

01.

INTRODUCTION

OVERVIEW OF THE REPORT

About the report

This sustainability report has been prepared by Hanshow Technology Co., Ltd. (hereinafter referred to as "Hanshow Technology", "Hanshow", "the Company", or "we"). It comprehensively sets out our vision, strategic approach, and performance in sustainable development related to our stakeholders.

Reporting period

In general, the qualitative and quantitative data in this report are based on activities from January 1, 2024, to December 31, 2024. Regarding key issues, the report contains information from before 2024 and the first half of 2025.

Scope and boundaries

This report covers Hanshow's global operations, including our business premises in China and overseas, where our employees were based as of the end of 2024. It encompasses the following entities: Hanshow Technology Co., Ltd., Hanshow Technology Co., Ltd. Beijing Branch, Hanshow Technology Co., Ltd. Shenzhen Branch, Beijing Hanshi Technology Co., Ltd., Shanghai Hanshi Information Technology Co., Ltd., Zhejiang Hanshi Trading Co., Ltd., Zhejiang Hanxian Technology Co., Ltd., HANSHOW FRANCE SAS, HANSHOW GERMANY GMBH, HANSHOW NETHERLANDS B.V., HANSHOW AUSTRALIA PTY LTD, HANSHOW AMERICA INC, HANSHOW UK CO., LTD., HANSHOW NEW ZEALAND LIMITED, HANSHOW SPAIN.S.L., HANSHOW NETHERLANDS B.V. SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ ODDZIAŁ W POLSCE, WARSZAWA.

Reporting principle

This report complies with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation) and aligns with the GRI Standards 2021 issued by the Global Sustainability Standards Board (GSSB).

Reporting frequency

We disclose our sustainability performance annually. Our inaugural report was published in 2022. This is the fourth Company-wide edition.

Get in touch

We welcome discussions on this report and our sustainability initiatives. Please reach out to: dm@hanshow.com.

MESSAGE FROM CEO

In 2024, the global economy navigated complex challenges amid geopolitical shifts, climate change, and technological transformation. Against this backdrop, Hanshow Technology remained steadfast in its mission, anchored in innovation, steered by responsibility. Leveraging digital solutions, we advanced high-quality industry development, collaborating with clients and global partners to build an environmentally-friendly and digitally empowered retail ecosystem that supports a sustainable future.

Guided by our "EPIIC" strategy, we harnessed technology to drive green retail evolution. Our whitepaper, *Exploring Green Digitalization in the Future of Retail*, positioned sustainability and digitalization as dual engines for global physical retail. In information security, our All-Star Cloud digital solution service system earned the SOC 2 Type II certification from the American Institute of Certified Public Accountants (AICPA) and China's Tier-3 Information System Security Level Protection accreditation, establishing a secure digital foundation for green transformation.

We actively fostered green ecological collaboration to lead low-carbon industry transitions. By joining the Consumer Goods Forum (CGF), we integrated our cutting-edge solutions into its global network, enhancing retail resilience and sustainability. Our strategic partnership with Too Good To Go combined electronic shelf labels (ESLs) with near-expired goods tracking, significantly reducing food waste and carbon emissions. As a member of the UN Global Compact, we aligned corporate growth with social sustainability goals to contribute to a better world.

From factories to stores, we translated carbon reduction pledges into action through green production, low-carbon logistics, innovative digital solutions, digital energy management, and product carbon footprint tracking. Embracing circular economy patterns, we optimized resource efficiency and minimized waste to balance economic and environmental needs.

As a global enterprise, we championed gender equality, diversity, and inclusivity by adopting the UN Women's Empowerment Principles (WEPs), fostering diverse workplaces, and upskilling employees through training programs. As a public company, we are committed to protecting investor rights and interests, upholding market confidence through transparent governance, and rigorously fulfilling our social responsibility commitments. We embedded ESG risks into supply chain evaluations and upheld business ethics in decision-making. Our Green Benefit Initiative reflects our commitment to social value beyond profit.

The future is here; only the innovators and the responsible will lead the way. Hanshow will intensify R&D investments with a consistent pragmatic approach, delivering smarter, greener solutions to accelerate global retail's green and sustainable transformation. True success lies in products that delight with their quality, partnerships built on genuine care, and a future where progress nurtures all life.



CEO
Shiguo Hou

ABOUT HANSHOW TECHNOLOGY

Hanshow Technology is a global leader in smart hardware and digital store solutions powered by Artificial Intelligence of Things (AIoT). Driven by innovation, we empower digital transformation across pan-retail, smart office, and smart manufacturing sectors in over 70 countries and regions. Our proprietary communication protocols, ESL systems, SaaS cloud platforms, and other hardware/software offerings help customers navigate challenges like e-commerce disruption, rising labor costs, and evolving consumer demands, enabling sustainable growth in a dynamic landscape.

Leveraging IoT, AI, and big data technologies, Hanshow Technology has built a comprehensive product ecosystem, including ESLs, digital marketing screens, smart shopping carts, AI cameras, AI robots, and digital energy systems. Our integrated "in-store + out-store" smart IoT platform serves over 55,000 stores worldwide, delivering comprehensive solutions for operational efficiency, consumer experience enhancement, marketing optimization, and energy management, and significantly boosting customer productivity, service capabilities, and market competitiveness.

Looking ahead, Hanshow Technology will deepen technological innovation and collaborate with industry partners to build a robust digital ecosystem. We remain committed to providing agile, efficient solutions that accelerate our clients' digital transformation while shaping a sustainable future for global retail and related sectors.

OUR CULTURE



Our vision

To become a global leading solution provider for intelligent retail.



Our mission

Bridging the gap between online and offline retail to drive our clients' success.



Our value

Customer-oriented innovation. Driven by strivers, committed to results. A culture of integrity, sharing, excellence and openness.

