ASKPCB 與士康

2023

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG)REPORT





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ABOUT THIS REPORT

INTRODUCTION

This report covers Aoshikang Technology Co., Ltd. and related companies including its subsidiaries (referred to as Aoshikang, we, us, the company and the group). Unless otherwise specified, the scope of information in this report is consistent with that in the consolidated financial statements of the Aoshikang Group.

Antonomasia	Subject
Aoshikang, the Group, the Company, and we	Aoshikang Technology Co., Ltd. And related companies including its subsidiaries
Hunan Base	Our manufacturing and operation facility located in Longtang Village, Changchun Industrial Park, Ziyang District, Yiyang City, Hunan Province.
Guangdong Base	Guangdong SEEGEM Circuit Technology Co., Ltd., a wholly-owned subsidiary of the Group
Thailand Base ¹	Sundell Technology Co., Ltd.
Aoshikang in Huizhou ²	Aoshikang Precision Circuits (Huizhou) Co., Ltd.

REPORTING PERIOD

This annual report covers the period from January 1, 2023, to December 31, 2023 (hereinafter referred to as the "reporting period"). To make this report more comparable and forward-looking, some contents have been extended to 2021 or earlier.

ESG STANDARDS AND FRAMEWORKS

Refer to The Global Reporting Initiative Standards (GRI Standards), the Social Responsibility Instructions to Listed Company issued by the Shenzhen Stock Exchange and the United Nations Sustainable Development Goals (SDGs).

SOURCE OF INFORMATION

The information disclosed in this report is derived from the Group's annual reports, company's official policy documents, financial reports, statistical reports, and relevant monitoring data.

RELIABILITY STATEMENT

The Company declares that there is no false information, misleading statements or material omissions in the contents of this report, and is responsible for the truthfulness, accuracy, and completeness of its contents.

ASSURANCE STATEMENT

Aoshikang commissioned the independent third party BSI (British Standards Institution) to provide assurance services for this report and to provide the third-party assurance statement (see appendix).

REPORT LANGUAGE

In case of discrepancies between the English and Chinese versions of this report, the Chinese version shall prevail.

STATEMENT OF THE BOARD OF DIRECTORS

This report has been reviewed and approved by the board of directors.

¹Operations have not commenced for the time being during the reporting period, therefore the information on production and operational data in this report does not relate to this subsidiary. ²Operations ceased during the reporting period, and therefore information relating to the operations of this subsidiary is not covered in this report for the corresponding year.

MATERIALITY ASSESSMENT

SUSTAINABILITY ISSUES

Aoshikang has conducted a systematical review with reference to the Global Reporting Initiative (GRI) standards and the United Nations Sustainable Development Goals (SDGs) and ESG topics identified by our peers, to identify the company's stakeholders and our material issues, and found potential ESG material issues. We analyzed and evaluated the issues by practicing the double-materiality assessment of the two dimensions of "Importance to the company" and " the importance of the company to sustainable development ". Consulting with the management staff, key stakeholders, and external ESG experts, we ranked the importance of the ESG topics in terms of "importance to the company" and " the importance to the company" and " the importance of the company" and " the importance of the company" and " the importance of the company and " the importance of the company to sustainable development ". In the end, we identified and summarized 21 material ESG topics that are closely related to the company as the key issues to be disclosed in this annual report, and constructed a matrix for ranking the importance of the issues. Based on this matrix, this report focuses on the results and progress of the key dimensions of environmental performance, social responsibility, and corporate governance during the reporting period, ensuring the relevance and materiality of the report's content. The process of identifying and analyzing substantive issues is as follows:

Identification of material topics

With considerations for the Global Reporting Initiative (GRI) standards, the UN SDGs, industry trends and corporate attributes, Aoshikang has systematically compiled a comprehensive catalog of ESG topics by engaging external experts and collaborating with internal teams.

Assessment of impact mechanisms

Through cross-departmental meetings and close collaboration with external experts, the initial selection of ESG topics is thoroughly analyzed to assess the strength of their potential impact on the economic, environmental, and social dimensions of the company.

Integration of stakeholders' concerns

To ensure a broad representation of the topics, we identified three categories of internal stakeholders, namely executives, employees, and laborers other than employees, and nine categories of external stakeholders, including customers, consumers, investors and other shareholders, regulators, suppliers, business partners, civil society organizations, local communities and labor unions. We have conducted a questionnaire survey on the stakeholders and collected 658 valid responses in total to gain a deeper understanding of the concerns of different stakeholders.

Identification of substantive topics

The importance and impact of each topic were quantitatively ranked using a weighted scoring methodology and matrix plotting techniques. Subsequently, the Company's senior management reviewed and confirmed these topics based on factors such as completeness, breadth of impact, and controllability, and ultimately narrowed down to the key substantive topics as the core of the report to ensure that the content of the report is both concise and highly relevant.

Q MATERIALITY ASSESSMENT



Internal: Impacts to the corporate

CHAIRMAN'S MESSAGE



AOSHIKANG's Chairman CHENG Yong

Amid the global wave of sustainable development, Aoshikang, as a pioneering reformer in the PCB industry, has firmly taken on the dual mission of leading the industry's green transformation and upholding social responsibility. Guided by our corporate mission of "Connecting the World, Leading the Future," we focus on technological innovation and digitalization strategies, centering on green development. Hence, we actively build a automated, intelligent, and eco-friendly manufacturing system, steadily advancing towards a sustainable and high-quality development.

In 2023, Aoshikang maintained steady progress and embarked on a new chapter in our globalization strategy with the establishment of our first overseas manufacturing base. In response to the global emphasis on ESG (Environmental, Social, and Corporate Governance), we have released our first ESG report, actively addressing concerns related to sustainable development, disclosing our ESG performance, and welcoming public scrutiny. Simultaneously, we have continuously deepened compliance governance, enhancing corporate transparency and compliance performance.

Embracing green development, Aoshikang adheres to the green concept and is committed to minimizing environmental impact. We have independently developed clean processes, built and are planning multiple in-plant recycling projects, implemented energy-saving transformations, and continuously conducted carbon inventories to clearly understand our carbon footprint. Additionally, we have obtained patents for clean technologies. We are committed to setting science-based carbon targets and emission reduction pathways by 2027 and submitting our pledge to the Science Based Targets initiative (SBTi) to contribute to a low-carbon, green future.

Aoshikang continues to uphold the rights and interests of employees, provides a healthy, safe, and positive workplace environment, which inspires collective dedication. Confronting a complex and dynamic market environment and external challenges, we have embraced a 'Digital Intelligence' strategy, advancing our digital transformation. We have successfully launched ten major digital application scenarios and achieved 100% CNC and networking of key equipment.

Aoshikang's ongoing commitment to R&D innovation includes integrating innovative technology platforms and nurturing talent. Annual investment in innovation and R&D accounts for 5.13% of total turnover, with R&D personnel comprising 14.08% of our workforce. We filed 50 new patent applications and secured 35 new patents, laying a solid foundation for our core competitiveness and future growth.

Guided by the principles of integrity, trustworthiness, and responsibility, we fulfill our corporate social responsibilities by actively supporting community development and contributing to rural revitalization and other public welfare. The charitable donations totaled more than 5.9 million RMB.

Looking ahead, we will further explore new paths for ESG development, deepen our product and technological innovation, and continue to promote green, low-carbon development and digital intelligence construction. We aim to contribute to the Chinese national "Dual Carbon" strategy and the global efforts toward a green, low-carbon, and sustainable future. Meanwhile, we will continuously enhance our corporate governance, laying a solid foundation for the company's sustainable and high-quality development, and creating long-term value for our customers, employees, shareholders, suppliers, and other stakeholders.

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ABOUT AOSHIKANG

Headquartering in Yiyang City, Hunan Province, Aoshikang Technology Co., Ltd. adheres to the corporate mission of "Connecting the World, Leading the Future".After over a decade of steady growth, the Company has now become a joint-stock enterprise consisting of multiple operating entities, which include Aoshikang Technology Co., Ltd. Guangdong SEEGEM Circuit Co., Ltd. and Sundell Technology Co., Ltd. It was successfully listed on the Main Board of the Shenzhen Stock Exchange on December 1, 2017 (stock code: 002913), with current total assets of about 7.7 billion RMB.

The products are widely used in sectors including data computation and storage, automotive electronics, telecommun ications and networking, industrial control and security, and consumer markets and smart terminals. The business spans across the Asia-Pacific, European, and American regions, and are highly recognized by multiple Fortune 500 enterprises.







Company Mission

Connecting the World, Leading the future



Company Vision

Becoming a centennial enterprise among the top three in the PCB industry.



Customer-centric Struggle-centered As of the time of writing, Aoshikang has not only set up marketing departments in Hong Kong, Zhaoqing, Guangdong, and Yiyang, Hunan, but has also established sales teams and corresponding business departments in Seoul, Korea, Tokyo, Japan, Singapore, Chinese Taipei, France, and the United States over the past ten years, which support the business development of the company's high-end products and continuous international market development.



ABOUT AOSHIKANG

KEY MILESTONES OF AOSHIKANG



HONORS AND AWARDS

• In 2011

Awarded as National High-tech Enterprise, by Hunan Provincial Laboratory, and National Key Laboratory.

• In 2018

Organized the establishment of HUNAN PRINTED CIRCUIT ASSOCIATION and served as the president unit; awarded "The Fourth Excellent National Brand Enterprise" by the China Electronic Circuit Industry Association.

P In 2021

According to information published by Prismark in 2022, Aoshikang made a strong entry into the 2021 Global Top 50 PCB Companies list, ranking 35th.

In 2019

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Awarded as "National Green Factory" "National Model Harmonious Enterprise in Labor Relations" and "Hunan Model Harmonious Enterprise in Labor Relations".

In 2022

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Guangdong SEEGEM Circuit Technology Co., Ltd. was awarded the 2022 MUSE Gold Award in Architecture and Landscape Design.

• In 2023

Guangdong SEEGEM Circuit Technology Co., Ltd. was awarded "Guangdong Specialized and Sophisticated SMEs";

The Group was awarded the public welfare plaque of "Love for Education";

The first phase of the project of Sende Technology Company Limited was awarded the "2023 MUSE Design Gold Award";

The Group was honored as one of the "Top 100 Manufacturing Enterprises in Hunan in 2023";

2023 SUSTAINABILITY HIGHLIGHTS

Business performance

Revenue (millions RMB)



Net profit attributable to shareholders of listed companies (million RMB)





- Holding 5 board meetings and 4 shareholders' meetings
- The establishment of the Sustainable Development Committee and subordinate working groups to organize and coordinate the implementation of sustainable development strategies and goals
- **100**% coverage of anti-corruption training
- 100% Anti-corruption policy reach rate



Research & Development Innovation



Total number of R&D staff

(person)

750

2022

594

2021

659

2023

R&D investment as a ratio of operating income (%) 6.42 5.13 4.93

R&D staff to total employees

2022

2023

2021



2023 With the second state of the second stat

35 New Patent Granted in the Year



• Volunteer service totaled **406** hours



Aoshikang's Caring for Children's Growth Commonweal Activity

CORPORATE GOVERNANCE: PROMOTE HIGH-QUALITY ENTERPRISE DEVELOPMENT

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CORPORATE GOVERNANCE: PROMOTE HIGH-QUALITY ENTERPRISE DEVELOPMENT

We are committed to continuously improving governance effectiveness, ensuring compliance, and establishing sound internal management systems. We ensure timely and transparent disclosure of significant information to stakeholders, optimize communication mechanisms with stakeholders, and guarantee smooth channels of communication. We emphasize business ethics and risk management and consistently conduct corporate culture education on anti-corruption and business ethics. Prioritizing data security and privacy protection, we improve a robust information security management system to lay a solid foundation for the company's sustainable development through actual deeds.

GOVERNANCE STRUCTURE

We comply with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, Guidelines on the Articles of Association of Listed Companies, Code of Governance for Listed Companies, Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board, and other relevant laws, administrative regulations, departmental rules, normative documents, as well as the Articles of Association of Aoshikang Technology Co., Ltd., optimizing our corporate governance structure and ensure the legality and standardization of our operational activities. We continue to strengthen the functions of the general meeting of shareholders, the board of directors, and the supervisory committee, respectively as the highest decision-making, operation management, and supervisory bodies of the Company. These three entities work efficiently in coordination to ensure that the Company achieves decision-making in critical decisions, daily operations, and compliance supervision in a scientific, efficient, and transparent way, which leads to the Company's steady development and adherence to compliance.

I MEMBERSHIP AND COMPOSITION OF THE BOARD

The members of the Board of Directors are nominated by the Nomination Committee and approved by the Board of Directors and the General Meeting of Shareholders. The Board of Directors of the Company consists of eight directors, including one chairman and three independent directors. The Board of Directors convenes meetings of the Board of Directors following the Articles of Association and the Rules of Procedure of the Board of Directors, holding at least two meetings annually, which are convened by the Chairman.





The Board of Directors and Supervisory Board have incorporated members who are young experts specialized in social and environmental research, in addition to professional elites in strategic planning, corporate governance, and the PCB industry. They aim to enhance the governance effectiveness of the company through their knowledge and insights amidst complex industry dynamics and strategic planning, and to collectively build a solid cornerstone of the international governance framework. Please refer to page 41 of the 2023 Annual Report of Aoshikang Technology Co., Ltd. for the list of Board members and their qualifications.

The Board of Directors has established four specialized committees: Strategy Committee, Audit Committee, Remuneration and Assessment Committee, and Nomination Committee. These committees are accountable to the Board of Directors and perform their duties under the Articles of Association and delegated authority from the Board, submitting proposals for review and decision. Each committee consists entirely of directors, with a majority of independent directors serving as conveners in the Audit, Nomination, and Remuneration and Assessment Committees, with the convener of the Audit Committee being a professional accountant. The Board of Directors is responsible for formulating the working procedures of the Specialized Committees to regulate their operations.



