazardous Substance Process Management System).



Management Structure

Honor Electronic has developed the *Quality / Environmental Management Manual* and supporting policies to formulate environmental management processes, delineate hierarchical responsibilities and accountabilities, specialists, scopes of responsibility and performance evaluation criteria for all relevant roles.

Environment Risk Management and Protection Training

The Company conducts periodic trainings of Environmental Safety and Hazard Identification Industry Standards and case studies, and organizes irregular environment pollution emergency drills. These initiatives serve to enhance overall safety awareness, emergency response protocols, strengthen coordinations among teams and elevate the capability of the Company facing environment pollution emergency response.

Activities Covered	Environmental Aspects	Environmental Impacts	Control Measures
Production Activities	Wastewater Discharge	Soil and Water Pollution	The Company implements controls in strict accordance with the <i>Water, Air and Noise Control Procedures, Environmental Monitoring and Measurement Control Procedures and Hazardous Chemicals Control Procedures</i> , ensuring compliance with statutory and regulatory requirements through systematic environmental monitoring of wastewater discharge.
	Air Pollution Emissions	Atmospheric Pollution	The Company implements controls in strict accordance with the <i>Water, Air and Noise Control Procedures, Environmental Monitoring and Measurement Control Procedures and Hazardous Chemicals Control Procedures</i> , utilizing advanced dust collection systems for particulate matter control. Compliance with statutory discharge standards is rigorously maintained through structured environmental monitoring of particulate emissions.
	Solid Waste Disposal	Soil and Water Pollution	The Company implements controls in strict accordance with the <i>Waste Recycling and Disposal Control Procedures, Pollutant Discharge Control Procedures and Hazardous Chemicals Control Procedures</i> . Solid waste and hazardous waste are disposed separately by the authorized third party by National Environment Protection Bureau. The EHS Department centrally coordinates disposal operations through qualified third-party contractors licensed under national environmental regulations.

The Company strengthens environmental risk management through regular environmental protection education and training programs accompanied with scenario-based emergency drills, fostering proactive environment and occupational safety awareness across all employees. In 2024, the Company reported no major environmental incidents.

Waste Management

Honor Electronic strictly complies to laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, *Air Pollution Prevention and Control Law of the People's Republic of China*, and *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, as well as national and industry standards like the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008) and *Standard for Pollution Control on Storage and Landfill of General Industrial Solid Waste* (GB 18599-2020). The Company has implemented rigorous pollutant control system and related policy, such as the Chemical Pollution Control Procedure and Pollutant Discharge Control Procedure, to guide the management of wastewater, emissions, noise and solid waste from daily operations, ensuring compliant discharge of wastewater and emissions, effective noise control and proper solid waste disposal.

Wastewater Management

For wastewater discharge management, Honor Electronic established the *Water, Air and Noise Pollution Control Procedure* at the corporate level to ensure wastewater discharge. Production bases implements specific equipments, process optimization protocols and infrastructures aligned with local environmental governance, thereby reducing wastewater.

Internal Policy

Water, Air and Noise Pollutants Control Procedure

Monitoring

Primary pollutant: domestic wastewater

Disposal

During the reporting period, the Company installed oil water separators to ensure water utilized in compressed air systems underwent filtration processes, thereby preventing environmental contamination through operational discharge. Additionally, the Company implemented rainwater-sewage diversion infrastructure to segregate stormwater runoff from industrial wastewater streams, eliminating adverse impacts on neighboring employees and local communities.

Air Pollutant Management

For air pollutant management, the Company strictly adheres to applicable environmental regulations and has established the *Water, Air and Noise Pollutants Control* to ensure exhaust gas emissions are discharged per standard. Comprehensive governance of air pollutants generated throughout manufacturing processes ensures compliance with atmospheric emission standards.

Internal Policy

Water, Air and Noise Pollutant Control Procedure

Disposal

Exhaust gases are treated through carbon capture and storage before discharge.

Cases

Honor Electronic Wastewater Treatment Facility Optimization



Key Performance Indicator

In 2024, domestic wastewater discharge totaled **201,911.72** cubic meters.

Solid Waste Management

Solid waste generated during operations is disposed in strict compliance with relevant laws and regulations. During the reporting period, all general industrial solid waste and hazardous waste generated by the Company were entrusted to qualified third-party contractors for disposal, with comprehensive assessments on all processes, which result in neither generated nor potentially caused material impacts on environment. Domestic waste generated from daily operations was subjected to classified collection followed by centralized transfer and treatment / disposal protocols.

Internal Policy

Chemical Pollution Control Procedure, Pollutant Discharge Control Procedure, Waste Recycling and Disposal Control Procedure, Hazardous Chemicals Control Procedure

Monitoring

Recyclable general waste: non-hazardous waste that can be reprocessed into new materials through recycling .

Non-recyclable general waste: non-hazardous waste that cannot be feasibly recycled due to contamination or material composition.

Hazardous waste: waste with hazardous properties that poses risks to health or environment, and lacks viable recycling solutions.

Disposal

Non-Recyclable General Waste (excluding hazardous waste):

The Company's non-recyclable general waste is disposed as domestic refuse, transported daily to designated waste stations by waste management specialist.

Recyclable General Waste:

- A Waste management specialist shall categorize recyclable general waste materials, collect them at designated storage locations;
- B The Human Resources Department coordinates with the Purchasing Department for regular recycling.
- C Waste disposal is recorded in the *Waste Disposal Record*.

To optimize energy conservation and consumption reduction, systematic management of recyclable and reusable waste streams is necessary. The Company's recyclable general waste includes: used office paper, plastic scrap, ferrous / non-ferrous metal residues, copper wire offcuts, corrugated cardboard, end-of-life electronic components and solder dross.

Disposal Hazardous Waste:

The Human Resources Department coordinates regular disposal of hazardous waste with licensed hazardous waste treatment suppliers, who have mandatory "Hazardous Waste Operator Competency Evaluation" criteria and adhere to the Company's environmental governance.

Key Performance Indicator

In 2024, total non-hazardous waste generated was **853.94** tons.

Resource Utilization & Green Intelligent Operations



Honor Electronic strictly complies with the Energy Conservation Law of the People's Republic of China, as well as industry standards, such as ISO 50001, continuously optimizing its energy and material management. The Company prioritizes energy saving, consumption reduction and pollution prevention across all processes to promote clean production and low-carbon energy use. To support these efforts, Honor Electronic has established internal policies, including Energy Management Manual. The Dongguan production base has been audited and ISO 50001:2018 certified. In addition to advancing green operations, the Company has significantly increased investment in intelligent management systems and equipment upgrades. This application of smart technologies not only reduces costs and improves efficiency, but also drives a comprehensive upgrade of Honor Electronic's intelligent manufacturing capabilities. Notably, Shenzhen headquarters has achieved Level 3 certification in intelligent manufacturing capability maturity.



Intelligent Manufacturing Maturity Standard
Shanghai Development Software Technology

Water Resource Management

The Company sources water from the municipal supply with domestic sewage discharged into the city's sewer system. To strengthen water management, Honor Electronic has implemented the *Energy Management Manual*, which includes the following key practices: regular inspection and maintenance of water supply systems, fire water pipes, taps, heating pipes and other related facilities. Operators are required to follow strict procedures to conduct thorough inspections. Fire cisterns and other reservoirs are closely monitored to prevent overflow caused by overspill or malfunction of control valves, reducing unnecessary water waste. Regular inspection on time valves on washbasins, and prompt replacement or repairment of valves if found to be delayed, ensuring all water facilities operate efficiently and water resources are effectively used.

Key Performance Indicator

In 2024, water usage of the Company reached **223,246.05** tons.

Energy Saving, Consumption Reduction and Circular Economy

During the reporting period, the Company actively promoted energy conservation and efficiency improvements in our production operations, while introducing green energy solutions and recycling technologies. The Dongguan production base was the first to pass the Clean Production audit due to it equipped with a comprehensive clean production management system, integrating clean production practices into daily operations. To encourage employees' participation and ensure ongoing progress, the Company launched the *Clean Production Suggestions and Rewards Program*, which provides rewards for departments and individuals who demonstrate outstanding contributions to clean production efforts. In addition, the Company actively embrace low-carbon and green office initiatives to foster a more sustainable workplace environment.

Key Performance Indicator

In 2024, recovery and recycling of **816.49** metric tons of waste materials.

Electricity and Energy Conservation

- Gradually introduce photovoltaic power generation system to production bases which offsets the industrial electricity usage by solar energy.
- Lighting in workspace and dormitories should be used efficiently by controlling the amount and wattage of lights, installing sensors to avoid lights staying on, and turning lights off when rooms are unoccupied.
- Prefer purchase national certified energy-efficient equipment and environmental friendly electrical appliances.
- Encourage to upgrade electrical equipments with advanced technologies to replace high-energy-consuming equipments and machines.
- Switch office devices, such as computers, printers and copiers to low-power or sleep mode when idle, ensure they are shut down when not in use to reduce energy consumption, and switch off all equipments before leaving the workspace.
- Encourage to switch off air conditioners for one hour per day. Remain switch off during holidays.