VISION

MISSION

VALUE

Social Sustainability

Performance Metric	Unit	Value
Total R&D investment	Million RMB	197.63
Percentage of procurement staff completing sustainable procurement training	%	100
Employee satisfaction	%	81.1

Certifications

Information security management system (ISMS)	ISO 27001
Quality management system	ISO 9001
Environmental management system	ISO 14001
Occupational health and safety management system	ISO 45001

Award Name	Granting Organization
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iF Product Design Award	iF International Forum Design
Red Dot Award	German Design Council
2024 Excellent Retail Solution	China Commerce Association for General Merchandise
2024 CCFA Retail Technology Startup	China Chain Store & Franchise Association
2024 Forbes China Top 30 Globalization Brands	Forbes China
WAVE 2024 Outstanding Brand Overseas Service Provider	ShineGlobal, ShineGlobal Think Tank, ZhenFund, Sequoia Capital, Source Code Capital, etc.
2024 Trophées LSA Tech For Business	Libre Service Actualités
2024 China Globalization Rising Star	Fortune magazine
FY24 China Top ISV Partner Award	Microsoft
Representative Vendor in Smart Shelf Technology	Gartner
Representative Vendor in Bluetooth ESL Technology	Gartner
Representative Vendor in Market Guide for Smart Shelf in the Retail Store	Gartner

Rating Awards	Granting Organization
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Silver medal	Ecovadis
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Number of products with certified carbon footprint	3
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Governance Sustainability

Performance Metric	Unit	Value
Proportion of employees completing anti-corruption and business ethics training	%	100
Passing rate of anti-corruption and business ethics training sessions	%	98
Confirmed corruption incidents	Number of Cases	0

Environmental Sustainability

Performance Metric	Unit	Value
Battery recycling volume	Tonne	2.31
Direct GHG emissions (scope 1)	tCO2e	2.23
Indirect GHG emissions (scope 2)	tCO2e	5,973.52
Indirect GHG emissions from value chain activities (scope 3)	tCO2e	210,650.30

HIGHLIGHTS



Environmental, Social and Governance



Environmental

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Hanshow



02.

SUSTAINABLE DEVELOPMENT MANAGEMENT



2.1 ESG STRATEGY AND MANAGEMENT

As a member of the UN Global Compact, we champion sustainable by embedding the concept of long-term value creation in our strategy and operations. direction with the UN Sustainable Development Goals (SDGs) while enhancing our ESG management system. Through institutionalized governance, we deliver on our commitment to a more resilient, inclusive, and sustainable future.



Our ESG Strategy

Amid accelerating digitalization and the low-carbon transitions, we have deepened our insight into sustainable development. Transitioning to a low-carbon economy, conserving resources, driving digital innovation, building business ethics, and enhancing governance effectiveness have become core competencies that shape our core competitiveness. We embrace global sustainability trends by aligning our vision with the UN SDGs. To address global challenges, we have developed our EPIIC strategy - a comprehensive framework built on five pillars: Environmentally Beneficial, Promoting Prosperity, Innovation & Digitalization, Integrity & Governance, and Climate Neutralization. With clear objectives and action pathways, this strategy empowers us to holistically manage our economic, environmental, and social impacts across our business cycles. In addition, we continuously optimize our governance structure and mechanisms, enhance our ESG performance, and move toward a phase of long-term value creation and high-quality development. These efforts will create lasting, robust value growth for our stakeholders and contribute to global economic sustainability.

EPIIC Sustainable Development Strategy

Strategic Pillars	Environmentally Beneficial	Promoting Prosperity	Innovation & Digitalization	Integrity & Governance	Climate Neutralization
Our Vision	Establish eco-friendly production systems and sustainable industrial ecosystems to benefit the natural environment.	Work collaboratively with stakeholders to create a mutually beneficial business ecosystem and continuously contribute to social prosperity.	Facilitate the industry's digital transformation through technological innovation.	Emphasize ethical, responsible, and compliant operations to enhance transparency and governance.	Address climate change by implementing a carbon neutrality strategy and supporting emissions reduction.
Our Objectives and Action Pathways	<p>Sustainable development and resource circularity</p> <ul style="list-style-type: none"> Sustainable development and resource circularity <p>Environmental protection and harmonious coexistence</p> <ul style="list-style-type: none"> Enhance our environmental management Protect natural resources and biodiversity. 	<p>Employee-centric approach</p> <ul style="list-style-type: none"> Safeguard employee rights and enhance their well-being. Foster a diverse, equitable work environment that facilitates common prosperity. <p>Social contribution for a better life</p> <ul style="list-style-type: none"> Fulfill social responsibilities and support community development. <p>Collaborative efforts for a sustainable supply chain</p> <ul style="list-style-type: none"> Strengthen ESG management across the supply chain and establish a responsible supply chain. 	<p>Digital innovation to support sustainable development</p> <ul style="list-style-type: none"> Enhance technological innovation, optimize product development, gather innovative elements, and foster deep cooperation in the supply chain. 	<p>Governance improvement to enhance operational vitality</p> <ul style="list-style-type: none"> Continuously optimize the ESG governance structure. Prioritize business ethics at all levels. Ensure data security and privacy protection while promoting industry collaboration. 	<p>Achieve carbon neutrality in operations by 2035</p> <ul style="list-style-type: none"> Build a management system for peak carbon dioxide emissions and carbon neutrality while implementing emission reduction measures. <p>Proactive climate change response</p> <ul style="list-style-type: none"> Develop a resilient climate action plan.
Supporting UN SDGs	6, 13, 14	3, 4, 5, 6, 8, 10, 12	16	10, 17	13, 17

ESG Governance Mechanism

In the global sustainability landscape, a robust ESG governance structure serves as the foundation for corporate sustainability initiatives. We prioritize building a comprehensive value system that maintains dynamic equilibrium between economic activities and environmental/social development. To effectively implement our sustainable development strategy, we have established a three-level ESG governance structure comprising governance, management, and implementation.



Board of Directors and Strategy Committee

- Set sustainability policies, strategies, and objectives
- Oversee ESG initiatives
- Review and approve ESG reports
- Evaluate annual ESG performance against targets (linked to management's performance compensation)

ESG Management Committee

- Develop ESG vision, strategies, framework, principles, and policies
- Identify ESG trends, risks, and opportunities, and integrate ESG strategies into corporate decisions, investments, and operations
- Review ESG reports and disclosures
- Assign ESG tasks and monitor ESG implementation

ESG Leadership Group

- Consist of department heads and subsidiary leaders and oversee environmental, social, and governance initiatives
- Monitor ESG task assignments and practices
- Oversee the implementation of ESG strategies and manage the ESG performance of relevant departments and subsidiaries
- Organize assessments of ESG topics' significance and risks and link them to performance compensation