The Supervisory Committee, in accordance with the requirements of the Company Law of the People's Republic of China, the Articles of Association of the Company, and other relevant regulations, adheres to the culture and values of the Company. In addition to supervising and inspecting the Company's finances and the performance of the executives, The Supervisory Committee strengthens the supervision of the Company's business and safeguards the interests of the Company, its shareholders, employees and other relevant parties. No less than 1/3 of the members of the Supervisory Board are employee representatives, and the employee supervisors are democratically elected through the Employee Representative Assembly or other forms.



ORGANIZATIONAL STRUCTURE



REMUNERATION MANAGEMENT

To implement corporate governance and to improve the system of salary and compensation for directors and managers, we have formulated the Remuneration Management System for Directors, Supervisors and Senior Management of Aoshikang Technology Co. Ltd.

According to the policy, the remuneration of the directors and supervisors is implemented after approval by the general meeting of shareholders. The adjustment ratio of the remuneration of senior executives is determined by the Remuneration and Assessment Committee at the end of their evaluation period based on the Company's profitability for the period, the weighting of the positions of the senior executives, and the results of annual performance evaluation, etc. Senior management personnel who have objections to the results of their salary adjustments may file an appeal with the company's Remuneration and Assessment Committee within one week after the adjustment officially takes effect. We have also set up a remuneration management system for directors and supervisors. For details on director remuneration and senior executive compensation, please refer to page 44 of the 2023 Annual Report of Aoshikang Technology Co., Ltd..

SUSTAINABLE DEVELOPMENT MANAGEMENT

We uphold a vision to drive global and sustainable development, integrating this concept deeply into its management and operations. We have constructed a blueprint for short-, medium - and long-term ESG strategies, aiming to steadily move towards the goal of sustainability by strengthening ESG management practices. In terms of the communication with stakeholders including investors, customers, employees, communities and others, we have established a variety of communication mechanisms, to draw on the collective wisdom and seek solutions for our sustainable development together.

Short-Term



The company aims to set industry benchmarks by implementing ESG improvement measures to enhance its ESG performance.

Environmental

- Focus on energy conservation, emission reduction, and resource recycling.
- Optimize process flow and reduce environmental footprint.



Strategy

Social

- Improve the work environment and enhance employee satisfaction.
- Collaborate with suppliers to drive a green transformation.

Governance

Strengthening corporate governance and transparency.



Goal

Set up scientific carbon targets and carbon reduction pathways by 2027 and submit our commitments to SBTi.

adhere to the core concept of sustainable development, actively respond to the United Nations' Sustainable Development Goals (SDGs), and support the implementation of the SDGs from multidimensional perspectives, taking into account our own business characteristics.



Middle-Term



Based on short-term results, the company is committed to establishing a leading ESG management system and becoming a model for sustainable development.

Environmental

Seek technology upgrades to expand renewable energy use.

Social

- Enhance the training and development program of sustainable concepts for all staff. Enhance the awareness and participation of all employees in sustainable development, and form a culture of proactive participation of every staff in ESG practices.
- Establish green partnerships with suppliers to jointly promote green transformation of the supply chain.

Governance

 Enhance governance structures and processes for sustainable long-term growth by establishing diverse boards, strengthening risk management, increasing transparency and compliance, optimizing shareholder communications, improving reporting quality, intensifying leadership training, and ensuring supply chain accountability



Strategy

 Adhere to the Responsible Business Alliance's (RBA) Code of Conduct to deepen the green transformation of our supply chain, to meet our sustainable supply chain commitments, and to ensure that the products and services we deliver to our customers are in line with our ESG strategy.

and non-conflict

minerals. etc.

long term We aspire to be a leading role globally for sustainability. Environmental We work to build a low-carbon future to address the challenge of climate change by reducing our carbon footprint, increasing



Vision

carbon sinks, and deepening climate action collaboration in our value chain.



Strategy

 Adhering to people-oriented and harmonious development, we advocate a workplace with diversity and respect, support the local community, and actively promote social justice and safeguard human rights.

Governance

 We pursue transparent and responsible decision-making for rationality and fairness. Integrity is at the core of our values and is integrated into every aspect of our business to build trust within the value chain. Continuously optimize the quality of disclosure and build an industry-leading ESG data disclosure system with consideration of multiple ESG data frameworks.



By 2050, we will achieve carbon neutrality in the entire value chain, making substantial contributions to the global efforts to tackle climate change for a better future for mankind.

Sustainability task force Environmental Product quality Compliance and Corporate culture protection and and responsible risk control task supply chain task task force low-carbon task force force force Product quality Compliance. Occupational Three wastes and safety, health and safety. treatment, Risk Innovative R&D, Labor rights and management, Resource employee growth, Responsible management, Information supply chain

Climate change,

etc.

security,

etc.

Sustainable Development Management framework

The Board of Directors is the highest governing body implementing the Company's ESG strategy, including the establishment of our ESG management framework, assessment and planning of essential ESG topics, and risk management of potential ESG risks. The Board of Directors conducts regular reviews of the company's ESG performances and formally approves the publication of the annual ESG report.

Community

building, etc.

Board of Directors

General Manager

Sustainability Committee $\sqrt{1}$

The general manager organizes and directs the implementation of the ESG strategy established by the Board of Directors. The general manager is also required to report to the Board of Directors on potential risks and opportunities of ESG-related issues and submit a comprehensive analysis of the annual ESG performance. To strengthen the implementation and guidance of the ESG strategy, the Company has established a Sustainability Committee, which focuses on the long-term strategy and major investment discussions, and provides professional insights into the ESG strategy, feeding back to the general manager directly.

The Sustainability Committee has established five specialized ESG task forces, which are jointly formed by multiple departments closely related to ESG topics. They report to the Sustainability Committee to provide support for the implementation of ESG strategies. The ESG implementation and supervision task force is responsible for coordinating and providing related guidance to the ESG task forces on assigned ESG topics, regularly reviewing the working progress of each ESG task force and ensuring that the Sustainability Committee is reported to and informed of the latest developments and detailed information on time, to continuously enhance and optimize the company's ESG practices, and reach the ESG strategic goals in each stage.

ESG

implementation

and supervision

task force

ESG information

disclosure.

ESG strategy

review.

ESG related

research. etc.

STAKEHOLDER COMMUNICATION

Stakeholders	Concerns	Communication channels	Communication frequency
Employees	 Compensation and Benefits Career Development Work Environment Participation and Recognition 	 Various themed activities Staff symposiums General manager's Mailbox EHR Complaint Feedback 	 CEO's Mailbox: irregular EHR complaint feedback: irregular Various themed activities: at least once a quarter Staff symposiums: at least once a quarter
Clients	Customer Experience Product Quality Innovation Continuous Improvement Social Responsibility Competitive Advantage		 Customer audit: at least once every six months Other channels: irregularly on-demand
Investors and other shareholders	 Financial Health Growth Potential Market Position Management Team Products and Services R&D Capabilities Risk Factors Corporate Governance Dividend Policy Strategic Planning Market Sentiment Stock Liquidity Macroeconomic Factors Technological Developments Capital Structure M&A Activity Regulatory Environment Intellectual Property 	 Phone Company Email Company Official Website Earnings Presentation Investor Conferences and Events 	 Phone, email, official website: from time to time on demand Performance statement: at least 1 time a year Investor conferences and events: at least 3 times a year
Regulatory organizations	 Compliance of information disclosure Authenticity of Financial Reports Corporate Governance Structure Internal Control Behavior of Major Shareholders Going concern ability M&A and Restructuring Risk Management Bividend Policy Market Value Management Legal Compliance Investor Relations Social Responsibility Enforcement Requirements Dividend Policy Audit Quality 	 General Inquiries Policy Inquiries Reporting Procedures Site Visits Meetings and Excahnges of Government agencies 	• Irregularly on-demand

Stakeholders	concerns	Communication channels	Communication frequency
Suppliers	 Quality Cost Supply capacity Partnerships Market Adaptability Innovation Risk Management Social Responsibility Technical Support Compliance 	 Phone Company Email WeChat On-site communication Supplier Audits 	 Telephone, company e-mail, WeChat, on-site communication: irregularly on-demand Supplier audits: according to the internal assessment of different risk levels of suppliers, select the appropriate frequency of audits, at least once a year
Cooperative partners	 company's aims Trust and Transparency Compliance Profit Sharing Risk Management Quality Control Continuous Improvement Technology and Innovation 	 Conference Phone number Company Email WeChat On-site communication 	 MMeetings: at least once a month Telephone, e-mail, on-site communication: irregularly on -demand
Communities (media, etc.)	 Financial Performance Significant Events Management Changes Shareholders and Shareholding Changes Market Performance Legal and Regulatory Issues Industry News Social Responsibility Investor Relations Technology and Innovation Business Strategy Risk factors Public opinion and public image Dividend policy Macroeconomic impact Macroeconomic impact	 Social Media Press Releases Media Interviews Research and questionnaire responses 	 Social media, press releases, media interviews: irregularly and on-demand Research and questionnaire responses: irregularly on demand

Examples: Stakeholder Communication

Company performance briefing

Case

On May 3, 2023, under the leadership of Chairman Mr. Cheng Yong, Aoshikang held an online performance briefing, attended by three directors including Ms. He Bo, who serves as both director and general manager. More than 50 companies participated in this conference, including Bosera Funds. The briefing focused on exchanging views on the last quarter's revenues, results, future management directions, and expectations, and addressed relevant concerns from the stakeholders.

Stakeholder Testimonials:

11

The spirit of close cooperation and determination to overcome challenges demonstrated by Aoshikang deeply reflect its delivery team's high professionalism and strong sense of mission. Aoshikang's new team responded promptly, efficiently deployed resources, shortened delivery cycles, and assigned dedicated personnel to oversee production schedules, especially during the peak delivery period in the fourth quarter. Their contribution is crucial to ensure the seamless project delivery, for which we have expressed our deepest gratitude."

-----A client from a large ICT infrastructure and smart terminal industry



RELATED HONORS



BUSINESS ETHICS & CONDUCT

COMPLIANCE AND INTERNAL CONTROL

Our internal and external activities strictly adhere to laws and regulations such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China issued by the Standing Committee of the National People's Congress.



The Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other



The Labor Law of the People's Republic of China, the Law of the People's Republic of China on Labor Contracts, and the Regulations on the Prohibition of the Use of Child Labor manage the company's labor and personnel activities, and formulate corresponding labor and personnel management systems.



The Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes and the Law of the People's Republic of China on Environmental Impact Assessment strictly control the handling of solid wastes in the company, and improve the environmental management system through the ISO14001 environmental management system certification;



The Civil Code of the People's Republic of China, the Trademark Law of the People's Republic of China, the Law of the People's Republic of China against Unfair Competition, the Regulations on the Protection of Intellectual Property Rights in Guangdong Province, and the Regulations on the Protection and Promotion of Intellectual Property Rights in Hunan Province carry out the market transaction activities with customers in good faith, fairness and mutual protection of intellectual property rights of both parties to promote the harmonious development of commercial activities.

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The People's Republic of China Work Safety Law The People's Republic of China Special Equipment Safety Law The People's Republic of China Occupational Disease Prevention and Control Law Emergency Response Regulations for Production Safety Accidents Hunan Province Work Safety Regulations Hunan Province Occupational Disease Prevention and Control Regulations Guangdong Province Work Safety Regulations REGULATION concerning the Registration, evaluation, Authorization and Restriction of Chemicals. the Registration, evaluation, Authorization and Restriction of Chemicals) of the requirements for the management of chemicals.

Focusing on our strategic vision, we constructed a "three-tier protection" risk management system rooted in a risk-oriented approach, relying on internal control and based on regulatory frameworks, authorization management, internal assessment tools, and an information system. This system aims to establish a comprehensive mechanism for risk prevention and control, safeguarding the company from potential risks while keenly capturing and efficiently utilizing opportunities for sustainable value growth.



The 1st tier of defense

The business divisions is the front line of risk prevention and control. Each business unit is directly responsible for the establishment and implementation of internal control in its area, to ensure that the business operations comply with the company's authorization and operating specification, and to achieve rational and compliant business activities.

The 2nd tier of defense

The internal control divisions plays a supervisory role based on financial and internal control systems. It audits the legitimacy, rationality, and compliance of business activities, issues internal control assessment reports, and supports the management's decisionmaking.

The 3rd tier of defense

The audit divisions independently performs audit and supervision duties. It audits the financial, operational, and beneficial conditions of the company's departments, subsidiaries, and branches to ensure their authenticity, legitimacy, and efficiency. It strengthens risk prevention, enhances the accountability of information disclosure, safeguards the legitimate rights and interests of customers and investors, and ensures efficient synergy of the company's operations and risk control capabilities.

Identification and Management of Risks and Opportunities

To strengthen the effectiveness of risk management, we adopt a systematic approach and refine the management of various risks through a comprehensive risk identification and assessment process, which supports the analysis of in-depth SWOT (Strengths, Weaknesses, Opportunities, and Threats) and the precise formulation of competitive strategies. By monitoring and controlling all risk elements, and continuously promoting improvement measures, we mitigate the probability and potential impact of risk events and ensure that risk management measures are in force. By adopting targeted response strategies, we fully guarantee the effectiveness and adaptability of our risk management practices, safeguarding sound business development.

Through news websites, EIA reports, external inspection reports, and other channels, we conducted a SWOT analysis on 23 topics, including political and legal issues, economic development, and environmental impacts in the internal and external environments, analyzed the 12 risk factors, and formulated a detailed competitiveness enhancement strategy.