Material Conservation and Green Operations

- Promote paperless office to cut down paper use.
- Support sustainable practices, used office devices efficiently. Make sure to separate post-consumer paper waste and pre-consumer recycled paper into the appropriate recycling bins.
- For maintenance materials, relevant departments should create budgets and usage plans based on material type to help manage and reduce overall consumption.
- Establishing a recycling-based replacement system for maintenance components to ensure recyclable parts are consistently recovered and processed through closed-loop material recovery systems.
- Official vehicles are managed under centralized fleet regulations, improving efficiency through trip consolidation and optimized routing.
- Departments should also focus on upgrading technology and optimizing production processes to reduce raw material usage.

Cases

Dongguan Production Base LED Lighting Upgrade

To save energy and protect the environment, the workplace and dormitories of Dongguan production base have been equipped with intelligent LED lighting systems. Traditional controls have been replaced with sound and light sensors that automatically control the lights. Under the previous system, lights provide from 6:00 PM to midnight, 360 days a year. With the new sound and light control system, lights only turn on when needed based on ambient light and noise levels, significantly reducing nighttime usage. It is estimated that this upgrade will save approximately 24,105.6 kWh of electricity annually.

Cases

Dongguan Production Base Air Compressor Waste Heat Recovery Project

In response to national energy conservation and emission reduction policies, the Company has implemented waste heat recovery systems to capture industrial high-temperature flue gas, waste hot water and steam. Specifically, the waste heat generated by air compressors during normal operation is recovered through a heat recovery system to heat water. This heated water is then used as living water in dormitories, promoting energy recycling. The system requires no additional electricity, gas, or fuel—hot water is continuously produced as long as the air compressors are running. Based on current conditions, the Company estimates annual energy savings of nearly RMB 300,000.

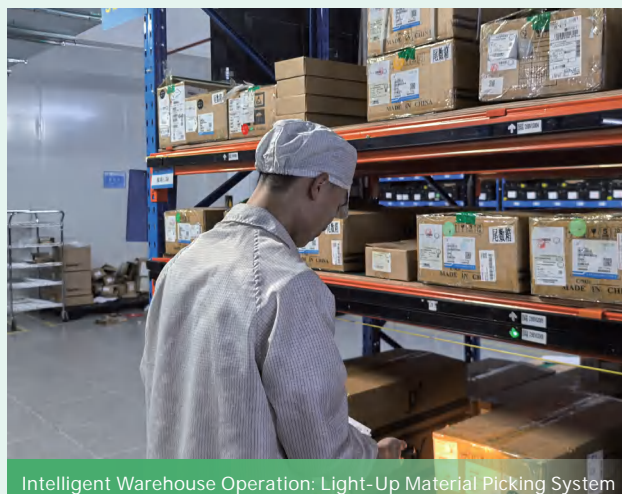
Intelligent Warehousing and Green Operations

In advancing intelligent warehousing, the Company's warehouse management leverages the MES system to enable real-time tracking of material storage locations and distribution center data, ensuring foolproof on-site management. For material handling and positioning, the MES system provides rapid material searches and batch-based traceability, significantly enhancing product management accuracy.

The Company is also continuously upgrading its ESD (Electrostatic Discharge) automatic early warning system, which promptly alerts specialists to poor ESD contact or disconnections. The system helps prevent ESD-related defects and improves production stability on the manufacturing front lines. Additionally, the Company has integrated its warehousing picking system with Internet of Things (IoT) identification technology. Using intelligent monitoring and RFID sensing equipment, warehouse workers scan the QR code on the material picking list, which activates LED lights at the corresponding storage locations. This system enables quick identification of materials, optimizes picking routes and boosts overall work efficiency.



Intelligent Warehouse Operation: ESD Automatic Warning System



Intelligent Warehouse Operation: Light-Up Material Picking System

The Company has implemented fully automated supervision and management of the warehouse environment through comprehensive digitalization and IoT technologies, which has enhanced the accuracy and stability of warehouse operations while reducing workforce and cost. The warehouse monitoring system provides continuous 24 / 7 electronic tracking of temperature and humidity. If these parameters exceed preset standards, the system sends an alert and email notifications to the relevant specialists, ensuring efficient and proactive management of material storage conditions.

Ecological and Environmental Protection and Biodiversity

Honor Electronic remains committed to understanding and minimizing the impact of its business activities on biodiversity. The Company understands that its efforts in water purification and landscaping positively impact on the local ecosystem. Accordingly, we adhere to laws, regulations and policies, such as the State Council General Office's *Opinions on Further Strengthening Biodiversity Protection*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, and the Groundwater Management Regulations to identify opportunities and assess environmental risks related to our operations.

Cases

Land Vegetation and Greening at the Production Bases



In future, the Company will continue to strengthen its commitment to protecting both terrestrial and aquatic ecosystems, while exploring opportunities to expand its green practices. We aim to harness the power of digital intelligence, driving innovation to unlock new potential in sustainable development and amplify the positive impact of our environmental efforts. At the same time, after a thorough internal review, we confirm that during the reporting period, none of the Company's operations have had any negative impact on biodiversity areas within or near nature reserves. Moreover, the Company has deliberately avoided establishing production bases near these sensitive areas and demonstrating our genuine commitment to ecological protection through responsible and practical action.

04

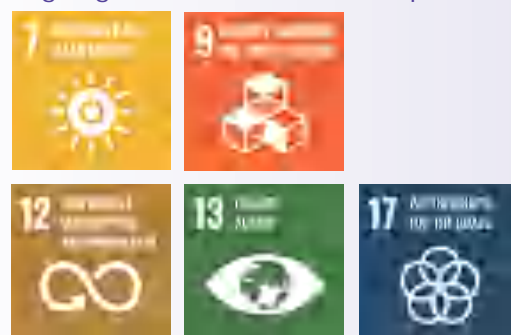
Innovation and Quality Management

Innovation and product quality are the cornerstones of the Company. We continuously drive innovation to accelerate product development, focusing on high power density, high conversion efficiency, green and intelligent solutions that align with industry trends. This approach enhances the competitiveness of our products in the market. In 2024, we encouraged high-quality research and development, keep investing in R&D and established a team of skillful engineers. At the same time, we maintained a rigorous quality management system, monitoring every stage from raw material selection to product testing. We also strengthened our customer service network to respond promptly to customer needs, fulfilling our commitments to both users and society.

2024 Key Performance Indicators

- Own to high-power server power products, Honor Electronic were honored as a "Guangdong Province Champion Manufacturing Enterprise" in 2024.
- As of 31 Dec 2024, the Company has 686 R&D engineers, accounting for 14.2% of total employees.
- The Company actively participates in the development of national power supply energy efficiency standards setting.
- The Company has accumulated a total of 22 invention patents, 152 utility model patents, 26 design patents and 86 software copyrights as of 31 Dec 2024.
- Customer inquiry and complaints response rate was 100%; customer satisfaction reaching 96%.

Aligning with Sustainable Development Goals



Technological Innovation

Innovation-driven Development

Honor Electronic is research and development driven company that places strong emphasis on understanding demands of end-markets and customers. We are dedicated to delivering customized products to meet the unique requirements of each customer. In 2024, we continued to ramp up our R&D investments, integrating technologies from multiple fields to drive comprehensive innovation and strengthen our development capabilities, and ultimately boosting the competitiveness of our products.

The Company has R&D centers in Shenzhen, Hangzhou and Shanghai, enabling closer collaboration with customers and enhancing the overall quality of our customer services. Additionally, as a comprehensive upgrade plan launched in early 2024, our laboratory achieved CNAS National Laboratory Accreditation in March 2025, demonstrating that its testing capabilities and management systems meet internationally standards. The laboratory has also achieved international certifications, such as ISO / IEC 17025, with testing services spanning six major sectors, including new energy vehicles, consumer electronics, network communications and security, data centers, industrial control and power batteries. These achievements have garnered strong recognition from world wide customers.

Cases

Company Laboratory

The Company's laboratory space is 2,700-square-meter, with a total investment over RMB 60 million. Equipped with nearly 200 pieces of advanced testing equipment, including radiation darkrooms (SAC-3) and highly accelerated life test (HALT) systems, the lab offers comprehensive testing solutions covering product electrical performance, electromagnetic compatibility, reliability verification and more. The professional team comprises over 80 skillful testing engineers and 10 quality management experts.

Furthermore, by implementing an automated testing system, the laboratory has achieved intelligent coverage of 80% on its key projects. This digital transformation has delivered significant progress, such as reducing single-batch testing times by 40% and boosting data accuracy to 99.98%.