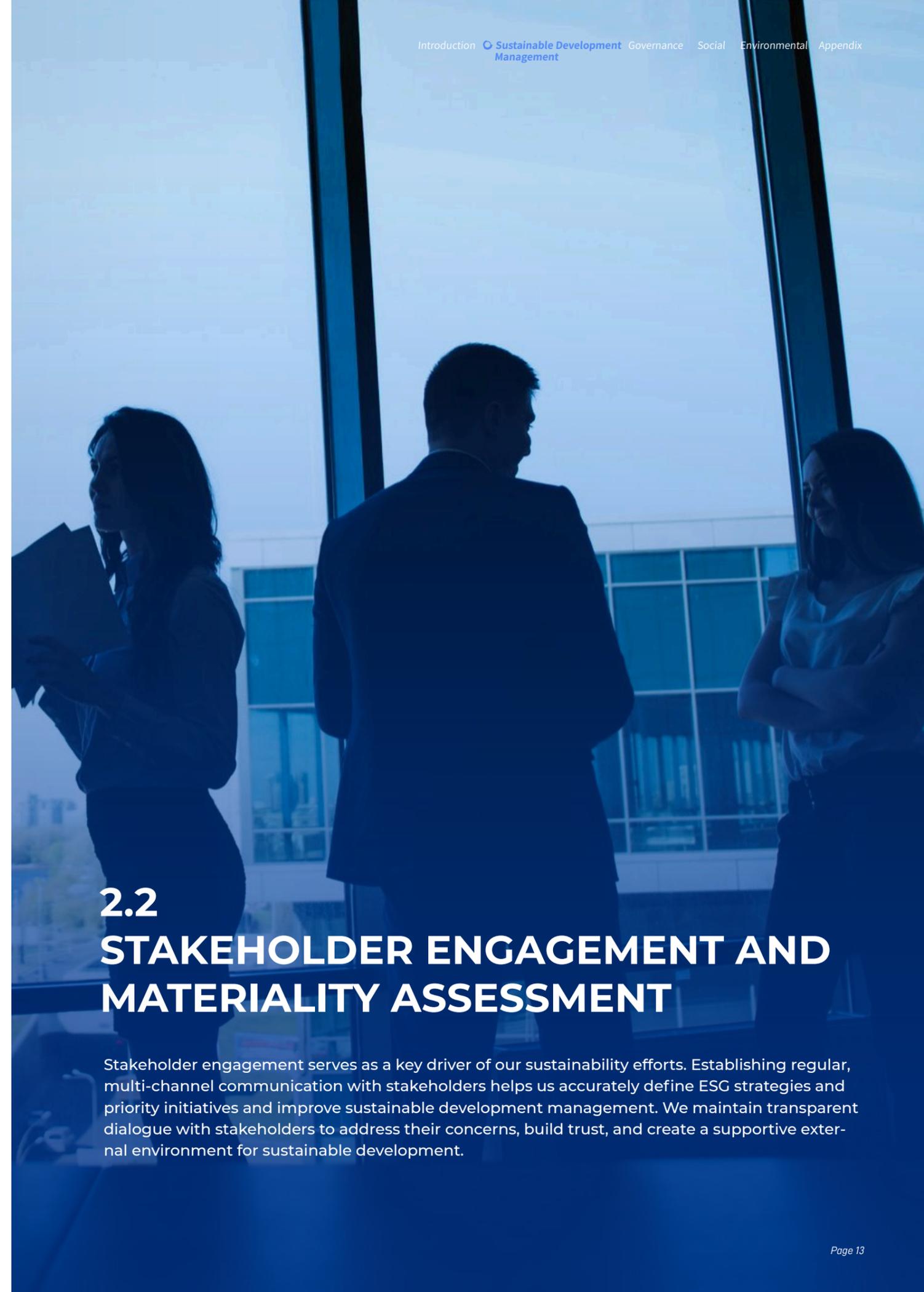
Working Group

- Complete specific tasks according to the ESG work plan
- Report progress to the ESG Leadership Group



At the governance level, the Board of Directors and Strategy Committee supervise and make decisions on ESG matters, offering strategic guidance for ESG efforts. At the management level, the ESG Management Committee serves as a core hub, regularly reporting progress and outcomes to the Strategy Committee to ensure effective implementation and ongoing advancement of ESG strategies. At the implementation level, the ESG Leadership Group has been established under the ESG Management Committee to ensure practical implementation of ESG initiatives across business functions and operational details, thereby integrating ESG principles into daily business activities.

We continuously increase input in professional capacity building and strengthen ESG performance through internal training programs, external expert engagement, and industry collaboration. We aim to foster a harmonious, win-win development landscape with our stakeholders, reinforcing our steady advancement toward sustainability.



2.2 STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement serves as a key driver of our sustainability efforts. Establishing regular, multi-channel communication with stakeholders helps us accurately define ESG strategies and priority initiatives and improve sustainable development management. We maintain transparent dialogue with stakeholders to address their concerns, build trust, and create a supportive external environment for sustainable development.

Stakeholder Engagement

In the global sustainability wave, we have developed comprehensive stakeholder engagement channels to identify material sustainability issues and integrate them into our business decision-making, management, and improvement processes. We monitor and evaluate stakeholder engagement to refine our communication approach, ensuring timely, effective dialogues. This process facilitates mutual growth and advances our shared sustainability goals.



Stakeholders	Key Concerns	Communication Channels	Our Response
Government and regulatory agencies	<ul style="list-style-type: none"> Compliance management Environmental governance 	<ul style="list-style-type: none"> Conferences and activities On-site audits 	<ul style="list-style-type: none"> Strict regulatory policies and requirements Timely disclosure of the Company's operating conditions and major events Compliant operation
Shareholders/ investors	<ul style="list-style-type: none"> Stable operation Risk management Transparent information disclosure 	<ul style="list-style-type: none"> Exchange announcement irm.cninfo.com.cn (a platform for investors to communicate with listed companies) Website disclosure Board Office contact 	<ul style="list-style-type: none"> Operational improvements Enhanced risk controls Compliance information disclosure Proactive communication with investors through multiple channels Strengthened investor relations
Clients	<ul style="list-style-type: none"> Product and service quality Accurate product information Timely response 	<ul style="list-style-type: none"> Client meetings Satisfaction surveys Monthly newsletters Social media 	<ul style="list-style-type: none"> Product quality control Legal and compliant publicity Client satisfaction analysis Client rights protection
Employees	<ul style="list-style-type: none"> Diverse, equitable, and inclusive workplaces Career development Health and safety 	<ul style="list-style-type: none"> Employee activities Job performance interviews Diversified training exchanges Satisfaction surveys Open days with general manager 	<ul style="list-style-type: none"> Implement employment policies compliant with labor laws. Optimize career development pathways Enhance employee compensation and benefits Conduct employee training Implement occupational health safeguards
Suppliers and partners	<ul style="list-style-type: none"> Fair and open procurement Supplier assessment Partnership Industry activities 	<ul style="list-style-type: none"> Supplier agreements Workshops Industry exchanges Supplier training 	<ul style="list-style-type: none"> Maintain fair and transparent procurement practices Address environmental and social risks in the supply chain Strengthen supplier engagement Select low-carbon, environmentally friendly, and energy-efficient products Actively participate in sustainable development initiatives

Materiality Assessment

In 2024, in accordance with the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*, we conducted a materiality assessment through three key steps: background analysis and issue identification, issue evaluation, and review and disclosure. This process evaluated whether our ESG performance had significant actual or potential impacts on the economy, society, and environment, as well as on our business model, operations, strategy, financial performance, outcomes, cash flow, financing, and costs. To determine materiality, we engaged internal and external stakeholders through surveys and expert assessments, analyzing issues based on impact significance and financial significance. The findings were compiled into a materiality matrix, guiding targeted management and actions. The ESG Working Group reported results to the ESG Leadership Group, which communicated issues to the ESG Management Committee. This approach ensured cross-level transparency in ESG governance.