The risks identified in 2023 and the corresponding management measures are as follows:

Sources of risk and opportunity (internal/external)	Risks and opportunities	Management measures
	The quality of personnel is uneven, the environmental awareness among various staff is insufficient, the knowledge about the workplace environmental factors is lacking, and the control measures are unclear.	 Formulate appropriate management documents, organize employees to participate in the identification of workplace environmental factors, and carry out relevant workshops.
	The identification, research and publicity of applicable environmental laws and regulations are insufficient, corresponding to the company's internal activities and environmental factors are unclear, and the awareness of law-abiding is weak among some employees.	• Strengthen the ability to identify and update related information, ensure the important provisions are trained or incorporated into the system.
Internal	The company's environmental protection qualifications and facilities are relatively complete; however, further improvement shall be conducted in its management system.	 Establish and strictly enforce environmental substance management regulations.
	Some employees are not aware of waste classification.	 Improve on-site warning signs and strengthen waste classification and management.
	The fire prevention design of the buildings in the company and its fire prevention assessment, and the safety inspection of fire-fighting equipment shall be ensured.	• Existing factories, office buildings, and other buildings are regularly inspected for fire maintenance and inspection.

AOSHIKANG 2023 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT

Q CORPORATE GOVERNANCE: PROMOTE HIGH-QUALITY ENTERPRISE DEVELOPMENT

Sources of risk and opportunity (internal/external)	Risks and opportunities	Management measures
	Potential emergencies, such a sa fire occurs.	 Formulate emergency plans, regular training in fire prevention, and regular fire drills, and the Company has purchased our own fire trucks and other equipment. Actively participate in various local firefighting operations. Conduct safety inspection of electrical equipment with infrared thermal imagers.
	Emergencies of climate hazards (e.g. typhoons, heavy rainfall and flooding, earthquakes, etc.).	• In case a typhoon, heavy rainfall and flooding, or earthquake occurs, the Administration Management Center is responsible for organizing and scheduling, setting up an emergency response squad, safely transferring related items, and arranging for personnel to be on duty 24 hours. Guarantee the liaison and cooperation between the Environmental Protection and Safety Department, higher disaster relief units, duty personnel and the emergency squad, and when anomalies occur, guarantee timely contact and quick response to take measures to reduce losses, and maintain daily checks.
Internal	The leakage of precursor chemicals used for drug manufacturing may lead to illegal activities.	• Purchase in the Hunan Provincial precursor chemical information management system; inbound and outbound storage is supervised through SAP system, equipped with more than 2 persons for management.
	The explosion of pressure vessel may lead to environmental pollution and personal hazards. Skills, management ability need to be improved.	• Regular Inspection
		• Formulate annual training plan and implement three-level education and training.
	Environmental compliance risk the facing complaints and penalties.	Annual compliance evaluation
	Improper process management easily leads to energy waste.	Monthly water and electricity control sheet evaluation
	Comply with strict environmental protection standards, or face penalties or loss of customers.	Annual compliance evaluation

Sources of risk and opportunity (internal/external)	Risks and opportunities	Management measures	
	Waste gas treatment fail to meet the standard will seriously affect the environment.	 Exhaust gases are collected through exhaust treatment devices, and after meeting the standards, they are discharged in an organized manner as required. Exhaust gases are regularly monitored to identify occupational hazard factors. 	
	Wastewater treatment fail to meet the standard will seriously affect the surrounding environment.	• Wastewater online monitoring, annual testing.	
Internal	Solid waste, if discharged illegally, will have a greater impact on the soil.	• Classified collection and centralized disposal of waste.	
	Great environmental impact on the neighboring residents.	• Implement sound engagement activities to meet the needs of related parties.	
	Improper disposal of hazardous waste generated from the production process will have an impact on the environment.	• Qualified companies for recycling and disposal.	
	The lack of awareness or capability affects the achievement of environmental protection and safety objectives.	• Set annual targets and indicator tasks.	
	Emergencies in nearby facilities, such as factories and roads.	• Strengthen external communication and environmental awareness and ensure timely notification and activation of the emergency plan when emergencies arise.	
External	Some customers are concerned about product quality and safety.	• Enhance testing efforts in raw materials and production processes.	
	Failure to meet compliance obligations can damage an organization's reputation or lead to litigation.	• Enhance compliance with laws and regulations, adhere to regulatory requirements, rigorously fulfill compliance obligations, and enhance organizational reputation.	

Furthermore, with the disclosure of the ESG report and this report, we have established a substantive identification of sustainable development issues based on the context, risks, and opportunities of sustainable development. Integrating stakeholders' demands, we integrated the cycle of sustainable development issues and strategic goals, "establish-implementreview-optimize", with the risk identification mechanisms from past operational processes. Taking advantage of this integrated process, we manage, implement, monitor, and disclose our sustainable development risks and opportunities supported by the Sustainability Committee and its subsidiary task forces.





Internal control training based on the theme "What is Compliance"

Example

We have planned a series of internal control training programs for all employees to have a more comprehensive understanding and awareness of the internal control system, and to be guided for future internal control practices. These training initiatives aim to build a comprehensive awareness network from senior management to frontline staff, ensuring the deep penetration and practical application of internal control culture. Training targets include all managerial-level and above management executives across the company, as well as all members of the internal control functional departments. Using these key positions as focal points, and through this top-down approach, the initiative aims to instill a sense of internal control discipline throughout the entire company and cultivate a management team with strong internal control awareness and proficient operational skills across all business segments.



ANTI-CORRUPTION AND INTEGRITY

We attach great importance to our integrity construction work, advocating win-win cooperation with partners, the spirit of "sunshine cooperation", requiring employees to be clean and self-disciplined with integrity "eight prohibited" principles. We have enacted a strict "Anti-fraud Management System", which covers all employees from the company and its subsidiaries, as well as the communication with suppliers. We have formulated the Integrity Handbook and required all staff to study it, conducted annual training online and offline on anti-corruption, anti-commercial bribery, anti-fraud, anti-monopoly, and other aspects of business ethics, and launched relevant courses in the Kunpeng Academy to build up the awareness of integrity among all staff and convey the culture of integrity with Aoshikang's characteristics. During the reporting period, we achieved a 100% coverage rate for our anti-corruption system.

11

Fairness and equity are the cornerstones of keeping an enterprise vibrant.

----Mr. Cheng Yong, Chairman of Aoshikang

We encourage our partners and employees to actively report corruption and fraud, jointly maintain a clean and honest corporate culture, and strictly protect and reward whistleblowers.

Corruption Handling System

The amount of illegal gains	Administrative accountability- Parties involved	Economic accountability - Parties involved	Management Responsibility – Line Manager	Leadership Responsibility - Branch Leader
20,000 RMB and below	Major demerit	Deduct the annual unreceived performance bonuses and year-end bonuses (if any), and compensate the company for economic losses.	Reprimand	Oral education
20,000 to 60,000 (inclusive)	Dismissal	Deduct of unpaid performance and year-end bonus for the year (if any), compensate the company for economic losses, and non-release of current shares (if any).	Minor demerit	Reprimand
60,000 to 200,000 (inclusive)	nclusive) Dismissal Deduct unpaid performance bonuses and year-end bonuses for the current year (if any),		Major demerit	Minor demerit
200,000 and above	and criminal responsibility	compensate the company for economic losses, and reclaim all company-issued equity incentives and unlocked equity gains (if any).	Demotion and salary reduction	Major demerit

During the reporting period

Airti-corruption Policy Reach

100

Rate



Adhering to the core values of trust and respect, the Company is committed to creating an open and inclusive working environment. We established Complaint and Reporting Management Measures, and set up an anonymous reporting mechanism, to encourage employees to express their concerns and feedback without any worries. The establishment of a multi-channel reporting system has been made for the flexibility and safety of information transmission. Upon receipt of a report, the management commits to immediately activate the response procedure to protect the legitimate rights and interests of all employees, registering the "Complaint and Reporting Registration Form" on the day, and responding to the issue within 30 days.

Rewards for Reporting

Employees who report bribery or embezzlement by company staff are eligible for a reward of 10%-20% of the recovered losses, the value of recovered items, or actual fines after investigation and resolution of the complaint or report.

Anti-Corruption Performance

100 % Anti-Corruption Training

Coverage - Decision Makers & Executives

Calculation instructions

Number of Decision-making and senior management staff trained/ total number of decision-making and senior management staff

100 %

Anti-Corruption Training Coverage - Middle Management

Calculation instructions

Number of middle management employees trained / Total number of middle management employees of the company

100 %

Anti-corruption training coverage – frontline staff

Calculation instructions

Number of frontline employees trained/Total number of frontline employees

100 %

Anti-Corruption Training Coverage -Suppliers & Partners

Calculation instructions

Total number of suppliers and partners trained (by organization)/ total number of suppliers or partners

O pcs

Corruption Incidents

Calculation instructions

Number of confirmed corruption violations

Handling rate of personnel involved in corruption incidents

Calculation instructions

Number of persons involved in corruption violations disposed of / Total number of persons involved in corruption violations

0 %

Handling rate of suppliers or partners involved in corruption

Calculation instructions

Number of suppliers or partners involved in corruption-related violations who terminated their contracts or stopped renewing their contracts / Number of suppliers or partners involved in corruptionrelated violations **O** pcs

Public Litigation of Corruption Incidents

U pcs Litigation involving unfair

competition or antitrust and antimonopoly lawsuits

DATA SECURITY AND PRIVACY PROTECTION

INFORMATION MANAGEMENT

We adopt GB/T 22080-2016/ ISO/IEC 27001:2013 information security management standards to formulate the "Information Security Strategy", promoting the company's establishment of a reasonable information security management organization structure, and being exempted from internal and external intention or accidents. In addition to providing the information environment for continuous business operation, we have also formulated a series of policies and guidance that guarantee data and information security, such as the "Information Security Management Manual". Our Information Security Committee carries out comprehensive risk management in accordance with the Information Security Manual Management Annex II Information Security Committee Responsibilities.

We have obtained ISO 27001 Information Security Management System Certification audited by the China Quality Certification Center. We guarantee a stable information security management and a secure and reliable information environment to protect our electronic data, systems, equipment, and network security. Consequently, we ensure that the overall information assets are non-repudiated, verifiable, and accountable.

We update information security training programs annually to carry out corporate-level training, and provide online training available to all employees through Kunpeng Academy.

china Quality e information e ensure that



Indicators	unit	2021	2022	2023
Total number of information security training sessions	TimesNo.	1	1	1
Total number of hours of information security training	Hours	2	2	2
Number of employees receiving information security training	Persons-time	3000	3000	3052

PRIVACY PROTECTION

We strictly abide by privacy protection laws and regulations, policy guidelines, and industry standards. We established a series of corporate-level policies and guidance to safeguard commercial secrets, supplier information, and customer information privacy for our customers and suppliers, including the Confidential Information Security Management System, Customer Information Confidentiality System, and Supply Relationship Management Program.

During the reporting period			Key Performance				
Aoshikang	Aoshikang	Aoshikang	Indicators	Unit	2021	2022	2023
violation of information security-related laws and regulations	incidents of information security	complaints from customers for violating their privacy rights or losing their data	Total number of confirmed leaks, thefts, or losses o customer data	pcs	0	0	0



ENVIRONMENTAL PROTECTION: CONTRIBUTE TO A GREEN AND LOW-CARBON FUTURE

ENVIRONMENTAL PROTECTION: CONTRIBUTE TO A GREEN AND LOW-CARBON FUTURE

We uphold the concept of green development and strictly follow the environmental protection regulations and industry standards. We have established and have been continuously improving our environmental management system, striving to mitigate the environmental impact of our operation. Actively participating in global efforts to tackle climate change, we are committed to setting science-based carbon reduction targets and pathways based on SBTi by 2027. We implement multi-level and multi-dimensional environmental protection and energy conservation programs and initiatives. We are dedicated to disclosing our environmental performance, strengthening stakeholder communication, and contributing to the sustainable development of our planet.


AOSHIKANG 2023 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT

THREE WASTES TREATMENT

AIR POLLUTANTS

The production process of PCBs involves emissions such as dust, organic exhaust gases, boiler exhaust, standby generator exhaust, acid and alkaline fumes, and kitchen exhaust from the staff canteen. The main air pollutants are sulfur dioxide, nitrogen oxides, particulate matter, and volatile organic compounds. To standardize the governance, our manufacturing bases, the Hunan base and the Guangdong base, respectively formulated relevant guidance and schemes in accordance with local laws and regulations, including Air Pollution Prevention and Control Management Procedures, Emergency Plan for Exhaust Gas Treatment and Operating Guidelines for Exhaust Gas Treatment Procedures. During the reporting period, the air pollutant treatment of each production base was implemented under local regulations and environmental protection standards, and within the limits of industry standards. We have installed treatment facilities for different exhaust gas pollution sources to ensure clean production and operation.

During the reporting period

the Company has **NO** environmental issues penalized administratively

Air Pollutant Emission Indicator Data³

Indicator		2021		2022		2023	
(concentration)	Unit	Hunan Base	Guangdong Base	Hunan Base	Guangdong Base	Hunan Base	Guangdong Base
SO ₂	mg/m ³	/	/	/	7	/	/
Nitrogen oxides	mg/m ³	33	13.5	/	21.3	/	5.8
Particulate Matter	mg/m ³	26	9.2	28.5	7.5	27.8	5.3
VOCs	mg/m ³	1.7	5.2	1.5	3.5	5.4	3.4

WASTEWATER

The etching, cleaning, and plating processes in the production of PCBs involve a large amount of water usage and the generation of wastewater. We are dedicated to minimizing our impact on the water and soil environment, ensuring the stability and health safety of the surrounding communities and local water consumption. To prevent environmental risks, we have formulated the Water Pollution Prevention and Control Management Procedures and the Emergency Response Plan for Wastewater Stations in compliance with the environmental protection regulations and standards. During the reporting period, the wastewater discharges from our facilities were carried out in accordance with the latest local and industry regulations and standards. Specifically, the Guangdong base adhered to the stricter pollutant limits as prescribed by the relevant standards.