Developing data center power supplies product is one of the strategy for the Company's long-term development. After years of R&D investment and business expansion, Honor Electronic has become one of the leading domestic manufacturers in this field. The Company's data center power supply portfolio covers a full power range, including network security and communications power supplies below 800W, general server power supplies from 800 to 2,000W and high-power server power supplies from and over 2,000W. In server power products and solutions, the Company offers core products such as 3,200W titanium M-CRPS server power supplies, 1,300W-3,600W titanium CRPS server power supplies, 3,300W-5,500W titanium and super titanium GPU server power supplies, immersion liquid cooling server power supplies and rack-mounted power supply (Power Shelf) solutions. Notably, the Company launched a rack-mounted power supply solution compliant with the Open Compute Project's third-generation open rack standard (ORV3), featuring six 5,500W server power supplies with a maximum power output of 33kW and conversion efficiency up to 97.5%. This solution can be expanded to 20U (66kW), 30U (99kW) and 40U (132kW) configurations. At the same time, Honor Electronic continues collaborating with customers to develop domestic data center power supplies, fully supporting the growth of China's industry chain. Currently, the Company has over 10 domestically manufactured server power supply models in stages of research and mass production.

During the reporting period, the Company actively contributed to the development of national-level power supply energy efficiency standards. In January 2025, the Standardization Administration of China formally issued the mandatory national standard GB 209432025 Energy Efficiency Limit Values and Energy Efficiency Grades for AC-DC and AC-AC Power Supplies, marking a milestone in harmonizing industrial practices with national carbon neutrality objectives. As an industry-leading technology enterprise, Honor Electronic actively participated in the 2024 revision process and served as one of the drafting entities for the updated national standard.

Key Performance Indicators

As of 31 Dec 2024, the Company has **686** R&D engineers, accounting for **14.2%** of total employees.

Shenzhen Intellectual Property
Advanced Enterprise

Shenzhen Intellectual
Property Administration

22nd Shenzhen Enterprise
Innovation Record
"Benchmark Enterprise of Innovation"

Federation of Shenzhen Industries

City Award - Patent

Shenzhen Municipal
People's Government

2024 AILE Award - Best
Innovative AI Product

Committee of the Wuzhou Industrial
Development Forum

2024 AILE Award - Best Innovative
AI Product

Organizing Committee of the Wuzhou
Industrial Development Forum

Featured on the Guangdong-Hong Kong-
Macao Greater Bay Area Enterprise
Innovation List - Innovative Enterprise

Guangdong-Hong Kong-Macao
Greater Bay Area Innovation List
Expert Review Committee

Shenzhen Craftsman Cultivation
Leading Enterprise

Federation of Shenzhen Industries

22nd Shenzhen Enterprise
Innovation Record

Beijing Association for the Promotion
of Asia-Pacific Economic Cooperation,
China Industrial Cooperation Association

Best of China - High-Efficiency
Intelligent Power Product

2023 World Semiconductor
Conference (WSCE 2023)

China's Best High-Efficiency
Intelligent Power Product

2023 World Semiconductor
Conference (WSCE 2023)

Industry-Academia-Research Collaboration

With the rapid growth of AI hardware and software applications, the electrical equipment manufacturing data center, electrical energy and storage and consumer electronics industries are placing increasingly higher demands on electronic power technologies. To meet these evolving needs, the Company is committed to continuously enhancing the performance, efficiency and power density of our products—delivering high-power, high-efficiency solutions for data centers and renewable energy. To stay ahead of technology trend and optimize R&D resource allocation, we actively partner with leading industry players, continuing to innovate and keep pace with the development of technology.

Cases

Joint Laboratory with STMicroelectronics

Honor Electronic and STMicroelectronics, a global leader in semiconductors, established a joint laboratory for digital power applications. This lab is located at AplusPower, a subsidiary of Honor Electronic, and focuses on advancing server power and electrical energy technologies. The collaboration brings together the R&D strengths of both companies to drive innovation across two key application areas: server power supplies and electrical energy systems. We aim to achieve breakthroughs in next-generation technologies and develop high-end power products.



Intellectual Property Protection

As an innovation driven company, Honor Electronic places a strong emphasis on intellectual property (IP) protection. We have established Intellectual Property Department and developed a comprehensive system, including the *Intellectual Property Management Manual* and the *Intellectual Property Document Control Procedure*. The department is responsible for implementing the Company's IP strategy—managing, utilizing and protecting intellectual assets, such as trademarks and patents and coordinating IP protection across all departments. The Shenzhen headquarters has obtained GB / T 29490-2013 certification for intellectual property management system.

In 2024, the Company remained focused on core products and key technology. We continued to strengthen the protection of our technologies and actively transformed research achievements to core technologies with patents.



Key Performance Indicators

As of 31 Dec 2024, we had accumulated **22** invention patents **152** utility model patents
26 design patents **86** software copyrights

Throughout the reporting period, the Intellectual Property Department worked closely with multiple departments and actively organized intellectual property training and industry activities for R&D and related teams. We also maintained a strong focus on information security and system optimization, laying a solid foundation for a comprehensive corporate intellectual property protection system.

Enhancing Awareness Confidentiality

Honor Electronic has implemented both online and offline training programs focused on intellectual property (IP) to strengthen IP awareness among key and related engineers, which aim to raise management's and employees' understanding of IP protection, reinforce the importance of patent application and enhance anti-infringement awareness throughout the R&D and production processes.

Global Patent Application

We actively pursue a strategic IP portfolio both domestically and internationally to safeguard the Company's global operations and enhance compliance management. As of 31 Dec 2024, Honor Electronic had registered trademarks and filed patent applications across multiple countries and regions, including China, the United States, the European Union, the United Kingdom, Japan and South Korea—many applications have already been granted.

Committing to Product and Service Quality

Honor Electronic strictly complies with domestic and international product quality and safety regulations, including *Product Quality Law of the People's Republic of China* and *Standardization Law of the People's Republic of China*. We have established a Quality Management Committee and implemented the Quality Red Line Management Specification to define and enforce rigorous quality standards for every product, project and version. By continuously improving employee awareness of quality standards and reducing product quality risks, we are committed to delivering safe, reliable and high-performance products to our customers.

Quality Management System

Honor Electronic is dedicated to building a comprehensive and systematic quality management system. We continuously integrate top-tier industry partners into our supply chain management, coordinate with digital manufacturing processes, and ensure the ongoing effectiveness of the quality system. By reinforcing quality control throughout the entire product life cycle, we aim to deliver high-quality, reliable products to our customers. During the reporting period, all of the Company's primary production facilities achieved certification of ISO 9001:2015 Quality Management System. Additionally, our production bases in Shenzhen and Vietnam achieved the IATF 16949:2016 certification.

Key Performance Indicators

In 2024, product Qualified rate is **99.78%**

Recall Issue: **0**



Main production bases of Honor Electronic obtained ISO9001:2015 certification

Quality Lifecycle Management

Honor Electronic implements a holistic approach to quality management across all facets and life cycle of a product. We focus on four key areas to ensure consistent excellence:

Product Design

Honor Electronic uses tools, such as NUDD, to identify and control risks, which enhances the R&D testing and verification process and reduce or even eliminate the transfer of defective products to subsequent stages. We remain committed to quality traceability and strive to achieve "double zero" for any issue, zero technique errors and zero management failures, adhering to the principle of "no repeating mistakes."

Material Quality Assurance

We firmly uphold proactive supplier management and continue to build a five-layer protection system to ensure that no batch-level quality incidents occur.

Manufacturing Quality Assurance

We promote the "Three Transformations and One Stability, Strict Entry and Strict Exit" practices, which includes: management informatization, production automation, professional specialists and stability of key specialists. Input and output quality are strictly controlled. Seven facets are considered: support policy, problem identification, training, performance review, supervision, implementation, documentation and regular inspection.

Client Quality Assurance

To enhance customer stickiness, we ensure feedback of the customer is accurately delivered to the Company. We have implemented four closed-loop mechanism for customer feedback: technical loop, process loop, capability loop and responsibility loop, ensuring full resolution and continuous improvement.

At the same time, the Company continues to advance digital management and intelligent manufacturing, mandating that all business activities are process-driven, every process must be IT-enabled, and fully supported by integrated IT systems.

Case Study

Fully Automatic Production Line at Dongguan Production Base



In 2024, alongside the full upgrade of hardware and intelligent manufacturing systems, the Company also increased middle management training on quality management. With support from external institutions and internal trainers, a combination of on-site training and workshops was provided to promote quality awareness and management principles to frontline employees, enhancing the Company's product quality management from the source, R&D and manufacturing.

Case

Honor Electronic Quality Awareness and Management Training

In July 2024, the Company invited consultants from IEIT to conduct a training at Shenzhen headquarters, focused on Quality Awareness and Management. Focusing on the themes of *Winning the Future with Quality and Doing Things Right the First Time*, the training was delivered to mid-level and senior managers, team leaders and engineers across various departments. The training emphasized that "zero defects" is both the goal and the standard for work quality; and advocated for "aesthetic standards" rather than excessive fault-finding; and encouraged participants to bridge the gap between "knowing is difficult but doing is easy" and "knowing is easy but doing is difficult." In real practice, the methodology of involving in enterprise ecosystem, assessing product quality from a "physical" perspective, evaluating process quality from a "logical" angle, and reflecting on work quality through a "human" lens. The training stressed that products reflect character and quality represents integrity.