Materiality assessment process



Dual-materiality matrix



*We identified 25 issues with impact significance and financial significance in 2024.

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GOVERNANCE

3.1 CORPORATE GOVERNANCE



Corporate Governance

Hanshow has established a robust governance framework in compliance with the *Company Law*, *Securities Law*, and its *Articles of Association*. The framework comprises the Shareholders' Meeting, Board of Directors (with special committees), and Executive Management, ensuring clear separation of ownership, decision-making, oversight, and operational responsibilities. Each governance body operates independently while maintaining checks and balances. The Board's special committees and independent directors play a pivotal role in safeguarding shareholder and corporate rights and fostering sustainable growth.



Corporate Governance Structure

Performance of Governance Bodies

Shareholders' Meeting

From January 2024, we convened one Shareholders' Meeting according to the *Articles of Association and Rules of Procedure for the Shareholders' Meeting* to review the 2023 work reports of the Board of Directors and the Board of Supervisors, financial budget reports, final account reports, profit distribution plans, routine related-party transactions, and other major issues. These deliberations ensured shareholders' right to know and decision-making, upholding transparency and democratic governance in major decisions.

Board of Directors and its special committees

The Board of Directors, a standing body accountable to shareholders, exercises decision-making authority per the *Company Law* and *Articles of Association*. Its four committees—Audit, Compensation & Evaluation, Nominating, and Strategy—are led by external and independent directors, providing professional recommendations for the Board's decision-making. Since their establishment, these committees have fulfilled their duties per legal and regulatory requirements.

In 2024, five Board meetings were held, with 100% Board member attendance, to review matters, including the 2023 work report of the Board of Directors, the general manager's work report, the 2024 financial budget report, daily related party transactions, initial public offering, and dividends during the ChiNext listing review.

Strategy Committee

- Study the Company's long-term development strategy and offer recommendations.
- Study significant investment and financing programs and provide recommendations.
- Study major capital operation and asset management projects and provide recommendations.
- Study other significant matters affecting the Company's development and provide recommendations.
- Examine the implementation of the above matters.

Audit Committee

- Conduct a follow-up study on the implementation of the Company's operational strategy and propose corresponding risk control measures.
- Propose to recruit or replace external audit institutions.
- Supervise the Company's internal audit system and its implementation.
- Facilitate communication between internal and external audits.
- Review the Company's financial information and its disclosure.
- Examine the Company's internal control system and review significant related party transactions.

Remuneration and Evaluation Committee

- Develop a pay plan based on the primary scope, responsibilities, and significance of directors and senior managers, as well as the pay levels of relevant roles in society.
- The pay plan primarily includes, but is not limited to: performance evaluation criteria, procedures, and main evaluation systems, as well as the main schemes and systems for rewards and penalties.
- Review the performance of duties by non-independent directors and senior managers of the Company, and conduct annual performance assessments on them.
- Supervise the implementation of the Company's salary system.

Nominating Committee

- Provide recommendations to the Board of Directors regarding its personnel and composition, based on the Company's business activities, asset scale, and ownership structure.
- Study the selection criteria and procedures for directors and senior managers, and make recommendations to the Board of Directors.
- Conduct a wide search for qualified candidates for directors and senior managers.
- Review candidates for directors and senior managers and provide recommendations.

The election of directors complied with the *Company Law*, *Articles of Association*, and relevant regulations, following an open, fair, and independent process. The Board consists of seven members, including three independent directors, meeting all legal and regulatory requirements. All directors operate in accordance with the *Rules of Procedure for the Board of Directors*, *Working System for Independent Directors*, and *Business Guidelines No. 2 of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies—Standardized Operation of Listed Companies on the ChiNext Market*, diligently attending Board and Shareholders' meetings, maintaining strong legal awareness, and fulfilling their duties with commitment.

Board of Supervisors

The Board of Supervisors comprises three supervisors (including one employee representative) with a designated Chairperson. The Board of Supervisors reports to the Shareholders' Meeting. In 2024, it held five meetings per the *Company Law* and *Articles of Association*, effectively overseeing the Board of Directors and senior management performance, major operational decisions, financial position, routine related-party transactions, and significant investments. This rigorous oversight ensures compliant, transparent operations while protecting shareholder and corporate interests.

Senior management

Under the Board of Directors' leadership, the senior management manages daily operations, develops and executes business plans, optimizes resource allocation, drives innovation and growth, and ensures the achievement of strategic objectives. Composed of industry-experienced professionals, the senior management implements the Board of Directors' decisions efficiently, adapts to market dynamics, and enhances the Company's core competitiveness.



Investor Relations Management

We prioritize investor relations through our Board Office, which serves as the permanent liaison for external shareholders and potential investors. We maintain open communication channels via published contact information. We have established an Investor Relations Management Policy to standardize engagement processes. Our approach includes regular earnings briefings and investor meetings to discuss operations and strategy and enhance investor trust, multi-channel communication (digital platforms, events, emails/calls) with all stakeholders (governments and regulatory agencies, shareholders and investors, clients, employees, suppliers, and partners), and timely responses to inquiries and expectations. This engagement enhances management and practice while building robust investor relations.

Information Disclosure

We strictly comply with disclosure regulations and our *Articles of Association*. The Board Office coordinates these efforts and ensures accurate, complete, timely, and fair disclosures. In 2024, in line with the listing process, we efficiently completed the information disclosure required at different time points. After the June 21 meeting of the ChiNext Listing Committee, we promptly released related announcements. Key milestones, including the submission of the registration application on November 15 and the receipt of registration approval on November 25, were communicated to the public immediately to safeguard investors' right to be informed. In our daily operations, we disclose financial data, significant events, and corporate governance details through regular reports and ad hoc announcements to enhance transparency. Additionally, we continuously optimize our information disclosure processes and internal controls, strengthen training and management for relevant personnel, improve the quality and efficiency of disclosures, and establish a positive image in the capital market, laying a foundation for long-term stable development.