Water pollutant indicator data (discharge concentrations)⁴

			2021	2022		2023		
Indicators	unit	Hunan Base	Guangdong Base	Hunan Base	Guangdong Base	Hunan Base	Guangdong Base	Aoshikang in Huizhou
pН	/	/	7.2	/	7.1	7.58	7.2	N/A
ammonia nitrogen	mg/L	15.2	0.7	13.2	0.2	37.4	0.1	3.5
Suspended solids	mg/L	/	10.5	/	15	/	5	N/A
Chemical Oxygen Demand	mg/L	172.4	16	108	23	190.3	28	47
Total Copper	mg/L	0.3	0.1	0.2	0.1	0.1	0.03	N/A
Total Phosphorus	mg/L	1.9	0.1	0.3	0.1	1.1	0.03	N/A
Total Nitrogen	mg/L	41	4.1	27.9	2.77	35.9	/	N/A

³ Data for 2023 is not applicable due to the discontinuation of production at Aoshikang, Huizhou, and data for past years is lacking.
⁴ The "/" in the table stands for not detected or no data.

Reducing Heavy Metals in Wastewater

Example

In 2023, our Hunan Base upgraded its integrated wastewater treatment system. After the renovation, the average concentration of total copper in wastewater was reduced to 0.12mg/L, lower than that in 2022 (0.2mg/L).



Reducing TDS (Total Dissolved Solids) in Wastewater

Example

Considering that the generation of high-salt wastewater in the PCB industry could easily affect the wastewater treatment system and downstream aquatic organisms, we developed our independent salt recycling process and put it into use in the Hunan base in January 2023, which prepares high TDS waste brine into hydrochloric acid and liquid alkali, respectively used in the etching process of PCB production and used in the etching solution recycling system and the wastewater treatment system. This technology systematically solves the problem of treating salty wastewater with high TDS, promotes salt recycling, and reduces the negative impact on the environment.

SOLID WASTE

Based on relevant laws, regulations, and industry standards, the Hunan Base has formulated Waste Management Procedures, Operational Guidelines for Waste Management of Various Processes, and Operational Guidelines for Solid Waste Management, and the Guangdong base has formulated Waste Management Procedures. We are devoted to reducing waste generation, reusing and recycling waste, coordinating with qualified environmental companies for power generation or heat recovery of non-recyclable waste, and storing and transporting hazardous waste according to safety requirements. For more information on waste recycling and reuse, please refer to "Resource Management - Waste Management".

NOISE CONTROL

For the noise generated by operations such as mechanical equipment and transportation, we take mitigation measures in our bases, such as sound insulation in factory buildings, optimal layout, foundation vibration reduction, and regular maintenance, to reduce noise. During the reporting period, noise levels at each production base did not exceed the standard limits.

RESOURCE MANAGEMENT

WASTE MANAGEMENT

The waste generated in our production is diverse and complex. To prevent the waste of resources and avoid damage to the environment and human health, we classify the waste into general/non-hazardous, hazardous, and domestic waste. Regarding waste management, we adhere to the principles of "waste reduction, resource utilization, and harmlessness" and implement these principles throughout our production process to minimize resource wastage and environmental impact at every production stage.



📷 Waste Reduction: reduce from source

- Source Reduction: Optimize our production design, procurement, and manufacturing processes to achieve a more efficient use of raw materials.
- Technological Innovation: Focus on innovative technologies and their applications throughout manufacturing processes.
- Extending Equipment Lifecycle: Strictly carry out sound equipment maintenance and upkeep to ensure stability and avoid failures.
- Leakage Prevention: Focus on equipment sealing and stability to minimize chemical leaks and volatility, thereby enhancing chemical use efficiency.

Resource Utilization: reuse and recycle resource

- Resource Reuse and Circularity: Implement new recycling projects through technological innovations to reduce the amount of waste generation.
- Environmental Companies: Actively partner with external environmental firms to recycle resources and jointly develop innovative technologies, improving resource utilization efficiency.

Recycling Projects

During the reporting period, the following recycling projects were completed within our facilities:

production bases	Projects	Performance data in 2023	Project Status
	Plating Process Optimization	Using 15.35 tons of recycled copper oxide powder for electroplating, we further produced 60.35 tons of copper sulfate, which was reused in the production line. In theory, this reduced the external purchase of phosphorus copper balls by approximately 13.47 tons.	Completed
Hunan Base	Acid etching solution recovery of copper oxide	Recycled and reused 15.35 tons of copper oxide powder for the electroplating.	Phase I completed, phase II in planning stage
	Recovery of acid and alkali from high salt tail water	Recycling into acid and alkali: equivalent to 428 tons of acid with a concentration of 31%; equivalent to 290 tons of alkali with a concentration of 50%.	Phase I completed, Phase II in planning stage

During the reporting period, the following recycling projects were in the pipeline within our facilities ⁵:





⁵ The performance amount in the project details is the designed output at full capacity of the facility. The actual amount of final regenerated products depends on the amount of etching solution, micro-etching solution, high-salt tail water, integrated wastewater, and other wastes generated the year.

Guangdong Base



Guangdong Base



Waste liquids containing high concentrations of sodium chloride are prepared into hydrochloric acid and liquid alkali and reused in the production line. This initiative not only reduces the cost of the production process, but significantly reduces the amount of salt discharged externally, effectively mitigating the impact on the external environment. The project is under construction and will reduce the external discharge of salt by approximately **7,761**tons per year upon completion. The copper ions in the alkaline etching solution are made into copper oxide powder for electroplating, which reduces the amount of acidic etching solution removal. The project is under construction and will reduce about **2,640** tons of alkaline etching solution removal and regenerate about **330** tons of copper oxide powder per year reused in the electroplating process after completion.

Concentrate and purify the copper ions in the integrated wastewater to prepare copper sulfate pentahydrate, reducing the amount of coppercontaining sludge generated. The project is under construction and will reduce about **310** tons of copper-containing sludge and regenerate about **972** tons of copper sulfate pentahydrate per year reused in the electroplating process after completion.

Waste Indicator Data ⁶			
Indicators	Unit	2022	2023
Indicators	Ton	59039.33	64986.28
Total Waste	Ton	49119.86	56184.65
Hazardous Waste	Ton	9919.47	8801.63
Resource utilization ratio	⁰⁄₀	98.61%	98.35%

Historical Industrial Waste Disposal Data

By Disposal Method (Unit: Tons)

	Waste Disposal	2022	2023
ĪĪ	Waste generated	59039.33	64986.28
63	Recovered and recycled waste	58220.61	63916.67
ß	Waste incinerated, landfilled	818.71	1069.61

By Waste Categories (Unit: Ton)

	Types of Waste	2022	2023
ب ک	Hazardous Waste	49119.86	56184.65
\oslash	Non-hazardous waste	9919.47	8801.63

⁶Lack of the data of Hunan base in 2021, lack of the data about general waste of Guangdong base Resourcefulness ratio=Total amount of resourceful waste / Total amount of waste Hazardous waste (hazardous waste) generation density = total hazardous waste / group revenue

Waste Disposal for Recycling and Reuse in 2023

(Breakdown by recycling methods, in tons)

Indicators	On-site	off-site
Hazardous waste		
Recycling and reuse	17516.87	37003.69
Other methods	/	594.48
Non-hazardous waste		
Recycling and reuse	/	8801.63

Waste Disposal for Incineration and Landfill in 2023 (Breakdown by Disposal Operation, in tons)

Indicators	On-site	off-site
hazardous waste		
Incineration (with energy recovery)	/	1
Incineration (without energy recovery)	/	1067.98
Landfill	/	1.632
Non-hazardous waste (all recycl	.ed)	



In-plant Reuse of Production Process Waste

Example

The palladium recovery liquid and tin sinking waste liquid generated in the production process are directly reused in the production through online recycling. The acidic etching waste liquid, alkaline etching waste liquid, and micro-etching waste liquid can be generated into high-purity copper oxide and copper sulfate through the on-site regeneration system, which can be reused into the manufacturing process as the main raw material of etching liquid to realize the recycling (each ton of acidic etching liquid with 9% copper content produces about 114kg of copper oxide, and each ton of acidic etching liquid with 9% copper content produces about 350 kg of copper sulfate pentahydrate).

During the reporting period, Hunan base recycled and reused 17,516.87t of hazardous waste through the acidic etching liquid online recycling system and alkaline etching liquid online recycling system.

WATER CONSUMPTION

The PCB industry involves large amounts of water consumption. We have accessed our water risks geographically and found that, according to WWF's Global Water Risk Assessment Tool, the risk of water scarcity and water pollution is low in the region of our Hunan Base and Guangdong Base. The main sources of water for the Hunan Base are groundwater and municipal water supply, and mainly municipal water supply for the Guangdong Base. To mitigate the risks of water shortage and water pollution in the local area, we have built on-site wastewater treatment facilities in both Hunan and Guangdong bases to treat and reuse industrial wastewater.

The Guangdong base has built an industrial wastewater treatment system that adopts the concept and technology of "wastewater classified collection, classified pre-treatment & wastewater treatment and reuse & end comprehensive treatment and discharge". After treating part of the wastewater discharged from the production process, the water that meets the production quality standards is reused in the production process, and the remaining part will be discharged after treatment to meet the standard. Currently, the monitoring data of the amount of reused water is 1200 m³/day.

Water Use Data

Indicators(unit:m³)	2022	2023
Water consumption (by source)		
Groundwater	249700	126500
Third-party water (municipal water supply)	862434	1073315
Water Discharge (by destination)		
Surface water	376501	453704
Third-party water (water delivered to third parties)	673020	626130
Discharge (freshwater and other water)	1049521	1079834
Water consumption (in total)	1166134	1199815



Guangdong Base's Water Reuse Treatment System

The company's Guangdong base has a set of water reuse treatment systems with a processing capacity of 1800 m3/day (normal treatment capacity of 1,200 m3/day). After ultrafiltration and reverse osmosis treatment, the treated water is reused in production. Specifically, general washing wastewater is treated and mainly used for inner and outer layer pretreatment, cutting and grinding cleaning, and post-expansion and degumming & washing processes. After initial treatment, synthesis wastewater is primarily used for post-etching cleaning, post-tin stripping cleaning, and post-photoresist stripping cleaning processes.





Guangdong base water reuse system

Example

RESPONDING TO CLIMATE CHANGE

Tackling climate change bears on the sustainable development of the Chinese nation and the future of humanity globally. Climate change causes a series of challenges, such as extreme weather, fluctuations in raw materials in the upstream and downstream supply chain, and tightening of local policies and regulations. These pose challenges to the industry and our operation, including increased operational costs, impaired cash flow, and industrial structure adjustments. As a trusted PCB manufacturer in the electronics industry at home and abroad, we actively respond to national policies and trends, attain verifications of greenhouse gas emissions in all our manufacturing bases, and clarify our strategic path of green and low-carbon development. We implement the collaborative governance of the whole industrial chain to reduce pollution and carbon emissions and take actions in energy conservation and emission reduction projects. A series of measures have been taken to improve our capacity to identify and respond to climate risks, striving to become a leading role in responding to climate change in our industry.



CLIMATE RISK ANALYSIS

We believe that assessing climate risks and developing effective coping strategies can increase our resilience and sustainability. Based on the TCFD framework, with considerations of the characteristics of the PCB industry, and the geographic location of our production site, we have identified the following main climate risks:

Physical risks



Acute Risks

Extreme weather events

Located in South China, Zhaoqing in Guangdong and Yiyang in Hunan are vulnerable to extreme weather events such as typhoons, heavy rains, and floods. These events may result in damage to production facilities, power disruptions, and logistical disruptions. For example, typhoons and heavy rains may damage production equipment and flood factories, leading to production halts and significant economic losses. Floods can also damage roads and bridges, affecting the transportation of raw materials and the delivery of products.

Emergency Response Costs

Repairing and rebuilding damaged operational sites and assets will increase operating costs. In addition, production disruptions can lead to order delays and customer churn, further impacting the financial performance.

Chronic Risks

Long-term climate change

Rising temperatures and changing precipitation patterns have a profound impact on the longterm operations of enterprises. According to WRI analysis, the climate change in the region where our production bases are located may lead to more frequent high temperatures in summer, increasing the cooling costs. Prolonged droughts or reduced rainfall may result in water shortages, affecting water for production and domestic use for employees.

Infrastructure degradation

Long-term climate change can accelerate the aging and degradation of buildings and infrastructure, increasing maintenance and replacement costs. High temperatures and humidity changes can adversely affect production equipment and storage facilities, shortening their lifespan.

Transition Risk



Policy and Legal Risks

Environmental regulations

With the continuous promotion and implementation of China's "dual carbon", our industry may face increasingly stringent emission reduction targets and a more urgent need for innovations in low-carbon technologies. As a result, we need to make significant investments in emissions reduction and environmental protection, along with higher compliance risks. The implementation of the carbon emissions trading system and carbon tax policy will increase the costs of highemission enterprises.

Carbon Pricing and Taxation



Technology Risks

Technological innovation and substitution

The evolution of low-carbon technologies may require enterprises to upgrade their technology and equipment. In this case, high R&D investment and capital expenditure are expected, and enterprises that fail to update timely may be at a disadvantage in market competition. For example, advanced energy conservation technologies and environmentally friendly materials can significantly reduce carbon emissions but require long-term R&D implementation and high initial investment.

Technology adaptation

Difficulty in rapidly adopting and implementing new lowcarbon technologies can lead to reduced production efficiency and a decline in market share. Uncertainty and rapid changes in technology increase business risks for enterprises.

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Market Risk

Changes in customer demand

With the increasing environmental awareness of consumers and the growing demand for green products, enterprises that fail to meet the demands may lose market competitiveness. Some customers who have committed to emission reduction targets may require suppliers to have green certifications and lower carbon footprints, or they may terminate the partnership.