Traceability and Recall of Defective Products

The Company has established comprehensive product inspection capabilities, conducting preventive checks at every stage to anticipate and resolve potential quality issues, ensuring the overall quality of its products. At the same time, the Company has implemented systems such as the *Defective Product Control* and established rigorous enforcement mechanisms. These efforts continuously strengthen process control, support ongoing quality improvement, and ensure the effective and sustainable operation of the Company's quality management system.

Customer Relations Management

Honor Electronic remains committed to its customer-centric values by delivering high-quality products, responding proactively and fostering collaborative, win-win relationships. The Company has established a comprehensive customer communication and service response system. To enhance customer satisfaction, the Company continuously strengthens customer engagement and protection of customer's rights and interests.

Customer Service System

Honor Electronic believes that a deep understanding of customer requirements and issues is critical to continuously improving customer service. We have developed a *Customer Service Control Procedure* that prioritizes and actively incorporates customer input, treating feedback as a valuable resource for service enhancement basis.

Hotline Support

Set up a dedicated customer service hotline +86 755 3385 7166 for inquiries and feedback.

Social Media

Customers can follow official WeChat account to read our latest news and service updates and share feedback or suggestions directly with us.

Online Platform

Our official website offers comprehensive service information and support. Customers can contact with us via the website: www.honor-cn.com.

Complaint Handling & Satisfaction Tracking

For customer complaints or product-related feedback, the Company responds actively in line with the Customer Service Control Procedure. We collaborate with relevant departments to promptly implement improvements on products or services, ensuring that customers' concerns are addressed efficiently and effectively.

Information Collection and Feedback

- The Company collects internal information from production and post-production activities while also monitoring external information such as new regulations and standards, and changes in the external environment.
- Upon receiving feedback internally, the information is centralized and reported to the Quality Department's CQE (Customer Quality Engineer). The CQE logs it in the Customer Complaint List, reports to the department head of Quality Department, and conducts a preliminary analysis.

Classification and Handling

- Non-product issues: Forward to the Marketing Department.
- Product-related issues: 1. Preliminary Confirmation: The CQE immediately verifies the defect and organizes PQA (Product Quality Assurance) to investigate manufacturing records. If the defect cannot be confirmed, the products would be recalled. 2. Emergency handling: Inventory, work-in-progress products, stock out products and in-transit inventory are isolated, and being performed with risk assessment, and customers are provided with temporary solutions within 4 hours.

Improvement Response

- Replenishment Arrangement: Demand Confirmation: The CQE promptly contacts the customer to confirm replenishment needs and delivery timelines, and arranges the replacement. For RMA products, they are recalled after inspection, and replacement are shipped at the same time. If the customer requires immediate replacements, available inventory and work-in-progress products are prioritized for replenishment.
- Product improvement: Implementation of corrective actions according to cause analysis, rework protocols, customer-side interventions, or critical quality incident management.

Effect Confirmation

- Complete an internal verification and close the case file based on the feedback of customers.

Honor Electronic adheres to the principle of “quality first, customer centric, company-wide participation and continuous improvement”, consistently striving to enhance customer satisfaction. To better meet customer needs and improve product quality, each business unit regularly conducts customers’ satisfaction surveys and ongoing customer visits through various channels. This helps us gain deep insights into customers’ opinions and suggestions on products, services and experiences, providing valuable input for our R&D and quality management teams to optimize and upgrade our products and service.

Key Performance Indicators

2024 complaint customer resolution **100%**

Customer satisfaction **96%**

Responsible Marketing

Honor Electronic maintains a scientific and rigorous approach to responsible marketing. We strictly comply with the *Advertising Law of the People's Republic of China*, *Product Quality Law of the People's Republic of China*, *Product Labeling and Marking Regulations*, and other applicable local laws and regulations. We are committed to responsible sales and marketing practices, providing accurate and comprehensive information in marketing, sales and product information. We actively engage in brand building, continuously strengthening our brand management and expanding our brand influence. In 2024, Honor Electronic recorded zero marketing violations.

Online Marketing

In 2024, we upgraded the Company's official website to simplify the page layout and clarify content navigation, making it faster and easier for users to learn about the Company. Meanwhile, our official WeChat account regularly posts latest news of the Company, boosting brand awareness and recognition.

Offline Marketing

In 2024, we actively participated in exhibitions to showcase our cutting-edge products and services directly to customers. Shenzhen headquarters exhibition hall is open to customers and visitors.

Cases

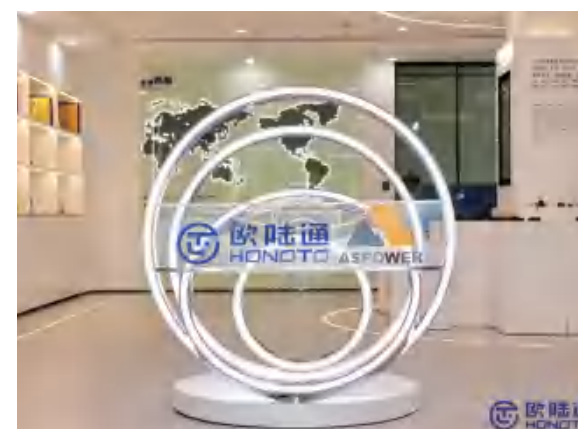
Honor Electronic Participated in COMPUTEX 2024 to Showcase Advanced High-Power Server Power Solutions

The 2024 Taipei International Computer Show (COMPUTEX 2024) was held at the Taipei Nangang Exhibition Hall. “AI Connecting, Creating the Future” was the theme of the year which highlighted the transformative power of AI. Honor Electronic presented a range of advanced high-power server power solutions to help industry partners explore the future of power in AI computing era.



Cases

Honor Electronic Shenzhen Headquarters Exhibition Hall



As Honor Electronic continues its expansion into international markets, we have maintained a strong focus on responsible marketing training throughout the reporting period. We precisely targeted key sales personnel and developed a specialized training system spanning multiple disciplines. From in-depth product knowledge sessions to thorough and standardized business process reviews, as well as anti-corruption awareness education, we have established a comprehensive framework of responsibility. Our goal is to build a professional, compliant and reliable corporate image in the global market and supports the international business growth.

05

Partnerships & Social Responsibility

The Company is dedicated to building an efficient supply chain to ensure timely raw material supply and fast delivery of finished products, boosting our market competitiveness. In 2024, we have made every effort to develop a digital supply chain platform that enables real-time information sharing between upstream and downstream partners, collaboratively optimizing inventory management to reduce costs and improve efficiency. At the same time, we will gradually enhance compliance management in line with sustainable development principles and promote industrial upgrading. On the community front, we actively engage in public welfare activities, support local infrastructure projects, organize volunteer from employee and foster neighborhood connections. Collaborate with our supply chain partners and local communities, we strive toward continuous growth.

2024 Key Performance Indicators

- In 2024, all new employees signed a letter of commitment of integrity upon on board.
- We signed a "Social Responsibility Commitment" with our suppliers to establish a transparent and ethical procurement mechanisms.
- The Company's total donations in 2024 amounted to RMB 300,000.

Aligning with Sustainable Development Goals



Sustainable Supply Chain Management

The Company is dedicated to building a sustainable supply chain. While ensuring timely procurement and fulfillment of agreements, we actively encourage suppliers to enhance their sustainability practices. We manage the entire process from supplier election, procurement, evaluation, synergy, with a special focus on assessing suppliers' risks of ESG.

Supply Chain Governance Structure

Honor Electronic has developed and regularly updates key internal policies include the *Control Procedure for Supplier Development*, *Control Procedure for Procurement* and *Control Procedure for Raw Material & Supplier Management*. We have established strict processes for material requisition, procurement, inspection and inventory. Additionally, a cross-departmental procurement coordination mechanism clearly defines the responsibilities and collaboration between the demand, procurement, quality inspection, inventory and finance departments throughout the procurement process.

The Company oversees procurement activities throughout the entire process to ensure compliance and fairness. Regular internal audits on procurement processes are conducted to review process adherence, cost control, supplier management and etc., and promptly address when a issue is identified. The Procurement Department has established a monthly review mechanism for key material suppliers, conducting price inquiries and comparisons across multiple suppliers and brands. This evaluation involves various factors, such as cost, supplier quality, delivery capability, service and technical support, to secure the most cost-effective procurement channels.

Supply Chain Risk Identification & Assessment

To ensure the security and stability of the supply chain, the Company has developed the *Risk Material Management Practices*, which regularly updates and assesses risks in supply chain to maintain timely and effective risk management.

Efficient and Flexible Supply Chain Management

Market Research	Output Forecasting	Risk Identification	Raw Material Procurement Planning	Synergy with R&D
Monthly upstream market research and analysis, covering order visibility, price trends, delivery impacts and changes in standard lead times.	The Company's self-developed integrated platform is able to provide rolling inventory planning for semiconductors and Japanese electrolytic capacitors with lead times exceeding eight weeks, according to monthly sales forecasts.	Once bottlenecks are identified monthly, corresponding solutions, such as customer pickup, order placement and order forecast.	Plan weekly that aligned with backlogs and raw material roadmap of manufacturing.	During the development of special new materials, the Company participates in project selection, risks identification and promotes second source strategies during material preparation.