3.2 RISK MANAGEMENT



Adherence to the Three Lines of Defense

Hanshow has established a clear and effective risk management framework to address potential risks in a complex and changing business environment. Our business and relevant functional departments serve as the first line of defense, continually optimizing processes and regulations, and regularly assessing internal controls to ensure business compliance. The Operation Management Department acts as an essential second line of defense, providing comprehensive compliance support for our departments and business units based on established responsibilities. This department accurately guides risk analysis, identification, management, and ongoing monitoring. The Internal Control and Audit Department serves as the third line of defense, independently and objectively managing risks within business units, conducting regular reviews of our operations, and performing quarterly compliance reviews (100% coverage). The department performs regular independent audits of our compliance management and investigates compliance breaches.



Risk Management and Internal Control System

Mechanism development

We continuously enhance our risk management and internal control systems with the following objectives: ensuring legal and regulatory compliance, safeguarding assets, ensuring financial reporting accuracy, improving operational efficiency, and supporting strategic goals. To further enhance our internal management and risk prevention capabilities, we have developed an *Internal Control Management System* based on normative documents such as the *Guidelines for the Application of Enterprise Internal Control*, *Guidelines for the Evaluation of Enterprise Internal Control*, and *Guidelines for the Auditing of Enterprise Internal Control*. We have developed an internal control risk matrix that integrates risk management requirements into daily operations, creating a closed-loop management system and ensuring compliance, effectiveness, and transparency in our operations. Additionally, we have implemented overseas compliance risk management protocols to strengthen global operations.

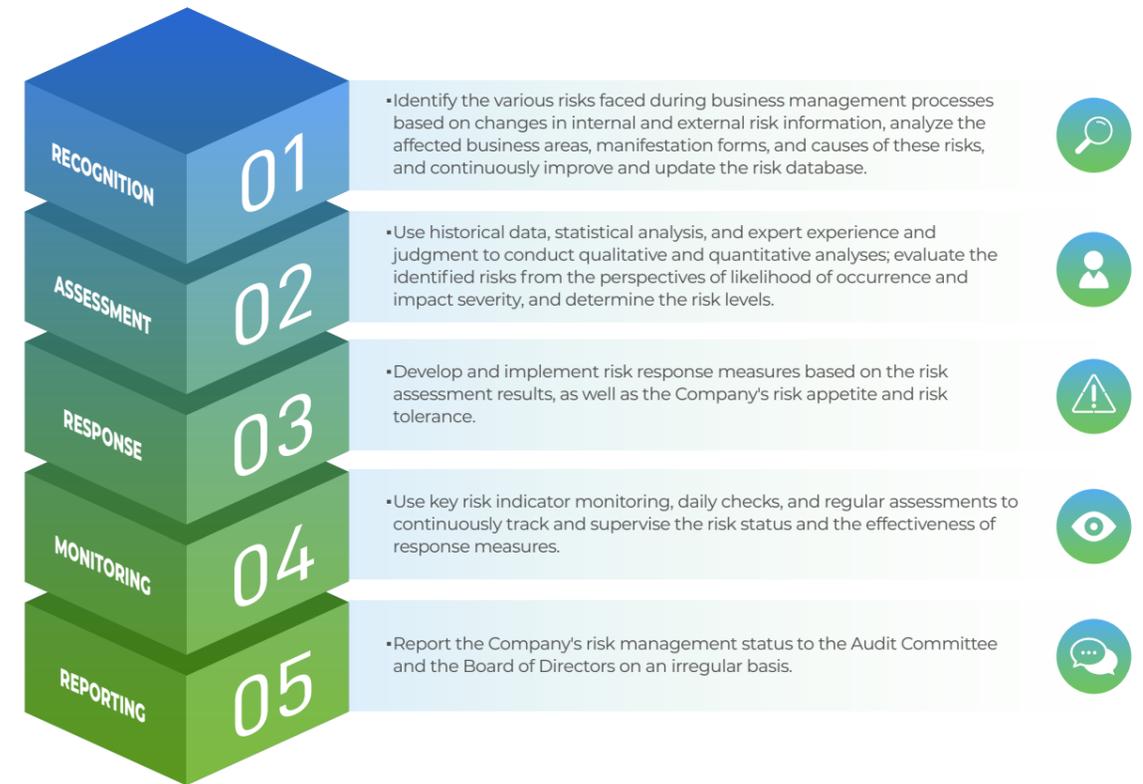
We conduct internal control work according to established systems and the risk matrix, continually improving our internal control framework, policy formulation, and compliance training to support business sustainability. Through comprehensive internal control and audit work, we identify operational risks, participate in mid-year reviews, and contribute to significant projects in an independent internal control and audit capacity. We continually refine our risk management and internal control processes. Furthermore, we perform walkthrough tests and inspections on daily operations, implement job rotation for high-risk positions, and provide company-wide training on business ethics to enhance risk awareness and strengthen the foundation for compliant development. We conduct sampling checks on daily operations in accordance with our internal control risk matrix and promptly review the effectiveness and reasonableness of internal control processes when there are changes in daily workflows. We update the risk matrix according to compliance processes to continuously improve our risk management capabilities.

During the reporting period, we conducted internal audits across key business areas (procurement, inventory, R&D, and sales) in strict accordance with internal control and internal audit requirements, identifying issues and implementing feasible corrective actions across departments to optimize our existing institutional structure and strengthen internal controls. For any implementation issues identified during the correction process, we enforced strict compliance with management standards, requiring all departments to follow established protocols precisely to ensure full and effective execution of requirements.



MECHANISM
CONSTRUCTION

Risk management process



Risk assessment

Effective risk assessment is critical to sustainable operations. According to our *Internal Control Management System* and risk matrix, we identify and evaluate risks by employing both qualitative and quantitative methods to analyze the likelihood and impact of each. This approach ensures that our judgments regarding significant risks are objective, accurate, and focused.

We aim to develop a comprehensive risk assessment system to enable timely identification, evaluation, and response to business risks, ensuring stable operations and long-term development. During risk identification, business units and functional departments proactively identify potential risks within their areas of responsibility and daily activities. This process delves into the root causes and triggering factors of the identified risks, providing a detailed analysis of each potential risk scenario. In the risk matrix construction phase, the Internal Control and Audit Department creates a risk matrix based on the characteristics of the risks identified by each business and functional department. This matrix systematically analyzes the probability and potential impact of risks, allowing us to quantify and categorize them. During the deep evaluation phase, the Internal Control and Audit Department closely collaborates with relevant business units and functional departments to enhance risk assessment, evaluate the potential impact of risks on the Company's strategic goals, and identify the prioritization and urgency of implementing risk mitigation and control measures.