Investor pressure

Investors are increasingly concerned about the ESG performance of companies, investing more capital towards cleaner assets instead of high-carbon-emitting companies. This could lead to financing difficulties and higher capital costs, impacting long-term development._o

Public image

Reputational Risk

Companies that fail to respond to climate change may face public and media criticism, affecting their reputation. A favorable eco-friendly image can enhance brand value and customer loyalty, while a negative image may lead to decreased sales and reduced market share.

Strategic Responses



Diversify energy use

Reduce dependence on fossil fuels and lower carbon emissions by introducing renewables



Improve production processes

Adopt energy conservation and emission-reduction technologies to improve resource utilization efficiency and reduce environmental pollution.



Strengthen supply chain management

assess climate risks upstream and downstream of the supply chain and ensure the resilience and sustainability of the supply chain.

Climate Risk Management Measures:



Plans

Progress Reporting stakeholders, enhancing transparency and reliability.

GHG EMISSION

Driven by internal development, we actively respond to the national requirements to accelerate the construction of the national carbon market, carry out greenhouse gas inventory, and explore the potential for energy conservation and emission reduction well-groundedly, laying a good foundation for joining international organizations and setting carbon reduction pathways. We plan to set up a scientific carbon target and a carbon-reducing pathway by 2027 and submit the commitment letter to the SBTi.

GHG Emission Data (in tons of CO2 equivalent)

Туре	Indicators	Base in Hunan province		Base in Guangdong province	
		2022	2023	2022	2023
Scope 1 (direct emissions)	Total Amount of scope 1	7588.76	8296.61	2104.5	4275.07
Scope 2 (energy use)	Total Amount of scope 2	107386.54	122695.6	51409.31	71837.25
Scope 3 (external goods and services, transportation and delivery, etc)	Total Amount of scope 3	22875.84	226284.6	13859.48	154180.47

Calculation Notes:

The greenhouse gas calculation methods refer to the Guidelines for Greenhouse Gas Accounting and Reporting in Electronic Device Manufacturing Enterprises (Trial Edition) and utilize emission factor methods and mass balance methods. Emission factors are selected from national grid emission factors and other national emission factors, as well as measurement/intelligent balance factors. Global Warming Potential (GWP) values are sourced from the IPCC Sixth Assessment Report.

GHG Emission Intensity

Indicators	Unit	2022	2023
GHG Emission Intensity (Scope 1) – revenue	Tons of CO_2 equivalent per million RMB of revenue	2.12	2.90
GHG Emission Intensity (Scope 2) – revenue	Tons of CO_2 equivalent per million RMB of revenue	34.77	44.93
GHG Emission Intensity (Scope 3) – revenuer	Tons of CO_2 equivalent per million RMB of revenue	8.04	87.87
GHG Emission Intensity (Scope 1) - Production	Tons of CO_2 equivalent per m^2 of circuit boards production	0.001732	0.002041
GHG Emission Intensity (Scope 2) - Production	Tons of $\rm CO_2$ equivalent per $\rm m^2$ of circuit boards production	0.028367	0.031584
GHG Emission Intensity (Scope 3) - Production	Tons of CO_2 equivalent per m^2 of circuit boards production	0.006562	0.061772



ENERGY CONSERVATION

We attach great importance to the conservation of energy and resources, implement a comprehensive conservation strategy, and continuously reduce the consumption of raw materials, energy, and resources per unit of output. We establish control procedures for energy conservation and carbon emission, manage energy consumption and emission, improve production efficiency to protect the environment and build a conservation-oriented enterprise.2019, we were awarded the "National Green Factory" title



Energy Efficiency Initiatives



We adhere to the concept of green development, and promote energy conservation and emission-reduction projects. Using technological innovation, process optimization, and energy management, We improve the comprehensive effect of the Group's energy conservation and emission reduction work from occurring.

Energy Use Data			
Energy consumption indicators	Unit	2022	2023
Electricity consumption (non-renewable)	MWh	323937.4	342913.67
Electricity consumption (renewable energy)	MWh	1159.4	571.2
Diesel consumption	L	65705.63	56258.32
Gasoline consumption	L	29083.26	39463.76
Natural gas consumption	m³	3593608	2901374
Biomass Fuel Consumption	ton	1640.83	4078.163
Steam consumption	ton	0	0

Energy Consumption Intensity (MWh/m²)

Power consumption per square meter of printed circuit board production⁷



We have established a comprehensive environmental management system and obtained several international certifications including ISO 14001:2015 and IECQ QC080000: 2017.



⁷Due to the cessation of production at Aoshikang in Huizhou, data for 2023 is not applicable and data for previous years is not available.

Energy-saving Retrofitting Project

	Projects	Technology and performances
00 0	Chilled water, air pressure, heat recovery rectification works	Comprehensive rectification of pipelines, reduce energy losses, and save 1,669,000 kWh of electricity consumption.
	Boiler 6T steam generator installation	Increasing the steam supply and making the most of the boiler's thermal energy resulted in savings of 617,000 RMB in fuel costs.
	Clean energy projects	Started using photovoltaic power in 2015 and generated 570,000 kWh in 2023.
	Efficient machine room project	With the use of a high-efficiency server room, the EER of the Guangdong base server room reaches 6.44 and 6.21 respectively, which has considerable economic benefits and saves 40.9 % and 38.8 % of energy consumption compared to conventional server rooms respectively.
040	Compressed air systems	By using a screw air compressor with a matching compressor waste heat recovery system, an average of $2,030$ tons of hot water is produced daily, recovering 4.06×10^7 kcal of heat

Energy conservation and Emission Reduction Awareness Building

We strengthen the awareness building of energy conservation and emission reduction in each department and all employees, by releasing content on our social media account, and public area poster. We encourage our employees to "save the planet" starting from day-to-day behaviors such as using less water and electricity, and actively promote the initiatives of green office, low-carbon transportation and eco-friendly lifestyle.

Biodiversity Conservation

None of our facilities is in globally or nationally protected natural conservation or biodiversity-sensitive areas. We obtained local environmental permits for built facilities and will not consider locating new facilities in conservation land or biodiversity-sensitive areas.

We aim to avoid threats to the biodiversity safety of our locating sites and neighboring areas from our construction and operation activities. During new construction, we ensure to build environmental protection equipment and prevent air and soil pollution. During operations, we ensure rain and sewage diversion in the production area, Simultaneously, each environmental risk unit protects the at-risk facility from wind, rain and seepage, and strengthens soil and groundwater pollution prevention.

TALENT DEVELOPMENT: BUILDING A VIRTUOUS CORPORATE CULTURE

Talents are the solid foundation for the long-term development of an enterprise. We strictly abide by international and domestic labor laws and regulations, promote sound labor practices, safeguard the fundamental rights of employees, and are committed to creating and maintaining a safe, healthy, equal, and dignified workplace environment. Moreover, we provide diverse career development paths and growth opportunities for all employees in a variety of ways.



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OCCUPATIONAL HEALTH AND SAFETY

Ccupational Health and Safety Policy



In compliance with domestic and international laws, regulations, and industry best practices, as well as adhering to the requirements of ISO 14001:2015 and ISO 45001:2018 standards, we have established an environmental, occupational health, and safety management system, specific organizational structure and operational process that encompasses all the production sites. In 2011, we issued our original Environmental, Occupational Health, and Safety Handbook (EOSH), and have been regularly monitoring and reviewing the policy and management system ever since. As of the end of the reporting period, the EOSH Manual and its related annexes have undergone nine revisions.

Both Hunan and Guangdong bases have obtained ISO 14001 and ISO 45001 certifications, both of which remain valid as of the date of this writing.



We have established an occupational health and safety management system and formed an Environmental Occupational Health and Safety / Safety Production Committee. Responsibilities and authorities are clearly defined from the general manager to various company departments, integrating occupational health and safety management into our business processes. Our Environmental Occupational Health and Safety Objectives, Indicators, and Procedures mandate annual assessments and updates of occupational health and safety objectives. These objectives are allocated as performance indicators to relevant departments at all levels to ensure the implementation of the policies and objectives at each production site and individual employee level, thereby establishing an effective full-process management system.

To ensure our suppliers align with our occupational health and safety policies, we monitor, assess, and train suppliers to enter our operational sites. We also sign safety and civilized construction agreements with external construction workers entering our operational sites, reviewing their qualifications and the safety aspects of their construction plans.

HAZARD IDENTIFICATION, RISK ASSESSMENT, AND ACCIDENT INVESTIGATION

Following relevant laws, regulations, and industry best practices, we have developed the Environmental Factors. Hazard Identification Assessment, and Risk Management Procedures to ensure that appropriate measures protect the safety and health of employees, on-site suppliers. customers, and others at our operational sites effectively. We evaluate and identify hazards based on dimensions and indicators such as impact scale, scope, frequency of occurrence, societal concerns, compliance, and resource consumption. We compile and annually update the List of Significant Environmental Factors as part of this process. Additionally, we have established the Accident Investigation and Control Procedures and associated mechanisms to prevent accidents through a clear division of responsibilities and punishment mechanisms, thereby minimizing consequences and impacts.



drills

Total number of drills

WORK SAFETY TRAINING AND EMERGENCY DRILLS

We place a strong emphasis on production safety management. During the reporting period, we carried out comprehensive occupational safety training and assessed the training results with a three-tier safety education and training system, aiming to ensure that employees possess sufficient safety awareness and skills to address potential hazards in production. Training covered safety procedures, safe equipment usage, emergency response methods, and related topics.

During the reporting period, each of the production bases completed the annual safety training program, the implementation status of which is set out below:

Hunan Base During the reporting period • 148 three-level safety education training sessions for new employees, with a cumulative total of 1,321 trainers and 100% of those who passed the examination. • 10 safety educational training sessions. Safety Month and Fire Prevention Month activities. drills per base **Guangdong base** The Hunan base and the Guangdong base organized fire drills respectively • 126 three-level safety educational training sessions, as of December 22, 2023, covering 1,202 person-times, with a 100% passing rate. drill per base • Training for resumption of work and production, covering **1,215** person-times. The Hunan base and the Guangdong base organized • The education and training program aimed at preventing "unauthorized command," "unauthorized operation," and "violation chemical leakage drills of labor discipline", covered a total of **1138** person-times. respectively • 24 training sessions on the use of firefighting equipment and emergency evacuation, covering a total of 1,130 person-

- Safety awareness training, covering **1,350** person-times.
- Cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) operation training.

times.

HAZARDOUS CHEMICALS MANAGEMENT

To prevent chemical safety accidents and protect the safety of employees and the environment, we have implemented various hazardous chemical management measures. In accordance with relevant laws. regulations, and industry standards, we have established a group-level Chemical Safety Control Procedure covering all nationally regulated hazardous chemicals, and each production base has developed a chemical management system. We implement comprehensive management of hazardous chemicals throughout their entire lifecycle, including safety measures, operational training, and operational guidelines, covering all procurement, transportation, receipt, storage, distribution, and use.

In accordance with the Regulations on the Administration of Precursor Chemicals" (Decree No. 445 of the State Council), we identify drug precursor chemicals, and each base has established strict inventory management procedures to prevent precursor chemicals from being used in drug manufacturing, thereby maintaining economic and social stability.



I OCCUPATIONAL DISEASE PREVENTION AND CONTROL

To protect employees and external laborers from occupational diseases during production, prevent the occurrence of occupational diseases, and ensure production efficiency, we have formulated the Occupational Health Management System and Operational Procedures" based on the Occupational Disease Prevention and Control Law of the People's Republic of China, Technical Specifications for Occupational Health Surveillance GBZ188-2014, and relevant provincial regulations. Each year, we provide occupational disease examinations and hazard factor testing for employees, support those diagnosed with or at risk of occupational diseases to undergo examinations and treatment and reassign job roles for those employees who are allergic to occupational hazards.

We are committed to protecting employee privacy. We have issued the Occupational Health Confidentiality System to manage occupational health information. Relevant protection measures include ensuring information storage security, controlling access permissions, signing internal confidentiality agreements, and implementing penalties for violations, all aimed at safeguarding employee privacy and security.

During the reporting period, we authorized a qualified third party to conduct occupational hazard factor testing in workplaces at the Hunan base and the Guangdong base respectively.



Stakeholder Testimonials

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The company organizes annual fire safety drills and firefighting skill competitions. These drills include comprehensive fire extinguishing operation training for all staff. This enhances the company's emergency response and crisis management capabilities, teaches us life-saving skills, and improves everyone's awareness of prevention. It brings great benefits to our work and daily life.

-----An employee attending the safety training

EMPLOYEE RIGHTS AND WELL-BEING

EQUAL EMPLOYMENT

Ensuring equal employment opportunities and attracting diverse talents, effectively mitigates labor compliance risks, and promotes the sustainable operation and development of the enterprise. A diversified talent strategy allows the enterprise to highlight advantages in innovation, decisionmaking quality, market competitiveness, and other aspects.

We firmly believe that every employee should enjoy equal employment and development opportunities. We strictly enforce the Labor Law of the People's Republic of China and establish Anti-Discrimination Management Procedures. We are devoted to protecting the rights and interests of flexible workers, upholding gender equality in employment, and ensuring equal pay for equal work. We commit to safeguarding equality in recruitment, promotion, training, and working conditions and guarantee that all workers shall not be discriminated against based on their gender, race, religion, age, disability, personality orientation or any other non-workrelated factors.

During the reporting period, the company had a total of 4,678 employees, of whom 36% were female. At the management level (level 10 and above), women accounted for 20%. In addition, there were 289 ethnic minorities and 41 people with disabilities among the employees.