Supplier Full Lifecycle Management

During the reporting period, the Company accelerated the integration of sustainable development and ESG governance into supplier management. Environmental protection, social responsibility and business ethics have been gradually incorporated into the supplier onboarding process. Additionally, these requirements have been embedded throughout each stage of the management cycle, with regular assessments conducted to ensure suppliers maintain ongoing compliance and effective risk control.

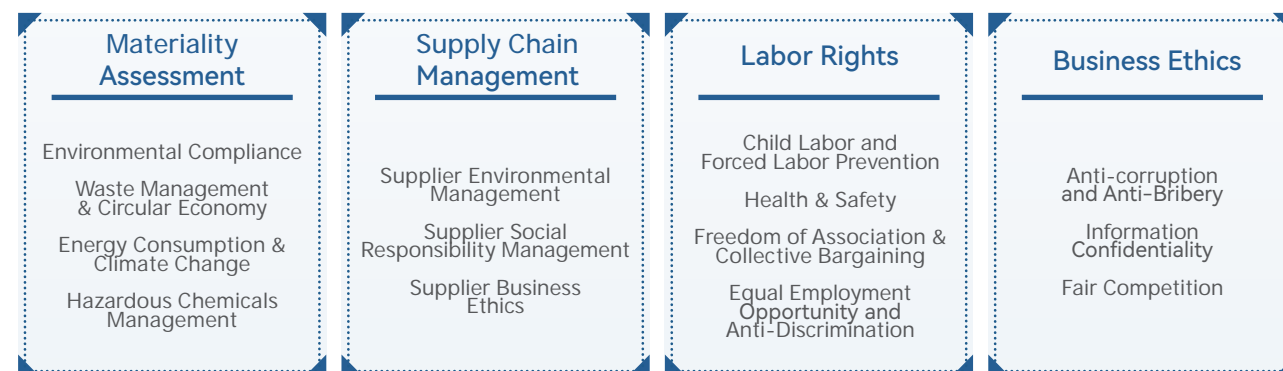


Honor Electronic conducts on-site evaluations of suppliers' environmental and social practices through data reviews and interviews. At the onboarding stage, strict social responsibility risk screening and on-site scoring are performed. Any issues are documented and tracked until fully rectified to meet the Company's standards. The Supplier On-Site Review Score Checklist (QSA) reflects the final decision on supplier approval.

Supplier tier	Total Score (X) Range	Corrective Actions
Tier-A	$X \geq 90$	Increase orders or subcontracts. Prioritize sample delivery and approval for new products, such as random raw material inspections and decrease the frequency of regular audits.
Tier-B	$0 > X \geq 80$	Maintain standard quality and transaction requirements.
Tier-C	$80 > X \geq 70$	Reduce or cancel orders. Required to submit improvement reports and restricted transaction based on evaluation result. On-site re-audits and guidance are required if a supplier receives two consecutive assessments with result of C.
Tier-D	$70 > X$	Required to submit the comprehensive improvement plan, and SQE inspection is a must. Orders are reduced or canceled. Transaction restrictions are imposed according to the grade after evaluation. If a supplier receives a D grade for two consecutive quarters, its qualification will be suspended or revoked. It enters a three-month coaching period and being re-evaluated afterwards.

Supply Chain ESG Responsibility

We fully support international labor protection laws and regulations, including the *United Nations Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)*, SA8000, China's *Environmental Protection Law* and "Carbon Peaking and Carbon Neutrality" strategic framework. We are committed to green practices, integrating environmental protection, pollution control and occupational health and safety considerations into both new supplier and current supplier management processes. We prioritize suppliers with advanced EHS (Environmental, Health and Safety) management systems. Additionally, suppliers demonstrating outstanding ESG performance are included in our supplier / partner preferred list and given priority for cooperation.



Supply Chain Environment and HSE Management

To strengthen our Company's commitment to social and environmental responsibility, we distribute *Supplier Survey Form* and *Supplier Environmental Management Status Survey* during the new supplier onboarding process. These surveys include essential information about suppliers' production equipment, capacity, raw material inventory, testing equipment, staff training and assessment, reputation and any administrative penalties or significant legal disputes. Additionally, suppliers are required to sign documents, such as the *Supplier Social Responsibility Commitment*, the *Environmental Guarantee for Prohibited and Restricted Substances*, to ensure compliance with relevant social responsibility and environmental standards. For selected suppliers, we provide on-site guidance to help them improve environmental practices and workplace conditions, aligning with our requirements of health, safety and environmental management. This mechanism supports the overall sustainability performance of our supply chain.

Conflict Minerals Sourcing

Our current production processes do not include utilization of 3TG mineral resources (tin, tungsten, tantalum and gold). Nevertheless, we maintain a responsible procurement policy, explicitly committing to avoid sourcing minerals from conflict-affected regions. We require suppliers to sign the *Conflict-Free Mineral Survey and Commitment*, avoiding the violation of this policy.

We have established a *Conflict Mineral Management Procedure* and maintain strict control in mineral sourcing to ensure that tin, tungsten, tantalum, gold and cobalt used in our products avoid direct or indirect financial aid to armed groups involved in human rights abuses in the Democratic Republic of the Congo or surrounding countries. We conduct due diligence on our suppliers of these materials and implement specific measures as customers require.

Our commitment aligns with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* issued by the Organisation for Economic Co-operation and Development, as well as the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

Supplier Integrity and Compliance

To promote ethical procurement practices, enhance efficiency, reduce costs and protect Company interests, Honor Electronic requires all new employees to sign an integrity commitment letter, achieving a 100% signing rate. We have also signed a "Social Responsibility Commitment" with our suppliers to foster an "open, fair and transparent" procurement environment. This initiative encourages healthy and orderly procurement processes, standardizes supplier conduct, promotes fair competition, and establishes a "Transparent Procurement" mechanism. Our procurement is guided by principles of openness, fairness, integrity, quality first and reasonable pricing. We have formalized these principles through our *Transparent Procurement Platform Implementation Plan*.

Industry Collaboration & Shared Growth

Committed to driving industry progress, the Company strives to build win-win partnerships with suppliers, customers and collaborators. By sharing resources, technology and market insights, we aim to foster innovation and growth of cross-industry, supporting sustainable development for all. To facilitate this, we have developed SRM and MES platforms to help suppliers digitally transform their operations, which are free of charge. These platforms enable online management of key functions such as order forecasting, reconciliation and invoicing, and parts identification, significantly boosting supplier efficiency.

Cases

Honor Electronic Suppliers' Day

At 2024 headquarters relocation ceremony, Honor Electronic invited suppliers to engage in forward-looking discussions about the future growth. We shared our corporate social mission, industry trends and reinforced the foundation of a strong and collaborative supply chain support network.



Supplier Training

We organize supplier meetings and trainings to promote mutual understanding and equitable development through direct and face-to-face communication.

Equal Treatment of SMEs

In 2024, the Company strictly complied with terms in contracts with SMEs, ensuring all payments were in compliance with agreements. We remain committed to fostering strong cooperative relationships with SMEs, ensuring fair and equal treatment for all partners.

Social Welfare Programs

The Company is deeply committed to fulfilling social responsibility through active involvement in social welfare and volunteer programs. We participate in public benefits activities to convey our love and warmth to the society.

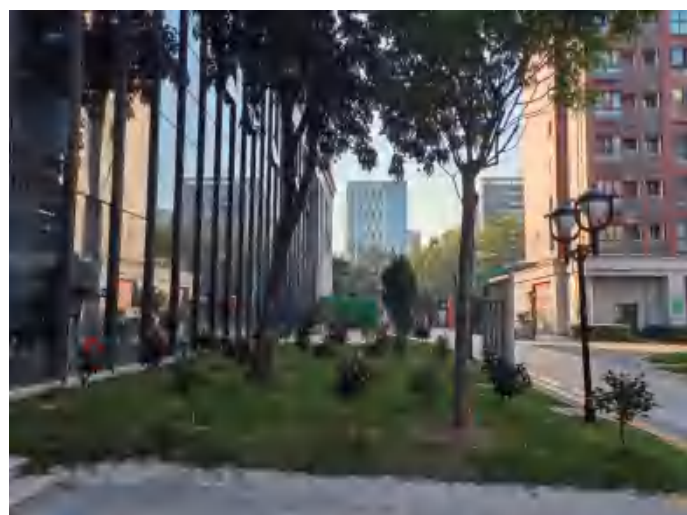
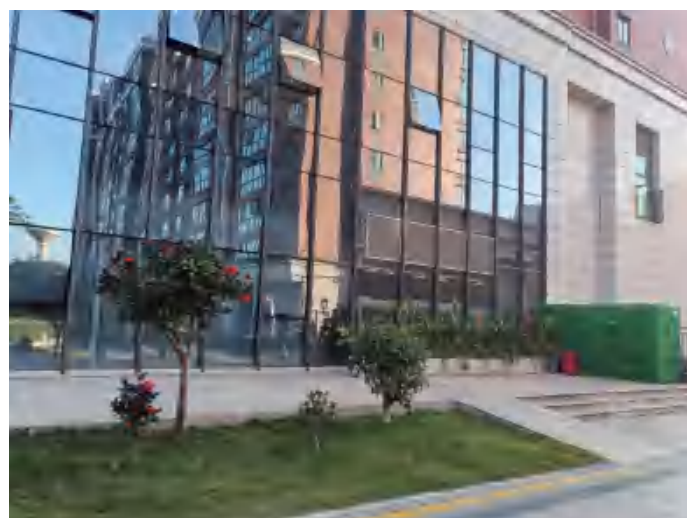
Charitable Donation and Community Engagement

Fulfilling our corporate social responsibility is a priority. We actively participate in public benefits activities and charitable donations, embracing the sustainable development of the communities and fostering harmonious growth between the Company and the society. In 2024, the Company donated RMB 300,000 to the Hubei Charity Federation to support infrastructure projects in sub-urban areas.