During the reporting period, we assessed compliance across business departments, examined high-risk areas in commercial operations, procurement, and sales by risk levels to promptly identify and address issues.

ESG Risk Management

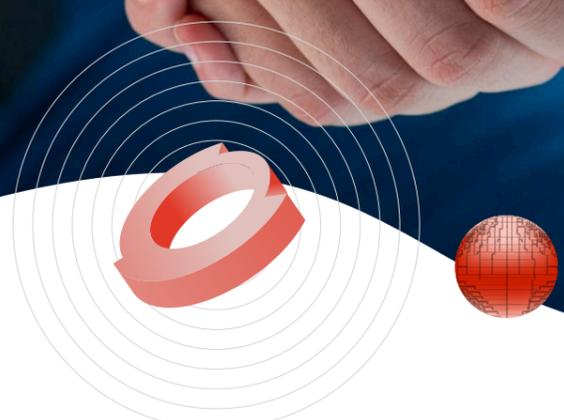
We place great emphasis on risk management in key ESG areas to expand the scope of risk assessments, strengthen the identification, assessment, and response mechanisms for critical risks such as environmental and climate change risks, product safety and quality, technological innovation, and privacy and data security, and integrate these into strategic decision-making and daily operation and management.



Analysis of Risks and Opportunities for Issues with High Financial Materiality

Issues with High Financial Materiality	Risks	Opportunities	Time Range	Response Measures	Impact on Finance
Green products 	<ul style="list-style-type: none"> Risk of stricter environmental protection laws and regulations: Global carbon regulatory policies like the EU carbon tariff may increase product compliance costs; Supply chain volatility risk: Instability in raw material supply may fluctuate costs. 	<ul style="list-style-type: none"> Differentiated competition opportunities: Lightweight design and eco-friendly packaging create product uniqueness to reduce carbon emissions; Carbon neutrality policy opportunities: The digital transformation of the global retail industry drives demand for low-carbon products like ESLs. 	Long-term	<ul style="list-style-type: none"> Establish a green supply chain management system spanning the entire lifecycle; Participate in developing industry standards to proactively adapt to policy changes; Invest R&D resources to develop technologies for recyclable alternative materials. 	<ul style="list-style-type: none"> Risks may increase costs; Opportunities can enhance sales revenue.
Product and service quality and safety 	<ul style="list-style-type: none"> Cybersecurity risk: Hardware vulnerabilities may lead to data breaches or cyberattacks, eroding clients' trust; Supply chain disruption risk: Global production layouts are vulnerable to geopolitical issues or natural disasters, resulting in quality control failures. 	<ul style="list-style-type: none"> Technology empowerment opportunities: Utilizing AIoT technology for real-time equipment monitoring and preventive maintenance can enhance customer loyalty; Competitive barrier opportunities: Establishing an industry-leading data security protection system can create a technological moat. 	Medium-term	<ul style="list-style-type: none"> Systematically upgrade the cybersecurity protection framework; Establish regional backup supply chain nodes. 	<ul style="list-style-type: none"> Risks may result in financial losses and reduced revenue; Opportunities may increase sales revenue.
Technological innovation 	<ul style="list-style-type: none"> Technology iteration risk: Insufficient R&D investment risks competitive disadvantage in critical fields such as AIoT; Ethical compliance risk: AI algorithms with biases or privacy issues may lead to regulatory penalties; Intellectual property risk: Inadequate international patent layout may result in technology infringement disputes. 	<ul style="list-style-type: none"> Market expansion opportunities: Customizing digital solutions for the retail industry can tap into emerging markets and enhance customer loyalty; Standard formulation opportunities: Leading the formulation of industry technology standards can strengthen influence. 	Long-term	<ul style="list-style-type: none"> Establish a dedicated fund to explore cutting-edge technologies; Create an AI Ethics Review Committee; Develop a global network for defensive patent layout. 	<ul style="list-style-type: none"> Risks may result in financial losses and reduced revenue; Opportunities may increase sales revenue.
Human capital development 	<ul style="list-style-type: none"> Talent competition risk: Intensified competition for digital transformation talent risks attrition of key personnel; Management efficiency risk: Cultural differences in multinational teams may reduce collaboration efficiency. 	<ul style="list-style-type: none"> Talent retention opportunities: Implementing equity incentive programs and skills development initiatives creates an environment that fosters employee loyalty and supports long-term career growth; Organizational innovation opportunities: Establishing agile, cross-cultural team management can enhance our global operations. 	Medium-term	<ul style="list-style-type: none"> Implement a digital talent pipeline development program; Optimize performance evaluations by integrating ESG competency metrics; Build a global collaboration platform. 	<ul style="list-style-type: none"> Risks may increase costs; Opportunities may reduce operating costs.
Business ethics 	<ul style="list-style-type: none"> Anti-corruption risk: Overseas business may face compliance challenges due to local regulatory differences; Supply chain liability risks: Non-compliance by suppliers (e.g., labor rights issues) could damage our reputation; Data privacy risk: Improper management of client information may lead to legal lawsuits. 	<ul style="list-style-type: none"> Financing advantage opportunities: Highly transparent governance can lower investor risk premiums and financing costs; Trust economy opportunities: Blockchain enables supply chain traceability, enhancing partner confidence; Market access opportunities: Compliance with business ethics is necessary for leading supplier selection. 	Long-term	<ul style="list-style-type: none"> Improve internal controls for anti-corruption; Establish a supplier ESG grading management system; Enhance the privacy management system. 	<ul style="list-style-type: none"> Risks may increase costs. Opportunities may attract investment.

3.3 ETHICS AND INTEGRITY



Upholding Business Ethics

Integrity remains the cornerstone of Hanshow's development philosophy. In today's dynamic and fiercely competitive business landscape, maintaining the exceptional ethical standards is fundamental to sustainable success. We are steadfast in building a business ecosystem rooted in integrity, fairness, and transparency. Our commitment extends to upholding market integrity while proactively shaping and maintaining industry reputation.

To uphold our global commitment to operational integrity, we have established a rigorous, system-wide ethics and integrity management framework. This framework is built on four key pillars: policy formulation, internal auditing, awareness-raising, and governance oversight. In addition, we have developed regulations and documents, including the *Code of Business Ethics*, *Internal Anti-Fraud System and Reward Measures*, *Internal Audit System*, *Internal Control Management System*, and *Statement of Integrity and Self-Discipline*. These documents define the principles and rules governing all employee interactions with clients, partners, and the public. They ensure consistent adherence to our high ethical standards across all workplaces and business relationships. Through business ethics audits, we ensure transparent and fair operations and decisions that meet all legal requirements, industry standards, and social expectations.