Gender distribution of employees by level



Age distribution of employees by level



注: Senior management: level 14 and above

Middle management: level 10-13

Overseas Employees: Employees of overseas operating sites that are not part of mainland China, Hong Kong, Macao or Taiwan

Professional composition of staff



注: Senior management: level 14 and above

Middle management: level 10-13

Educational composition of employees

not part of mainland China, Hong Kong, Macao or Taiwan

Overseas Employees: Employees of overseas operating sites that are



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Gender pay ratio⁸

Norm	Senior management (level 14 and above)	Middle management (level 10-13)	staff member	frontline staff	Non-regular staff
Average basic remuneration	1	1	1	1	1
Average basic pay for men	1.00	1.00	1.06	1.03	0.94
Average basic pay for women	1.07	0.97	0.90	0.96	1.13

Composition of new hires during the reporting period (by location of operation, unit: person)

Indicators	Operating location 1 (Zhaoqing, Guangdong)	Operating location 2 (Yiyang, Hunan)	Operating location 3 (Thailand)	Operating location 4 (Shenzhen)	Operating location 5 (Changsha)	Operating location 6 (Hong Kong)
male	885	924	7	6	13	6
female	337	394	3	7	6	4
Age under 30	595	552	2	2	9	0
30-50	615	758	7	11	10	10
Over 50	12	8	1	0	0	0

Composition of staff turnover during the reporting period (by location of operation, unit: person)

Indicators	Operating location 1 (Zhaoqing, Guangdong)	Operating location 2 (Yiyang, Hunan)	Operating location 3 (Thailand)	Operating location 4 (Shenzhen)	Operating location 5 (Changsha)	Operating location 6 (Hong Kong)
male	933	1259	0	20	6	3
female	383	569	0	9	4	0
Age under 30	665	782	0	6	6	3
30-50	632	1018	0	23	4	0
Over 50	19	28	0	0	0	0

⁸Calculated based on an average salary of 1 year on year; the difference in average salary is due to the age difference in the proportion of male and female employees.

We have achieved the SA8000:2014 management system certification.



EMPLOYEE COMPENSATION AND BENEFITS

We adhere to the requirements of the Labor Law of the People's Republic of China and the Labor Contract Law, ensuring that employees receive basic wages not lower than the local minimum wage standard. Based on the principles of 'people-oriented' and 'priority to incentives,' we have established a fair, just, scientific, and reasonable salary system. Our employees' overall wages consist of basic wages, overtime pay, functional wages, position allowances, performance bonuses, seniority awards, and others.We comply with local regulations to provide employees with social insurance, including pension, medical, unemployment, and housing provident fund contributions. In addition to statutory holidays, we offer paid annual leave, marriage leave, bereavement leave, maternity leave, paternity leave, and lactation breaks. Furthermore, the company provides year-end bonuses, summer drinks, free meals and accommodation, free laundry services, health and occupational disease screenings, quarterly departmental activities, some employee trips, awards for outstanding employees, and birthday month vouchers, among other employee benefits.

ANTI-CHILD LABOR AND FORCED LABOR

We have zero tolerance for child labor or forced labor. We ensure the compliance of our labor practice by establishing policies such as the Child Labor and Minor Worker Policy and the Prohibition of Forced Labor Management Procedure, the Rescue of Child Workers Control Procedure, and continuously regulating the recruitment process. Measures include requiring candidates to present valid and authentic identification documents and signing legally compliant employment contracts with all employees. We conduct training activities to prohibit the use of child labor. Any violations of the employment policy will be promptly addressed with appropriate measures, to uphold a legal and ethical employment practice.

We protect our employees' rights and interests in a free choice of employment and reasonable working hours. We stipulate in the Procedures for the Management of Prohibition of Forced Labor that all employees must be employed voluntarily, and that no forced labor is permitted, and that no deception is allowed to lure employees to work, and that we prohibit the employment of imprisoned, trafficked, or enslaved laborers, or bonded laborers. We have set up an open complaint procedure to supervise and handle forced labor issues.

Stakeholder Testimonials

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It is very necessary to have an annual health check-up, which allows us to know our physical condition better and to have specific prevention measures. So we can engage in work and life with a healthier body and mind.

----An employee at occupational disease physical examination

APPROACHING RETIREMENT AND RETIREE SUPPORT

To strengthen our talent management and build the sense of belonging and solidarity of our employees, we provide health care for the near-retirees and retired employees, enhance the service experience of the near-retirees, and guarantee the stability of our staff family. We formulated the Management Measures for the Retirees and Management Measures for the Near-Retirees, establishing responsibilities, procedures, and channels for dispute resolution to ensure the rights of retirees and employees nearing retirement are protected, thereby stabilizing the company's organizational structure.

WHOLESOME WORKPLACE CULTURE

A wholesome workplace culture ensures corporate success and employee well-being. We are committed to creating a healthy workplace environment free from discrimination, harassment, and exploitation for all employees. Our Anti-Discrimination Management Procedures and Employee Complaint Handling Procedures prohibit managers from engaging in coercive, threatening, abusive, or exploitative behaviors towards employees under any circumstances, including posture, language, and physical contact; protect employees from discrimination regarding their race, social status, nationality, religion, disability, personality orientation, and others. Employees may file complaints against the company for violations, and we will handle the complaints in accordance with the Employee Complaint Handling Procedures. To prevent retaliation against the complainants, we keep their identities strictly confidential.

Complaint channels

- Factory managers
- Talent Development Center
- Company Suggestion Box
- Administration Center
- Audit and Inspection Center
- Employee Complaint Hotline

Company has **NOt** experienced incidents

During the reporting period

- of harassment or
- discrimination.

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

We respect employees' exercise of their legal rights to free association and collective bargaining, including the right to join or not to join any association, and formulates the Management of the Right to Free Association and Collective Bargaining. Employees are free to form, join, or withdraw from trade unions or similar legal organizations. and all employees have the right to vote and be elected. We provide venues for employees voluntarily organized activities such as employee representative meetings. The union representatives collect employee opinions and suggestions and relay them to either the union or senior management of the company. Senior management ensures that each opinion or suggestion receives an effective response. The Company regularly organizes communication meetings with employee representatives and appropriately handles incoming correspondence and visits. These relevant rules and regulations formulated after these meetings should promptly be explained and disseminated to all employees by Union representatives.



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EMPLOYEE GROWTH AND MOTIVATION

STAFF TRAINING SUPPORT

During the reporting period, we carried out diversified training and related assessments for employees of different types and levels, guided by practical work and scientific training methods. A thorough training system covering all employees has been realized through the effective implementation and promotion of training and education projects such as Kunpeng Academy, Hundred Talents Program, and Internal Trainers.

Employee Training Program and Performance

Categorization	Training Forms	Training Performance
ES.	Comprehensive learning	 Cumulative specialized training: 2,697 persons trained. Multi-skilled training: 568 persons trained, with 405 passing the multi-skilled assessment, achieving a pass rate of 71.3%. Key position development: 1,220 persons trained, with 1,139 persons successfully completing the training, resulting in a completion rate of 93%. Developed 19 courses on customer specifications and new products, with a total of 4,200 participants.
Operator family	Full staff certification	• Total certification conducted: 5116 person-times.Certified: 3,578 person-times.Pass rate: 69.9 %.
	Skills competition	Covering 26 sections, 23 positions, and 388 participants
	Intelligent system operation inspection	Covering 189 technician-level personnel
	Blue Collar Skills Classes	• Development of 10 courses regarding energy boards, servers, and "golden finger" session.
	Product Knowledge Training	 A total of 2,500 participants; 759 people were inventoried on the acquisition of skills and knowledge and work performance of employees

Categorization	Training Forms	Training Performance
	Six Sigma Green Belt Program	• 35 participants
Technology family	DOE Design and Analysis of Experiments	• 40 participants, improvement project into the Six Sigma project IATF16949 five tools; 45 participants, the course combined with the actual situation of the company and customer requirements for internalization
	Basic Knowledge Course	• 5 offline courses, 33 online courses, with a total of 3,000 participants.
	Job knowledge, specialized knowledge assessment	• 1,082 were assessed, 968 qualified, a pass rate of 89.5 percent
<1	Innovative classroom (online and offline, combining study and exams)	 In total, 16 courses were developed, 6 video courses were recorded, and 20 intensive lectures were given to approximately 600 participants
"Marketing person", i.e. person who sells goods or services	Job evaluation	• 45 references, reaching a 91.1 % pass rate
Management family	Grassroots Management Capacity Enhancement Training	 38 sessions were held, with a total of 316 learning hours, including 4 external development trainings, with a total of 1,281 participants and a student satisfaction rate of more than 90%.

Internal Trainer Development

The internal trainer is an important part of the training system, promoting knowledge refinement, management, dissemination, and sharing.

During the reporting period, we carried out 2 capacity building training and 9 accompanying enhancements for the first and second phases of internal trainers in Hunan and Guangdong bases respectively, with 50 participants. The third phase of the Kunpeng Program carried out a total of 8 internal empowerment sessions covering 154 participants, with a course satisfaction rate of more than 90%. Through the internal trainer program, we have successfully certified 20 lecturers in 2023, including 6 junior lecturers, 6 intermediate lecturers, and 8 senior lecturers.



Kunpeng Academy

Kunpeng Academy was established in 2021, aiming to become a training platform for all staff. It is designed to cultivate, attract and retain diverse talents, lead the company's technology innovation, and promote our development towards excellence.

As of the time of report writing, Kunpeng Academy has formed a comprehensive pool of lecturers and courses, a sound examination mechanism, with mandatory courses covering 90% of the positions. The Academy has developed cooperative programs with suppliers, institutions, and peers to provide multiple services.

2023 Merit Awards

During the reporting period, the company's talent development center issued 169 awards for incentives towards merit personnel and teams, including 10 individual awards for 148 people and 7 team awards for 21 teams..



TALENT DEVELOPMENT AND PROMOTION

Our development strategy is based on the Aoshikang Talent Development General Framework. We established and maintained a talent information database and a talent pool, and carried out effective selection, education, utilization, and retention of talents through our talent evaluation system, talent labeling system, internal and external selection, and grading cultivation.

We have formulated the Promotion Channel Management Measures, which define the job grade system, position levels, and various career development pathways, establishing a mechanism for employee career development based on positions, core qualifications for appointments, and assessment-oriented evaluations. It provides employees with comprehensive career development paths and personal growth opportunities, maintaining a fair, just, and transparent competitive mechanism.



Aoshikang job categorization mechanism



Career path

Management Career Paths

01 Management

Channel

Management employees are promoted step by step within the management category, e.g. from the M1 to the M6 level.

Management employees switch career development

Professional And Technical Channel

02

channels, transfer from management to professional and technical channels, and then promote and develop within the professional and technical channels.

Fill Professional and Technical Career Paths

Management Channel

02

Professional And Technical Channel

Inter-category Professional And Technical Channel

Professional and technical employees who meet the conditions for promotion and assessment of the management category will be promoted to management through promotion assessment, and then promoted in the management channel.

Employees in the professional and technical series are promoted step by step within their category until the highest level.

Professional and technical employees convert their career development channel, adjust their positions to other categories, and then promote step by step within other categories until the highest level.

COMPENSATION PERFORMANCE INCENTIVE

We motivate our staff by establishing a value-contribution and result-oriented compensation and performance system and abide by the Performance Management Measures and Remuneration Management Measures. During the reporting period, we continued to optimize the management system, evaluate employees scientifically, improve the ratio of human resources input and output, and improve the human resources management model integrating "remuneration - performance incentives - value evaluation - talent identification".

During the reporting period, the performance appraisal coverage rate of our full-time employees reached 98.06%.



I EMPLOYEE STOCK OWNERSHIP PLAN

Details of All Valid Employee Stock Ownership Plans During the Reporting Period:



	Employee Category	Number of Employees	Total Shares Held (shares)	Change Situation	Percentage of Total Share Capital of the Listed Company	Source of Funds for Implementing the Plan
Mido	Directors, Senior Management; dle Management and Other Employees	54	45,474	After the lock-up period of the employee stock ownership plan expired, some company shares held were reduced in accordance with relevant regulations.	0.01%	Self-raised funds and incentive funds

INDUSTRY IMPACT: PROVIDING HIGH-QUALITY PRODUCT AND RESPONSIBLE SUPPLY CHAIN

As market competition intensifies and customer demands for product quality and delivery deadlines increase, coupled with the complexity of global supply chains, we adhere to our quality policy of "first-class quality, on-time delivery, continuous improvement, and customer satisfaction." Embracing a "win-win cooperation" philosophy in supply chain management, we commit to enhancing collaboration and communication with suppliers through continuous improvement and innovation. In this way, we ensure the establishment of a stable and reliable supply chain system to safeguard and improve product quality, optimize upstream and downstream connections in the supply chain, seize industry development opportunities, and consistently deliver sound products and services.



66

PRODUCT QUALITY AND SAFETY

PRODUCT QUALITY MANAGEMENT SYSTEM

In terms of quality management, we follow the policy of "first-class quality, accurate delivery time, continuous improvement, and customer satisfaction". To continuously improve quality control capabilities, we adopt a variety of quality management modes, including a priority for quality control, high standards from material to product, and the synergy of management digitalization, production automation, personnel specialization, and stabilization of key positions.



We adhere to the principle of comprehensive quality management and management system requirements, and are committed to providing customers with excellent products and service experience. We have obtained various certifications regarding quality management, such as ISO 9001:2015, IATF16949:2016, ISO 14001, ISO 45001:2018, CQC product certification, SA8000:2014, ISO 27001, 15013485:2016, AS9100D, ISO 50001:2018, Customs Certification General certification certificate, safety production standardization certificate, and other external certifications. We developed our Quality Manual to guide our efforts in the constant improvement of the quality management system.