Key
Performance
Indicator

In 2024, our total charitable donations
amounted to RMB **300,000**



Case

Community Greening Initiatives

In May 2024, we donated RMB 3,000 to the Nanhang Mingzhu Garden Community (located near our Shenzhen headquarters) to support greening. The donation encourages both employees and residents to engage actively in improving the community environment, and create a healthier, greener and more comfortable living space.



Case

Sponsorship for Midautumn Festival Events

During the 2024 Mid-Autumn Festival, we donated RMB 3,000 to the Nanhang Mingzhu Garden Community (located near our Shenzhen headquarter) to support holiday decorations, DIY mooncake activities and other cultural celebrations. These activities brought joy and warmth to the residents.



06

Employee Engagement & Inclusive Development

Employees represent the most valuable asset of Honor Electronic, serving as the cornerstone of organizational advancement. The Company adopts an inclusive talent acquisition strategy, establishing equitable competitive platforms to enable employee to fully leverage their professional competencies. The Company meticulously establishes career development pathways, provides comprehensive training programs, and enhances professional skills to foster mutual growth between the Company and the employees. Meanwhile, the Company continuously improves workplace environment, organizes diversified team-building activities, and maintains welfare systems with particular emphasis on employees' safety and health. Through proactive occupational safety and health training, the Company ensures harmonious co-development of employees and the organization for better future.

2024 Key Performance Indicators

- In 2024, the Company maintained zero tolerance for employment discrimination and forced labor, achieving 100% execution rate of labor contract sign across all employees.
 - The total expenditure of training is RMB 417,100, with each employee completing an average of 6.97 hours of professional development programs.
 - The Company promoted 238 employees, representing 20.2% of all employees, among which 27.1% of frontline employees, 20.6% of management, 20.8% of engineering and 11.6% of others.
- The Company recorded zero work-related fatalities and maintained a 0.10% work injury rate in 2024.

Aligning with Sustainable Development Goals



Employee Development

The Board of Directors establishes the overarching employee development system, with executive management (led by the Chairman) responsible for strategic implementation. The Human Resources Center serves as the primary department to conduct talent development, including recruitment training & development program execution, compensation / benefits and promotion / incentive program. All subsidiaries and business divisions established HR teams and specialists to protect employee rights and interests.

Risk Management

Through multi-channel assessments, including surveys, employee interviews and performance analysis, we identify and evaluate employees' training / development requirements, welfare / work-life balance requirements, and overall satisfaction. Furthermore, we conduct audits of communication efficiency and employment compliance to guarantee effective protection of rights and interests.

Employee development constitutes a core component of sustainable development of the Company, with impacts and potential risks involving recruitment, training and employment stability. To address these challenges, the Company implements ESG related measures to enhance the competitiveness of the Company in compliance, reputation and talent development.

Employment Stability and Mobility

Ethical Recruitment

The Company establishes recruiting system, including the *Employee Manual*, *Recruitment Management policy* and *Recruitment Management Procedures*, adhering to "transparency, fairness, competition and meritocracy" in hiring practices. Corporate culture and value recognition serve as primary selection criteria, combining with position requirements, the Company adopts multi-assessments to select and recruit. Each department and business center come up with its talent plan according to the Company's talent development strategy and annual review of performance, which continuously enhance the annual recruitment both in policy and decision making by the Company.

Key Performance Indicator

In 2024, the Company maintained zero tolerance for employment discrimination and forced labor.

Fairness and Transparency

Uphold principles of justice, fairness and transparency in talent selection to ensure equal opportunities for all. Assessment includes evaluation of educational background, professional skills and work experience to guarantee transparency and fairness.

Prohibition of Child Labor

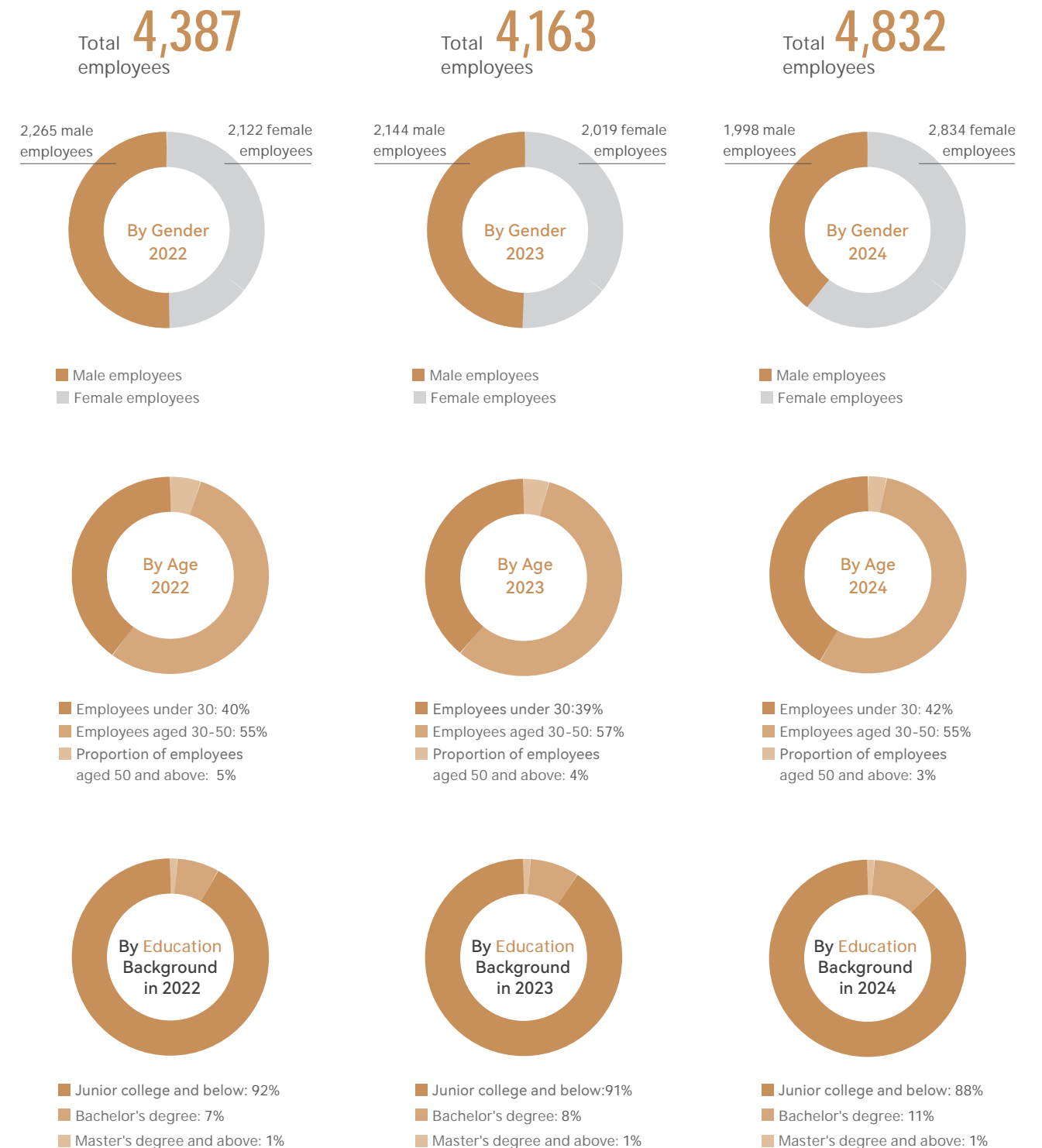
Strictly prohibit child labor (under 16). During recruitment processes, applicants are required to complete the Application Form which requires identification info (including national ID numbers) to verify compliance with mandatory minimum age requirements for employment.

Elimination of Forced Labor

Maintain a zero-tolerance policy against all forms of forced labor, comply with laws and regulations while upholding full respect and protection of employees' labor rights. The Company creates a work environment which is voluntary and free where no individual is compelled to perform tasks against their will, and all labor contracts strictly comply with laws and regulations.