In addition, we emphasize business ethics cultivation, providing training for all employees to ensure compliance with the highest ethical standards in decision making and practices. Through unwavering dedication, we are building a workplace culture rooted in integrity that drives our company's sustainable growth.

Strict Control of Corruption and Bribery

We enforce a strict zero-tolerance stance against commercial bribery, corruption, and unethical practices. We have developed and refined regulations such as the *Internal Anti-Fraud System and Reward Measures*, implementing comprehensive measures to eliminate all forms of corruption and bribery. We have invited all employees and partners to join us in cultivating a clean, fair business environment where integrity guides every aspect of our operations.

In our internal management, we have strengthened anti-fraud and compliance measures through regular corruption risk assessments and audits to proactively identify potential risks. For issues identified during audits, we have initiated continuous improvement mechanisms, addressing them with unwavering commitment to ensure proper resolution. This rigorous approach effectively mitigates corruption risks and provides robust safeguards for our sustainable growth. During the reporting period, we conducted corruption risk assessments in three key operational areas, which accounted for 30% of our operational points. Through our tailored risk assessment system, we thoroughly analyzed vulnerabilities in our operational environment to pinpoint critical corruption risks. This supports us in optimizing anti-corruption strategies and strengthening the compliance framework, thereby helping us better address risks. In corporate culture development, we actively fostered integrity and compliance, established anti-fraud mechanisms, launched Hanshow's official compliance WeChat account, and conducted four integrity awareness publicity activities. We established an online-offline training system to enhance employees' awareness of anti-fraud practices. The online digital learning platform and offline lectures and drills offered employees opportunities to grasp anti-fraud essentials. This training model creates a clear and positive corporate environment, safeguarding our healthy development. During the reporting period, no corruption-related litigation cases or trial verdicts were reported.



4 integrity and compliance promotions

In addition, we strengthened the management of supplier-related corruption and bribery risks. During the supplier admission process and regular evaluations, we assessed supplier-related anti-corruption management and required them to sign the Integrity Agreement. In 2024, all our suppliers signed the agreement.

Corruption incidents	Unit	2024
Number of confirmed corruption incidents	Number of Cases	0
Cases of business ethics violations reported through the whistleblowing procedure	Number of Cases	0

Indicator	2024
Total hours of anti-corruption, anti-bribery, and business ethics training	888
Number of anti-corruption, anti-bribery, and business ethics training sessions	2
Proportion of Chinese employees receiving anti-corruption and business ethics training (%)	98
Number of anti-corruption, anti-bribery, and business ethics training sessions by rank	
Number of training sessions attended by directors and senior management	1
Number of training sessions attended by employees	1
Passing rate of anti-corruption and business ethics training sessions by rank (%)	
Passing rate of training sessions attended by directors and senior management (%)	100
Passing rate of training sessions attended by employees (%)	98.03

Smooth reporting channels

We encourage employees to report suspected bribery and other corrupt practices. To facilitate this, we have established a clear anti-fraud reporting management process and reward mechanism to motivate employee participation in building integrity within the Company. We have also set up an email reporting channel. All reported cases undergo rigorous professional assessment to determine audit eligibility. Cases warranting further investigation trigger immediate audit activation, with provisions for cross-functional task forces or independent third-party review as needed. All investigation processes are fully documented, with results promptly communicated and published to ensure complete transparency and traceability. We regularly report the investigation progress and results to the Audit Committee, enabling its comprehensive oversight and strategic guidance for anti-corruption initiatives. Through a series of initiatives, we have built a high-standard anti-corruption system to maintain an environment of integrity and compliance in our operations. In 2024, no business ethics violations were reported through our whistleblowing channels.

✉ Reporting channel: Integrity@hanshow.com

We have established strict measures to protect the rights of whistleblowers. We strictly prohibit disclosure of any whistleblower's information, including name, contact details, or other personal data. In the acceptance process, we assign dedicated personnel to handle cases through designated channels, ensuring no unauthorized individuals are present to prevent information leaks at the source. During the investigation phase, we strictly prohibit displaying original or copied reporting materials and forbid handwriting analysis of anonymous submissions. We have also established punitive measures against retaliation toward whistleblowers.

Anti-Unfair Competition

Hanshow champions fair competition through comprehensive governance aligned with our *Code of Business Ethics*. We maintain strict policies prohibiting unfair market practices, vigorously enforcing these standards to preserve an equitable market order. We have participated in formulating global retail technology standards and joined the The Consumer Goods Forum (CGF) to promote common development across the industry.



In the field of intellectual property, we have actively responded to international litigation, safeguarding market fairness through legal and technological measures. We have kept strengthening our core competencies through sustained innovation and product/service quality improvement to gain market share. Meanwhile, we have actively participated in industry standard formulation, leveraging our technical expertise and innovation capabilities to contribute to sector-wide progress and foster fair, orderly market development. We require all employees and third parties acting on behalf of the Company to comply with local laws and regulations, as well as anti-unfair competition requirements. In 2024, we held one training session on anti-unfair competition. During the reporting period, no lawsuits or significant administrative penalties resulting from our unfair competition practices were reported. We effectively maintained fair market competition.



04.

SOCIAL

4.1 Customer-oriented Principle



Customer-oriented Principle

At Hanshow, we consider product quality compliance the cornerstone of sustainable growth. Guided by our core principles of integrity, quality excellence, and operational efficiency, we continuously elevate our quality standards and implement robust quality monitoring and recall systems. This ensures full compliance with regulatory and technical requirements, creating a competitive advantage through superior quality. Our ESL products have received RoHS and WEEE certifications. In 2024, no quality or safety compliance issues were reported.

Product solutions

Green digital store solution

Hanshow leverages its proprietary fifth-generation HiLPC IoT communication protocol to build a highly stable, low-power, and easy-to-manage digital foundation. This platform integrates digital technology with environmental concepts through smart devices like ESLs, seamlessly collaborating with the All-Star SaaS platform to achieve real-time monitoring of store equipment health and automated operations and maintenance. The platform is highly environmentally friendly. Supported by Microsoft Azure, the SaaS platform can reduce carbon emissions by up to 99.25%. The system enables fully automated seasonal campaign transitions, empowering headquarters to execute centralized marketing deployments with a single click. Stores can effortlessly enhance in-store ambiance without manual intervention, significantly reducing labor costs. We are committed to creating a new generation of smart, interconnected, low-carbon, and user-friendly stores and building a more resilient and flexible smart supply chain system. This foundation will lead the way in promoting responsible and sustainable consumption trends, fostering harmonious coexistence between business growth, environmentally friendly management, and social value creation.