Quality Control Process

We have a set of rigorous quality control systems. Starting from the procurement of raw material, new suppliers and new materials are fully certified in strict accordance with the Purchasing Management Specification and New Material Evaluation Operation Manual. In the production process, standardized operation is ensured using Standard Operating Procedures (SOP) and Control Plans (CP), which define detailed production steps, process parameters, and inspection standards. This approach guarantees consistent execution of operations on-site. Production activities are managed according to the Production Process Control Procedure (ASK-QP-010). The Quality Assurance (QA) team conducts quality verification based on specific requirements outlined in the inspection SOP, and meticulously maintains all inspection records to ensure full traceability and compliance throughout the process.

Energy Board Scrap Improvement Project

Example

To improve the competitiveness of the series of energy products to clients, enhance our profitability, and drive each department to make joint efforts in fulfilling the goal of quality improvement, we carried out the Energy Board Scrap Improvement Project in 2023. Through a series of initiatives such as "on-site defects collection", "special meeting review", and "reward and punishment incentives", we reduced the defect rate and scrap rate of energy products. As a result, the scrapping rate of the energy board in the fourth quarter of 2023 was -3.18% in October, -2.56% in November, and -2.71% in December, reaching the company's baseline ($\leq 4.0\%$) and challenge ($\leq 3.5\%$) targets.

The implementation of the enhancement initiatives has resulted in a cost savings of approximately 900,000 RMB in the third and fourth quarters of 2023 for scrap rates compared to the first and second quarters.



Product Recall System

For cases where a batch of products delivered is found to have severe non-conformities (including environmental impacts and quality issues), we will promptly notify the customer, recall the products, and swiftly manage the recall process to minimize the impact on customers. We have established and implemented the "Non-conforming Product Control Procedure" (ASK-QP-017) to address recalls for exceeding the standard and unqualified products and the "Customer Complaint Control Procedure" (ASK-QP-013) to address recalls and warranties for automotive products. Furthermore, we have developed the "Advisory Notice and Recall Control Procedure" (ASK-QP-044), providing additional information on product use, changes in product functionality, maintenance, and troubleshooting to prevent potential harm to users and safeguard their safety and health.

During the reporting period



product recalls

The cases in which the company recalled its products due to safety andhealth reasons

During the reporting period

incidents



(During the reporting period



U incidents

The cases involving products and services whose labeling information violated laws and regulations and the enterprise's own system

Hazardous Substance Management

The cases involving marketing

communications of products and services

that violated laws and regulations and

internationally accepted standards

We adhere to the principles of hazardous substance management: "Customer-oriented, compliance with laws; high efficiency in quality, pollution prevention; continuous improvement, sustainable operation." We have obtained authoritative certifications for the RoHS (Restriction of Hazardous Substances Directive) management system and QC080000 hazardous substance management system. We strive to ensure the safety and control of hazardous chemicals, prevent any safety incidents, and guide employees in the correct use of chemicals to maximize employee health and minimize potential environmental impacts. We have developed the "Chemical Safety Control Procedure," which comprehensively covers detailed specifications for the distribution, transportation, and storage of chemicals, establishing a comprehensive framework for chemical safety management that adheres to the strictest safety and environmental standards at every stage.



CUSTOMER SERVICE AND SATISFACTION

CUSTOMER SERVICE SYSTEM

We are committed to optimizing our customer service management system with a customer-oriented approach, ensuring excellent service and high standards of support. In 2023, we continue to enhance our customer service system with a comprehensive service model involving Business Managers, Delivery Managers, and Product Managers. Through the digitization of pre-sales customer information, intelligent management of delivery during sales, and closed-loop complaint handling in after-sales service, we aim to maintain sustainable and benign relationships with our customers.



Pre-sales

Build a customer management system (CRM), covering basic customer information, credit management, contract management, accurate quotations, and standardized customer information. Reorganize the existing sales management center's customer service package model, focus on pre-sales service, strengthen market research, customer sentiment collection, and marketing efforts, develop new customers, stabilize existing customers, and expand the product areas of current customers. Plan new sales channels and establish an online order-taking platform. Standardize online quotations to ensure they align with the company's cost management requirements and market quotation trends, thereby improving the company's competitiveness in obtaining orders.

In-sales

The Operation Management Center reorganizes and strengthens customer order delivery support, optimizing four key aspects: order, material, delivery, and shipment management. With the help of CRM for automated evaluation, capacity allocation, and delivery feedback; a self-developed MRP system to promote material demand visualization and intelligent matching of supply and demand to achieve three-way collaboration; an APS system to optimize scheduling and improve equipment efficiency; and a BI platform to monitor and provide early warnings, ensuring rapid response to abnormalities. The shipment scheduling system automatically verifies abnormal delivery demands and quickly feeds them back to production, ensuring efficient logistics linkage and timely fulfillment of customer demands.
After-sales

After-sales management focuses on three major areas: quality, inventory, and return risk. We implement quality pre-control, strengthen client communication, accurately capture quality demands, and optimize process management. We utilize QM and EAM systems to ensure effective responses to production and customer exceptions, achieve full traceability and closed-loop management, and improve delivery quality. We have set up a professional after-sales team to respond quickly to user feedback, strengthen service and satisfaction research, ensure product quality and efficiency, and enhance customer satisfaction.

Full Process

The company regularly conducts training and assessments for the after-sales team to continuously improve their abilities and quality, ensuring timely follow-up on product quality issues. Strengthen the information management of after-sales services to ensure the accuracy and availability of after-sales service data. After-sales information management is carried out through the ERP system, where user files are established, user needs and feedback are recorded, problems are classified and analyzed, and issues are promptly addressed. The CRM system is introduced to categorize and manage customers, maintain customer relationships, and conduct regular follow-ups, thereby improving customer satisfaction.

At the same time, the company has established a comprehensive after-sales monitoring mechanism to monitor and manage the risk of finished product inventory and customer payback risk. Inventory status is monitored and early warnings are issued through the BI system, enabling inventory visualization management to understand inventory status and turnover. Corresponding payback plans are formulated to gradually shorten the payback cycle, reduce customer payback risk, and ensure the enterprise's operating capital. Through precise and efficient after-sales service, the company aims to reduce product quality risk, inventory risk, and payback risk, thereby enhancing customer satisfaction and loyalty.

CUSTOMER SATISFACTION

We adhere to a customer-oriented quality and business philosophy. Utilizing an objective monitoring system, we comprehensively assess customer satisfaction with our products or services. Based on our "Customer Satisfaction Management Program", we conduct a customer satisfaction survey annually to continuously enhance satisfaction levels, meet customer expectations, and contribute to our sustainable business future.

2023 Customer Satisfaction Survey Results:

91 %



The results of the Company's customer satisfaction survey showed an average score of



INNOVATIVE R&D AND INTELLECTUAL PROPERTY

RESEARCH AND DEVELOPMENT

We are committed to achieving long-term development by enhancing productivity, unlocking growth potential, and advancing the strategic goal of "new quality productivity." We aim to achieve leapfrog productivity gains and exert positive influence throughout the value chain. To this end, we have implemented a series of initiatives, including digital transformation, production process optimization, research and development innovation investment, integration of innovative technology platforms, and the cultivation and attraction of R&D talent.













R&D staff to total employees (%)



DIGITAL INTELLIGENCE BUILDING

In 2023, to better respond to complex and changing external challenges, we focused our strategy on "digitalization." Emphasizing technological innovation, we steadily advanced business development and conducted transformation, consolidating our industry position and providing strong momentum for our sustainable future growth.

Our two major production bases enable us to optimize production layout according to diverse customer demands, focusing on processes, workflows, and talent deployment. Based on our existing SAP system, we centered our efforts around quality, efficiency, and cost to drive digitalization upgrades. Leveraging our capabilities in large-scale customization, we implemented EAM (Enterprise Asset Management) system, CRM (Customer Relationship Management) system, QMS (Quality Management System), HRIS (Human Resources Information System), full-process traceability system, SRM (Supplier Relationship Management) system and WMS (Warehouse Management System). We also optimized and upgraded APS (Advanced Planning and Scheduling), SAP systems, and BI (Business Intelligence) systems. Through these ten digital initiatives, we completed the end-to-end digital transformation from supply chain to final sales.



Comprehensive Application of Multiple Systems



Customer Relationship Management System

During the continuous improvement of various systems, the triggering and integration among the systems, as well as the integration, analysis, and visualization of data, have become particularly important for the company in reducing costs, increasing efficiency, and improving efficiency in decision-making. Through the interconnection of various systems, the company has achieved a seamless process from precise customer acquisition, rapid order processing, and supply chain support for production, to appropriate scheduling and timely delivery, and closed-loop handling of funds including paying and receiving accounts in the financial system. This has enhanced equipment utilization, production efficiency, and on-time delivery rates, achieving a leap in productivity. Additionally, data analysis and value extraction through visualization support the company's efficient and precise decision-making. The comprehensive integration and use of multiple systems have made resource management more information-driven and systematic, optimizing resource allocation and improving decision-making efficiency, thereby further enhancing the company's overall competitiveness and operational efficiency.

INNOVATIVE PROJECTS

To optimize user experience, we closely follow market dynamics and are committed to exploring cutting-edge technological innovations, focusing on new product development. In recent years, we have concentrated on high-value areas such as advanced servers, advanced interconnect technologies, high-frequency communication equipment, large-scale base station antennas, satellite applications, high-performance thermal solutions, special base materials, intelligent driving, 77G radar, and new energy converters, intensifying our efforts in R&D and market promotion to elevate technology and product quality and precisely meet customer demands. Simultaneously, we have deepened our involvement in high-end servers and automotive safety components, expanded our materials library to include CEM-3 to Ultra Low Loss I series, and 2.2 ultra-low dielectric constant PTFE and other advanced materials such as satellites, shielding films, flexible PI, BT materials, built-in resistor copper foil, low-loss inks, etc. We are constructing a comprehensive high-speed, low-loss material system and establishing a multidimensional SI database. In 2023, we continue to invest in research projects to address production challenges, accumulating strong momentum for sustainable, high-quality development.

Key projects	Objective	Status	Anticipation	Significance
Next generation of communication products	Expand the variety of products in specific fields	In progress	Develop materials and supporting technologies for next-generation Servers, Switches, and AI Server	Enhance the technological leadership level in this field
Application technology of low- etching browning solution	High reliability application of advanced technology	In progress	Have the supporting control technology for ultra-high speed signal transmission	Realise successful pplication of Next- Generation Communication Strategy Technology
Development of ultra-large PCB for wireless communication	Expand the variety of products in specific fields	In progress	Develop the ability to process large-sized PCBs and key manufacturing technologies	Enhance the technological core competitiveness in this field
Development of PCB for high thermal-conductivity power amplifier	Develop embedded metal based(I\U\T-coin) products	In progress	Develop and reserve important technologies	Achieve technological leadership in this field and improve the design capability of special products
PCB development for automotive electronics	Lead the technological innovation trend in this field	In progress	Technical reserves	Build high-level technology in this field
Development of heavy-copper energy PCB products	Enhance the technological advantages in this field	In progress	Expand product types such as energy and inverters	Promote technological development in this field
Design BGA products with small spacing	Enhance the technological advantages in this field and provide technical reserves for advanced products	In progress	Design dual lines to pass through 0.8mm pitch BGA and ensure consistency of link impedance interconnection	Achieve technological breakthroughs and innovations in this field

I INNOVATION ACHIEVEMENTS

Our research, technological capabilities, and innovation have been recognized by various stakeholders, including government departments, industry associations, and the market, obtaining a series of qualifications and honors. These accolades primarily include National Enterprise Technology Center, Hunan Province Printed Circuit Board Engineering Technology Research Center, National High-Tech Enterprise, National Intellectual Property Advantage Enterprise, Hunan Province Intelligent Manufacturing Benchmark Enterprise, Hunan Province "5G+ Industrial Internet" Demonstration Factory, National Green Factory, Integrated Standard Certification for Informatization and Industrialization, among others.



I INTELLECTUAL PROPERTY MANAGEMENT

We have established a series of intellectual property management systems, such as the Intellectual Property Management System, New Customer New Product R&D Project Management Operation Specifications, and Incentive Scheme for Patent Invention and Industry Paper Publication. Under these policies and guidance, we define the management structure and responsibilities for intellectual property management, manage processes for technical intellectual property application, patent filing, and maintenance, and propose reward schemes for patents within different scopes. These measures help us achieve synergistic, proactive, and efficient project development, ultimately enhancing our technological research and development capabilities and industry competitiveness.



As of February 2024

- Our total number of patent applications: 662, including 437 invention patents (including 2 PCT patents 1 in Korea and 1 in Japan) and 225 utility model patents.
- The total number of authorizations: 277, including 89 invention patents and 189 utility model patents.



Patent acquisition performance





Industry standard

We actively participate in the development of industry, national and international standards. We have participated in developing the standard of Super HDI (High-Density Interconnect) Multi-layer Printed Circuit Board.

New patent applications

for the year (pcs)

2021

57

2022

(pcs)

2022

50

2023

1

2023

RESPONSIBLE SUPPLY CHAIN

We adhere to relevant laws and regulations such as the People's Republic of China Tendering and Bidding Law and its implementation regulations, ensuring that all our tendering and bidding activities are open, fair, just, and conducted with integrity. We strive to collaborate with high-quality partners and are committed to building a responsible and sustainable supply chain.

SUPPLY CHAIN MANAGEMENT MECHANISMS

To enhance the quality of cooperation, we actively communicate with suppliers and have established a supplier performance evaluation system and a systematic supply chain management framework. Based on ISO 9001, IATF 16949, AS9100D, RoHS directives, and REACH regulations, we have formulated the "Supplier Control Procedure," optimizing the entire process management from supplier discovery, qualification review, and performance monitoring to dynamic optimization management. We strive to ensure that every procurement process adheres to the principles of "efficient processes, fairness, and transparency," working together with suppliers to create value and pursue sustainable development.