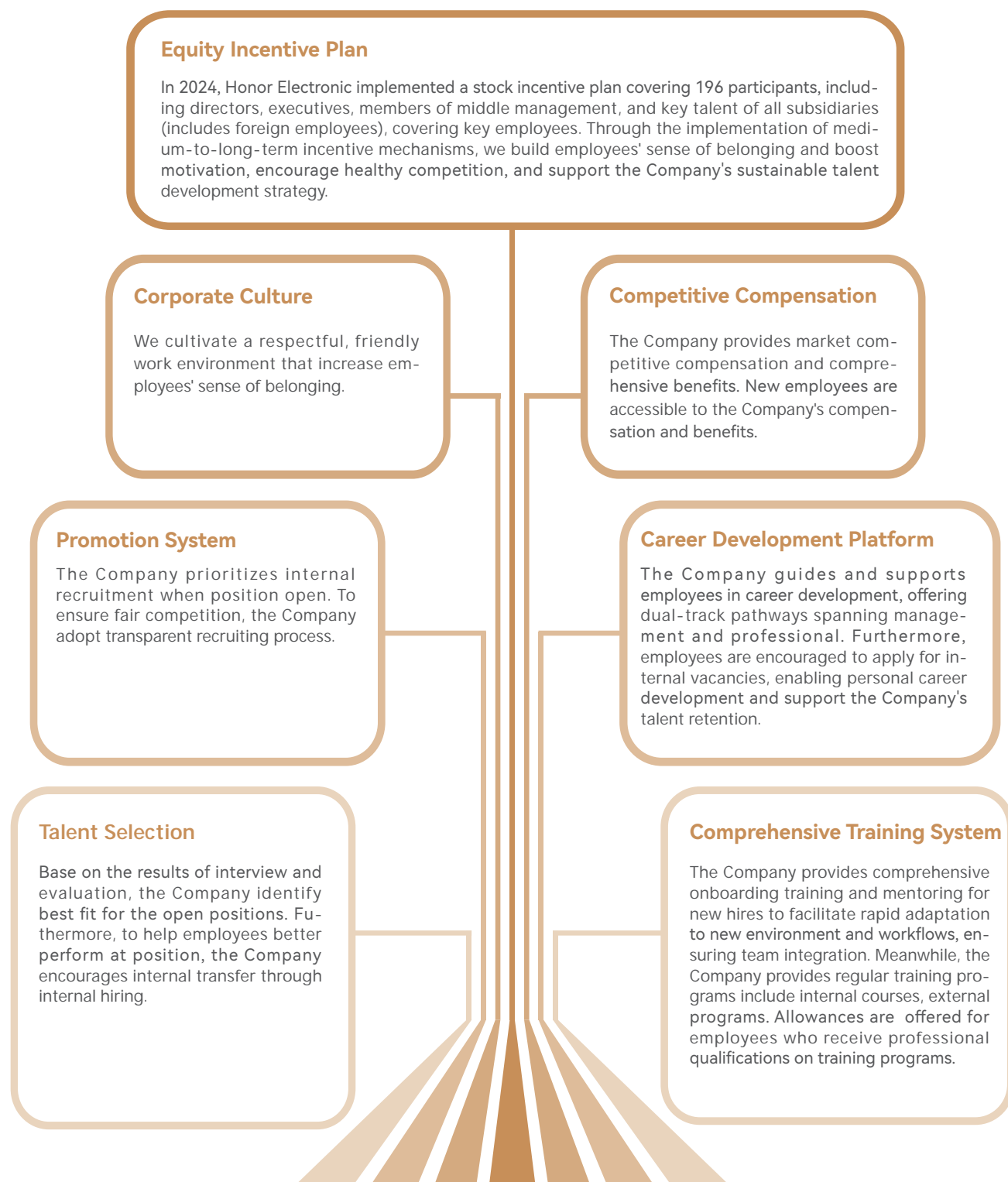
Equality and Diversity

Honor Electronic adheres to the principles of diversity, equity and inclusion, striving to provide equitable employment opportunities. The Company strictly enforces compliance and fairness in recruitment processes, ensuring full transparency and procedural justice to safeguard employees' legal rights.



Talent Acquisition and Development

To ensure the Company's long-term development, we have assembled a talent pool through recruitment system, which intensifies efforts to attract talents.



Compensation and Benefits

Compensation Management

Honor Electronic firmly believes that the sense of well-being and professional passion are the employees' foundational drivers for the Company's evolution of being a respected and sustainable enterprise. Upholding the core values of "Pragmatism, Integrity and Continuous Innovation," we design compensation and benefits scheme aligned with both corporate culture and employee's needs systematically enhancing sense of well-being and organizational commitment.

Benefits and Wellbeing

Guided by a "people-first" philosophy, we implement a diversified benefits system that combines universal welfare provisions with tailored incentives aligned to employees' tenure, professional passion are the employees' foundational.

Honor Electronic's Diversified Benefit System	
Statutory Benefits	Mandatory employee benefits provided by the Company as required by national and local labor laws and regulations, encompassing: pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund.
Regular Benefits	Regular benefits include paid leave, health coverage, team-building activities and Lunar New Year subsidies.
Special Benefits	Special benefits for outstanding talents include parents pension, holiday benefits, annual body-check, training subsidies, accident insurance and other tailored benefits.

Case study

A Dumpling-Making Activity on Winter Solstice

On the Winter Solstice (December 21, 2024), the Company organized team-building initiatives. Off-duty employees grouped up to prepare Chinese dumplings and rice balls for on-site employees, which create an environment with a sense of belonging.



Employee Training and Development

Training Programs

The Company pays attention to employee training and development, committed to cultivating an environment that supports continuous learning and growth. According to its *Training Management Regulations*, the Company provides training programs include onboarding training for new employees, workshops seminars of soft and hard skills, and professional training.

Case study

Honor Electronic Middle and Senior Management Gold Interviewer Training

We conducted three phases of Gold Interviewer Training for middle and senior management teams across subsidiaries from May to December in 2024. The training program covered competency identification, job analysis, the Iceberg Model and talent profiling, talent selection and recruiting, resume evaluation skills, effective interviewing skills and assessment report writing to enhance skills in talent selection, improve hiring quality, and optimize talent structure.



Case study

Honor Electronic Internal Trainer Cultivation

To share best practices and experience, and accelerate talent replication, the Company established a professional internal trainer team and implemented a tiered, categorized curriculum system to enhance training accuracy and effectiveness. Our *Internal Trainer Management Regulations* outline selection criteria, evaluation procedures, and a four-tier system (Junior, Intermediate, Senior and Expert) with incentives including tailored program, certification programs, recognition and awards, trainee programs, credits of course and course / program design. The system aims to develop a group of internal trainers who are high quality and stable, in order to help employees enhance their competitiveness.



Case study

Honor Electronic 2024 Quality Star Challenge

To promote awareness of high product quality, we hosted the "Quality Star Challenge" in June and July 2024.



2024 Key Performance Indicators

Delivered **500+** training courses

95% of employee participated

Provided **800+** training hours

Over **10,000** trainees

Performance Evaluation and Promotion

To strengthen talent development structure and support "Promote Outstanding, Dismiss Incapable", the Company has established a dual-channel career development system for employees, and developed competency assessment and critical / key talent selection. The system supports the talent development and promotion, best candidate for role and encourage employees to enhance their competitiveness. The competency assessment provides a benchmark for employees to keep upgrading themselves and a path of career development which encourages the employees to enhance their professional skills for the future. The Company establishes a dual career ladder, including professional track and managerial track. The professional track include positions, administration, sales, R&D, engineering, production support, logistics and manufacturing.

2024 Key Performance Indicators

Promotion: **238** employees

27.1% : frontline employees

20.6% : management

20.8% : engineering

20.2% of all employees

11.6% : others

Occupational Health & Safety

OHS Management Framework

The Company established the *Work Safety and Occupational Health Accountability System* and *Work Safety and Occupational Health Management Regulations*, and clarified the framework and responsibilities of OHS. The Board of Directors formulates Occupational Health and Safety (OHS) strategies, and the Chairman leads the implementation team. The implementation team includes certain departments which manage and implement OHS affairs, including OHS policy and rules making, and training, hazard investment and risk mitigation.

To reinforce the *Work Safety and Occupational Health Accountability System*, enhance safety awareness and ensure safety management, the Company has established the *Work Safety and Occupational Health Assessment and Incentive / Penalty Policy*. This policy applies to all employees, clarifying scopes and criteria of the assessment. Guided by "tired management and responsibilities", the Company conducts regular assessment. The result of assessment is a requirement of bonus of safety award.

OHS Risk Control

OHS Risk Identification & Evaluation

The Company pays attention to the identification and governance of occupational hazards and occupational diseases, maintaining a risk identification framework to safeguard employee health and safety. The OHS implementation team conducts on-side investigation, risk analysis, assessment report and improvement and enhancement for risk identification of occupational diseases. The Company systematically identifies occupational health risks using evidence-based methodologies, including regulatory compliance analysis, real-time workplace monitoring, employee health surveillance programs and expert evaluation protocols.