SUPPLIER SOCIAL RESPONSIBILITY MANAGEMENT

We conduct annual supplier audits and risk assessments based on the Supplier Qualification Audit Plan and Supplier Risk Level Assessment Form to ensure suppliers comply with relevant qualifications such as quality, environmental, and safety standards. We also sign Supplier Integrity Commitment and Occupational Health, Safety, and Social Responsibility Declaration agreements with suppliers to ensure mutual commitment to social responsibility.

Supply chain performance (Hunan base)

Indicators	unit	2021	2022	2023
Total number of suppliers ⁹		131	141	157
Percentage of supplier environmental due diligence admission	%	100	100	100
Percentage of suppliers screened according to Aoshikang entrance threshold	%	100	100	100
Supplier annual audit rate	%	21	34	45
Supplier annual audit compliance rate	%	100	100	100
Percentage of substandard improvement after annual audits	%	100	100	100
Percentage of suppliers terminated due to non-compliance in annual audit	%	0	0	0
Proportion of expenditure on procurement from local vendors Hunan base	%	5	5	5
Proportion of suppliers signing the Occupational Health and Safety and Social Responsibility Statement	%	100	100	100

During the reporting period

the proportion of suppliers the proportion of suppliers signing the Occupational Health, Safety and Social Responsibility Statement reached

Supply chain performance (Guangdong base)

Indicators	unit	2021	2022	2023
Total number of suppliers ¹⁰		- - - - - / ¹¹		130
Percentage of supplier environmental due diligence admission	%			100
Supply chain environmental impact assessment coverage	⁰∕₀			100
Number of suppliers assessed as having negative environmental impacts				0
Negative environmental impacts supplier improvement ratio	⁰∕₀			0
Proportion of suppliers whose cooperation was terminated owing to negative environmental impacts	%			0
Supplier annual audit rate	%			100
Supplier annual audit compliance rate	%			97
Percentage of substandard improvement after annual audits	%			100
Percentage of suppliers terminated due to non-compliance in annual audit	%			0
Proportion of expenditure on procurement from local vendors Guangdong base	%	3	3	3
Proportion of suppliers signing the Occupational Health and Safety and Social Responsibility Statement	%		/	100

⁹Raw material suppliers ¹⁰Raw material suppliers

"No relevant positions available for the current year, data not obtainable.

RESPONSIBLE MINERALS

We actively respond to the commitments of the RBA and the GeSI (Global e-Sustainability Initiative) joint working group, improving the supply chain environment of the electronics industry. We reject any mining activities that fuel conflict and have incorporated conflict minerals management into our supplier management policies. To this end, we have established the "Conflict Minerals Management Procedure" and introduced a company policy of not supporting or using metals sourced from armed conflict or illegal mining. We have formulated operational processes for conflict minerals to align with international trends and meet customer requirements.

2023

The proportion of suppliers of conflict-free mineral raw materials

Conflict Minerals Prevention Operating Procedures



INDUSTRY IMPACT

Since the establishment of the Hunan Provincial Electronic Circuit Industry Association (HNPCA) in 2018, Cheng Chung, Chairman of Aoshikang Technology Co., Ltd. has been re-elected as the first and second president and is committed to promoting HNPCA to become a platform for the promotion of Hunan and even the global electronic circuit technology exchanges and progress. By deepening international cooperation and technical exchanges, HNPCA not only enhances the global competitiveness of electronic information enterprises in Hunan Province, but also drives the investment and development of the whole industrial chain and injects a strong impetus for Hunan Province to take the lead in the field of intelligent manufacturing and Internet technology.





SOCIAL RESPONSIBILITY: BUILDING OUR COMMUNITY

We consistently adhere to the philosophy of "Integrity-based, Trustworthy, and Socially Responsible," earnestly fulfilling our corporate social responsibilities. We actively engage in community building, volunteer services, rural revitalization, and education enhancement, continuously investing in various philanthropic initiatives. Leveraging our brand influence, we collaborate with various non-profit organizations and give back to society with practical actions. In 2023, we invested a total of RMB 5.92435 million in various philanthropic projects, including a personal donation of RMB 2.8978 million from Chairman Cheng Yong.



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COMMUNITY BUILDING

Through cooperation with the social welfare service centers, the Red Cross Society, the Federation of Trade Unions, and other non-profit organizations, we actively participate in community construction where we are located. During the reporting period, we invested a total of 2,086,550,000 RMB in community construction.



January 2023

Aoshikang Technology Co., Ltd. donated 60,000 RMB to the Red Cross Society of Ziyang District, Yiyang City, for the sympathy of poor households and to help widows, orphans and seriously ill residents in Nanyuegong Community.

• March 2023

Aoshikang Technology Co., Ltd. sponsored 300,000 RMB to the Ant Social Work Service Center for hosting the "New Great Changes in the Hills" Symphonic Concert, which brought an audio-visual feast to the people of Yiyang.

April 2023

regia.

Guangdong SEEGEM Circuit Co., Ltd. donated 560,100 RMB to the Zhaoqing Forestry Bureau and Guangdong cherry trees to the "Expansion and Greening" project for cherry blossom planting on the shore of Heque Lake in Seven Star Rock Scenic Area. In June, we donated 1,450 RMB to the Zhaoqing Forestry Bureau for the "Ten Thousand People Planting Trees" project for planting Delonix

• May 2023

Aoshikang Technology Co., Ltd. donated 50,000 RMB to the Red Cross on the "5.8 Humanitarian Public Welfare Day"; Guangdong SEEGEM Circuit Technology Co., Ltd. donated 45,000 RMB to the Red Cross of Zhaoqing, to help women in poverty in Dinghu Hospital. In June, Aoshikang donated 10,000 RMB to the Hunan Women and Children Development Fund to help women and children in poverty.

• September 2023

Example

Guangdong SEEGEM Circuit Co., Ltd. donated 1,060,000 RMB to the Dinghu Health Fund in Dinghu District, Zhaoqing, Guangdong.



Stakeholder Testimonials

11

Aoshikang has been carrying out charity activities for children since 2014. By 2023, it has been for 10 years, with cumulative donations of various programs exceeding 14 million RMB. This rare sense of responsibility has brought new hope to countless students in Ziyang District and contributed to the national education cause. We deeply feel love, care, and a sense of responsibility towards the development of education from Aoshikang.

----Public Welfare Peer (Ziyang District Education Bureau staff)

11

The establishment of the Dinghu Health Fund has warmed the hearts of us healthcare workers and would inspire us to continue our efforts. As a grassroots doctor, I will remain at my post, enhance my professional skills, serve every patient well, and contribute to advancing Dinghu's healthcare cause through practical actions.

----Mo Jinxin, Director of the General Surgery Department, Dinghu District People's Hospital

VOLUNTEER SERVICE

In 2014, we established a volunteer service team to collectively contribute to community welfare and promote non-profit activities. In 2023, our staff participated in 18 volunteer service events of different sizes, with a total of 70 person-times, accumulating 406 hours of volunteer service.



Educational assistance and support for students

Example

In June and December 2023, Mr. He Zixiu, General Manager of the Company, drove to the townships with a team of volunteers in Ziyang District, Yiyang City, to carry out education support activities. They sent warmth and care to 250 students in the area. Mr. He warmly interacted with the children, encouraging them to focus on studying and pursuing a greater future. In June, we were awarded a plaque of "Love Education, Love for Students" by the Ziyang District Education Bureau at the Shatou Town.



RURAL REVITALIZATION

We support the rural revitalization strategy and aim to contribute to the comprehensive progress of rural economic and social development. While achieving our own sustainable development goals, we also undertake corporate social responsibilities. We continue to carry out public welfare activities and donations for rural revitalization. During the reporting period, the Group and the Chairman personally invested a total of 3.2978 million RMB in supporting rural revitalization projects, specifically in Baoyuan Village, Yuanjiang City, and Democratic Village, Caowei Town, for rural infrastructure development.

In January 2023, Aoshikang Technology Co., Ltd. donated 400,000 RMB to the Red Cross Society of Yuanjiang City for the rural infrastructure and the assistance of residents in poverty.

According to incomplete statistics, in 2023, Mr. Cheng Yong, Chairman of Aoshikang Technology Co., Ltd., donated about 2,897,800 RMB in his name for the construction of rural roads, bridges, and other infrastructure in Minzhu Village, Caowei Township, Yuanjiang City, which has improved the transportation condition for the residents.

APPENDIX: INDEX OF INDICATORS

Cor	ntent	GRI Standard (Version 2021) Indicator No.	United Nations Sustainable Development Goals SDGs	Sustainability Reporting Guidelines for Listed Companies on the Shenzhen Stock Exchange
About the report		2-2,2-3	/	/
Materiality assessment		3-1,3-2	3-1,3-2 /	
Chairman's message		2-4,2-14	/	/
About A	oshikang	2-1,2-4	/	/
	governance structure	2-9,2-10,2-11,2-12,2-13,2-17,2-19,2-20		/
Governance for Pride: Promoting high- quality business development	Sustainable development management	2-6,2-8,2-12,2-13,2-14,2-16,2-22,2-25,2-26,2-29	SDG16	Articles 12 to 16, 51, 53
	Business Ethics and Conduct	2-24,2-25,2-27,205-2,205-3,206-1		Articles 54, 55, 56
	Data security and privacy protection	418-1		Article 48
	Three wastes treatment	301-1,303-4,306-1,306-2,306-3,306-4,306-5	SDG6	Articles 30, 31, 33
Environmental protection:	Resource management	303-1,303-2,303-3,303-5,306-3,306-4,306-5	SDG6, SDG7, SDG11	Articles 31, 34, 36, 37
contributeing to green and low-carbon future	Responding to climate change	201-2,202-2,302-1,302-2,302-3,302-4,302-5,305-1,305-2,305- 3,305-4,305-5	SDG12, SDG13	Articles 8, 10, 21-28, 35
	Biodiversity conservation	304-1,304-2	SDG14, SDG15	Articles 29, 32
Talent Development: Building a virtuous corporate culture	Occupational Health and Safety	403-1,403-2,403-3,403-4,403-5,403-6,403-7,403-8,403-9,403-10	SDG3, SDG4	Article 50
	Employee Rights and Welfare	2-7,2-8,2-30,201-3,202-1,401-2,401-3,404-2,405-1,405-2,406- 1,408-1.409-1	SDG5, SDG8, SDG10	Articles 49, 50
	Employee Growth and Motivation	404-1,404-2,404-3	SDG8,SDG10,SDG16	Articles 20, 50

Cor	ntent	GRI Standard (Version 2021) Indicator No.	United Nations Sustainable Development Goals SDGs	Sustainability Reporting Guidelines for Listed Companies on the Shenzhen Stock Exchange
Industry Impact: Providing High-quality Product and Responsible Supply Chain	Product quality and safety	416-2,417-1,417-2,417-3	SDG12	Article 47
	Customer Service and Satisfaction	2-25,416-1,416-2,418-1	SDG17	Article 44
	Innovative R&D and Intellectual Property	203-1	SDG9	Article 42
	Responsible Supply Chain	204-1,308-1,308-2,414-1,414-2	SDG12, SDG17	Articles 44, 45
	Responsible Minerals	414-2,416-1,416-2	SDG12、SDG17	Article 45
Social Responsibility: Building Our Community	community building	413-1,413-2	SDG1	Article 38
	volunteer service	413-1,413-2	SDG4	Article 40
	Rural revitalization	413-1,413-2	SDG1	Article 39
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Assurance statement		2-5	/	Article 58

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INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA 811213

Aoshikang Technology Co., Ltd.

ESG Report 2023

The British Standards Institution is independent of Aoshikang Technology Co., Ltd. and its subsidiaries (hereafter referred to as "Aoshikang" collectively in this statement) and has no financial interest in the operation of Aoshikang other than for the assessment and assurance of Aoshikang ESG Report 2023 (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of ESG Report 2023 presented by Aoshikang. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope

The scope of engagement agreed upon with Aoshikang includes the following:

- The assurance scope is consistent with the description of Aoshikang Technology Co., Ltd. ESG Report 2023. The Report is
 prepared with reference to the GRI standards: 2021, Shenzhen Stock Exchange Sustainability Report Guideline and United
 Nations Sustainabile Development Goals (UNSDGs).
- In accordance with Type 1 Moderate Level of Assurance as defined in the AA1000 Assurance Standard V3 ("AA1000AS V3"), BSI evaluates the nature and extent of Aoshikang's adherence to four reporting principles of Inclusivity, Materiality, Responsiveness and Impact in preparing the Report. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has not been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Aoshikang's sustainability plan and performance in the reporting year. The Report subject to assurance is free from material misstatement based upon evaluation within the limitations of the scope of the assurance, the information and data provided by Aoshikang and the samples taken. Based on our work carried out during the assurance process, nothing has come to our attention that causes us to believe that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed. We believe that the environmental, social and governance general disclosures are fairly represented in the Report.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS V3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Aoshikang has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).



For and behalf of BSI:

Issue Date: 2024-08-07

Michael Lam - Managing Director Assurance, APAC

Effective Date: 2024-08-07 ...making excellence a habit." Page: 1 of 2

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Statement No: SRA 811213

Methodology

Our work was designed to gather evidence on which to base our conclusion.

We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Aoshikang's policies to provide a check on the
 appropriateness of statements made in the Report.
- Discussion with senior executives on Aoshikang's approach to stakeholder engagement. We had no direct contact with external
 stakeholders during this assurance process.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and
- An assessment of Aoshikang's reporting and management processes concerning reporting against the principles of Indusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS V3 principles of Inclusivity, Materiality, Responsiveness and Impact is set out below:

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed.

We considered Aoshikang has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of Aoshikang's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assuror and Assuror, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000, HKEX ESG Reporting Guide, ISO 14064, ISO 14001, ISO 50001, ISO 45001, ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

Issue Date: 2024-08-07

Effective Date: 2024-08-07

Page: 2 of 2

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APPENDIX