Process	Content	Methods
On-side Investigation and Monitoring	Conduct a comprehensive workplace investigation to systematically identify potential occupational risk.	On-side investigation
	Consult with testing institutions to conduct regular assessments of occupational health hazard.	On-side monitoring
Risk Assessment and Reporting	Classify and conduct exposure evaluation of occupational health hazard.	Hazard classification and exposure assessment
	Determine risk levels of occupational health hazard compliance with laws and regulations.	Risk Assessment

Occupational Health & Safety Risk Identification

Work Safety and Occupational Disease On-side Investigation Result

During National Safety Production Month, the Company conducts systematic identification and risk matrix evaluation of hazardous sources at each production base, achieving 100% monitoring coverage for all identified risks. Production teams implement self-inspections for hidden dangers and submit improvement reports. In alignment with project-specific requirements, the Company has enhanced its hazardous source management system by optimizing procedures and operations, establishing dynamic safety management of hazardous sources, and implementing monitoring protocols with specialists.

OSH Strategic Plan

Occupational Safety Culture

To strengthen occupational safety awareness and training, the Company established Safety Training Scheme, including policy and measurements. The scheme applies to all employees, which covers production safety, occupational safety and health, fire prevention and etc.

Case study

Honor Electronic implemented mandatory occupational injury prevention training in 2024

On November 21, 2024, the Human Resources and Social Security Bureau of Dongguan conducted work injury prevention training for frontline employees. The training covered insurance knowledge, hazard identification, emergency response protocols and common workplace injury prevention methods. Targeted audiences of the training were frontline supervisors and department heads, and focusing on enhancing occupational safety awareness, work-related injury insurance related laws and regulations.

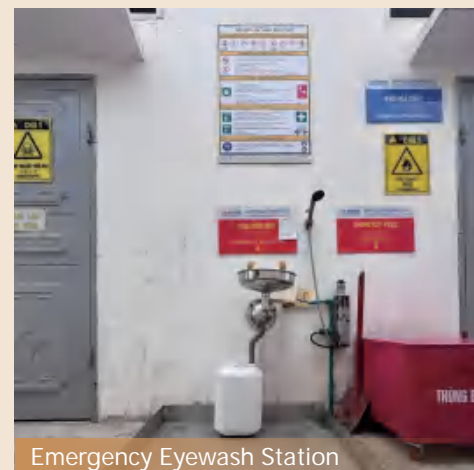


Occupational Disease Prevention

To effectively prevent and identify occupational disease hazards in workspace, ensuring employees' occupational health and safety, we have formulated the *Occupational Health Prevention and Management System*. The policy encompasses occupational health hazard, preventive measure implementation, workplace environmental management, health surveillance and occupational disease diagnosis / treatment, as well as establishes systematic risk mitigation processes to minimize occupational health incidents and safeguard employee physical and mental well-being through standardized processes. The implementation involves cross-departments coordination to ensure effective execution of all protective measures, which providing comprehensive occupational health safeguards.



Personal Protective Equipment



Emergency Eyewash Station



Occupational Health Stations

Chemical Safety Management

The Company has formulated the *Hazardous Chemicals Safety Management System* to ensure health and safety across the lifecycle of hazardous chemicals, including procurement, storage, transportation, usage and disposal. This policy applies to all operational sectors involving hazardous chemicals within the organization, clearly delineating departmental responsibilities and establishing standardized protocols for chemical management, storage, transportation, operational procedures and waste disposal. Additionally, the system incorporates monitoring, inspection, and evaluation mechanisms to ensure enforcement of management measures and drive continuous improvement.

Case study

Honor Electronic 2024 Chemical Spill Emergency Drill

On November 16, 2024, the Company conducted a chemical spill emergency response drill at the entrance of the plant's chemical warehouse, aiming to enhance employees' emergency response capabilities during chemical leakage incidents and ensure production safety and environmental protection. The drill was executed in strict compliance with the Production Safety Incident Emergency Response Plan DGOLT-YJYA-001 (2024 First Edition) and *RBA-OP-16D Hazardous Chemicals Management Procedure*. Participants included production auxiliary material handlers, warehouse keepers, material controllers, volunteer firefighters and relevant operational specialists. Drill scenarios covered on-site chemical spill containment and subsequent hazardous waste disposal procedures, with primary focus on improving the Company's incident response speed and mitigation capacity for sudden chemical accidents.



Emergency Response

The Company adheres to the safety management principle of "Safety First, Prevention-Oriented," centered on "enhancing safety awareness and strengthening incident prevention." Through unified command, defined responsibilities and rapid response mechanisms, it has established a robust emergency rescue system for environmental and safety incidents. Regular emergency drills are conducted to systematically improve personnel capabilities in environmental risk prevention, emergency response and incident mitigation.

Case study

Honor Electronic 2024 Fire Drill

In 2024, the Dongguan Base organized two fire drills, primarily simulating emergency response scenarios involving overheating and ignition of wave soldering exhaust pipes on relevant floors, subsequent combustion of adjacent materials, and rapid fire spread due to flammable packaging materials. Drill participation involved personnel across all operational areas of the facility, demonstrating effective coordination with the local fire brigade. Hands-on training in fire hose deployment and extinguisher operation validated employees' ability to execute rapid fire suppression measures, successfully achieving the drill's goal of enhancing emergency response capabilities.



Appendices

Quantitative Performance Metrics Table

Environmental Performance

Indicators	Unit	2024
Total environmental protection expenditure	10,000 yuan	1,974.03
Total Water Withdrawal	Tons	223,246.05
Total non-hazardous waste Generated	Tons	853.94
Total domestic wastewater discharge	Cubic meters	201,911.72
Gasoline	Litre	21,778.38
Diesel	Litre	24,678.16
Scope 1 direct greenhouse gas emissions	tCO2e (tonnes of carbon dioxide equivalent)	116.51
Scope 2 energy indirect greenhouse gas emissions	tCO2e (tonnes of carbon dioxide equivalent)	19,675.75

Note: The statistical scope of corporate environmental data indicators excludes overseas plants and related facilities.

Social Performance

Indicators	Unit	2024
Total Employees	Person	4,832
Male employees	Person	1,998
Female employees	Person	2,834
Employees with disabilities	Person	10
Employees under 30 years old	%	42
Employees aged 30-50 years old	%	55
Employees over 50 years old	%	3
Master's / PhD holders	Person	56
Employment contract signing rate	%	100

Indicators	Unit	2024
Social insurance and housing fund	%	100
Annual expenditure on employee training programs	10,000 yuan	41.71
Employee training participation rate	%	100
Total hours of employee training delivered	Hour	33,675
Average hours of training received per employee	Hour	6.97
Number of employees subject to regular performance evaluations	Person	655
Number of work-related fatalities	Person	0
Number of R&D engineers	Person	686
Proportion of R&D engineers to total employees	%	14.2
Total number of patents granted (cumulative)	Item	200
Number of invention patent applications filed	Item	18
Number of invention patents granted	Item	11
Number of utility model patent applications filed	Item	28
Number of utility model patents granted	Item	27
Number of design patent applications filed	Item	28
Number of design patents granted	Item	9
Number of software copyrights registered	Item	86
Client satisfaction	%	96

Total expenditure on philanthropic donations	10,000 yuan	30
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Governance Performance

Indicators	Unit	2024
Independent directors	%	33.3
Female directors	%	22.2
Independent directors of Audit Committee	%	66.7
Independent directors of Remuneration and Appraisal Committee	%	66.7

Indicators	Unit	2024
Number of public announcements issued	Copies	143
New hire integrity agreement compliance coverage rate	%	100

Report Index Table ▾

Dimension	Issues	Corresponding Chapters
Environment -related	1.Climate strategy	Climate Action & Green Development
	2.Pollutant and waste management	Environmental Management System
	3.Waste disposal	Environmental Management System
	4.Ecosystem and biodiversity conservation	Ecological and Environmental Protection and Biodiversity
	5.Environmental compliance management	Environmental Management System
	6.Energy utilization	Resource Utilization & Green Intelligent Operations
	7.Water resource utilization	Resource Utilization & Green Intelligent Operations
	8.Circular economy	Resource Utilization & Green Intelligent Operations
Society -related	9.Rural revitalization	Not Involved
	10.Social contribution	Social Welfare Programs
	11.Innovation-driven development	Innovation and Quality Management
	12.Ethical principles to technological activities	Innovation and Quality Management
	13.Supply chain security	Sustainable Supply Chain Management
	14.Equal treatment of SMEs	Equal Treatment of SMEs
	15.Product / service safety and quality	Committing to Product and Service Quality
	16.Data Privacy Protection	Data Privacy Protection
Governance for sustainable development	17.Employees	Employee Engagement & Inclusive Development
	18.Due diligence	Communication With Stakeholders
	19.Communication with stakeholders	Communication With Stakeholders
	20.Anti-commercial bribery and anti-corruption	Business Ethics & Anti-Corruption
	21.Anti-unfair competition	Business Ethics & Anti-Corruption