Store operation optimization plan

With the fifth-generation HiLPC communication protocol and cloud-based SaaS platform, Hanshow's enterprise-wide solution supports large-scale, rapid deployment, and flexible expansion. Its user-friendly installation and operation free up staff time for enhanced customer service. The Lumina Series enhances brand advertising with vibrant colors and dynamic video displays, replacing traditional print materials to boost sales and reduce paper consumption. The integration of positioning technology with ESLs and staff PDAs enables seconds-level product localization and optimized picking paths, significantly enhancing online order processing efficiency. Equipped with AI cameras or inspection robots, the system can promptly identify stock shortages, shorten replenishment times, and improve shelf availability. Our localized R&D team provides customized development services to ensure system alignment with regional needs and build differentiated competitiveness.



Store marketing optimization plan

We build a rich network of marketing touchpoints for stores using innovative digital technologies, including ESLs, digital signage, and digital marketing screens. These integrate with mobile interactions through smart carts and shopping apps to deliver targeted, personalized messaging that influences purchase decisions and boosts marketing conversions. Furthermore, powered by Azure OpenAI technology, Hanshow's backend marketing system automatically generates promotional posters and scripts. With dynamic pricing models and rapid electronic shelf label updates, it enables automated "product promotions" and coordinated management of online and offline marketing activities, alleviating pressure on retailers and redefining the "people-goods-space" relationship.

Consumer experience enhancement solution

Our integrated digital store solution delivers offline shopping experiences that match – and often surpass – online shopping in convenience and engagement. Our ESL solution enables precise product localization. Through seamless integration with retailer apps, it synchronizes product details, inventory status, and in-store locations in real time, enhancing shopping convenience through faster, more intuitive product discovery. Additionally, our smart shopping cart solution features built-in navigation and self-checkout capabilities, significantly reducing wait times for a more convenient shopping experience.

Energy management optimization solution

The energy management optimization solution focuses on the green energy transition in the retail industry, providing integrated services such as photovoltaic power generation, energy storage and charging systems, photovoltaic financing solutions, and in-store energy conservation management platforms. Deploying rooftop photovoltaic, energy storage, and energy management systems optimizes power generation, storage, and consumption, reduces reliance on traditional grids, and improves energy efficiency. This enables retailers to lower electricity costs and meet carbon targets with minimal upfront investment, fostering an environmentally friendly supply chain and accelerating green development. These solutions enable retailers and commercial customers to simultaneously achieve energy independence, long-term cost stability, and energy conservation and emissions reduction.

Quality management system

Hanshow upholds its unwavering commitment to quality excellence. To achieve this, we continuously enhance our integrated quality management system, complying with national standards GB/T 9001-2016, GB/T 14001-2016, GB/T 45001-2020, and international standard ISO 9001:2015. Through rigorous monitoring and review at every stage of the product lifecycle from R&D to manufacturing, we have established key quality control procedures, including the *Management Manual*, the *Procedure for Control of Internal Audit*, the *Procedure for Control of the Production Process*, and the *Inspection Specifications for Finished Products*. We handle and conduct preventive management of the anomalies identified through internal reviews and external inspections in line with the *Procedure for Control of Non-Conforming Output* and the *Procedure for Control of Corrective and Preventive Action*. This approach constantly enhances quality assurance and aims to achieve high-standard quality management goals. The ESL system product has passed the appraisal and evaluation by the Zhejiang Electronic Information Products Inspection and Research Institute and is confirmed to meet the Internet of Things—Electronic Shelf Label System—General Requirement (GB/T 42409-2023).

Internal Self-examinations	
Regular inspection	We conduct comprehensive internal audits of the Company's management systems to ensure the effectiveness and compliance of the quality management system.
Real-time monitoring	We perform real-time monitoring and mistake-proofing control of the production line through ERP, MES, and production testing systems to enhance product process quality.
Irregular inspection	We conduct comprehensive internal audits of the Company's management systems to ensure the effectiveness and compliance of the quality management system.
External inspections	
Annual audit	System institutions conduct on-site audits of the factory and issue audit reports based on the audit results.
Regular sampling inspection	Samples of products are taken and sent to professional institutions for testing, with testing reports issued.

Quality tracking mechanism

Throughout the entire process from product R&D to final delivery to customers, quality control remains a core principle at Hanshow. We have implemented a closed-loop quality monitoring system that leverages online tools to effectively manage data generated during R&D and production, ensuring long-term traceability at every stage. We prioritize ongoing product performance monitoring, actively gathering and analyzing customer feedback to rapidly identify and address potential quality concerns that may arise during the production and post-sale phases.

We embrace a global client service philosophy centered on timely response, efficient handling, high-quality service, and worry-free experience for clients by establishing such regulations as the *After-Sales Return and Exchange Management Measures* and the *Client Feedback and Complaint Management Procedures*. Additionally, we have established a dedicated after-sales service department to refine after-sales activities and processes, and define the specific scope of products and services, role assignments for each position, organizational structure, and operational mechanisms. All of these help us create a comprehensive after-sales service management system. This system elevates the customer experience and strengthens our global service network. Through continuous improvement, we deliver stable, reliable products and services that meet growing international demand.

Product repurchase management

While we are committed to providing customers with low-carbon and environmentally friendly solutions, we take responsibility for enhancing product sustainability and actively put it into practice. Product repurchase management is a critical component of lifecycle management. We have established a comprehensive recall process that includes defect investigations, risk assessments, recall scope definition, and remedial measures. Through effective product recycling and reuse programs, we ensure responsible end-of-life management while maximizing resource efficiency and advancing our sustainability objectives. In 2024, no major product or service safety incidents were reported.

Responsible Marketing

We consistently uphold a responsible approach by respecting customers, consumers, and supply chain partners while complying with national regulations. This commitment has earned us customer trust, enhanced corporate reputation, strengthened brand influence, and fostered sustainable long-term business growth. Through transparent information disclosure and compliant marketing practices, we provide the public with comprehensive product details, including quality, effectiveness, benefits, and limitations. In our marketing efforts, we adhere to the principles of accuracy, authenticity, and reliability. By providing clear product labeling and transparent information, we are committed to creating an open, trustworthy marketplace for customers and consumers. In our marketing practices, we uphold a responsible approach by establishing standardized procedures covering sales, promotion, service delivery, and information security, supported by robust internal review mechanisms. In 2024, we strengthened marketing management initiatives and verified through comprehensive audits that all advertising and labeling practices remained fully compliant throughout the year.

Responsible advertising

Guided by our corporate values, Hanshow adheres to the following principles when promoting products:

-  **Compliance**
 The Company establishes an advertising review process and conducts regular self-reviews to ensure that our advertising content and activities comply with applicable laws, regulations, and internal policies.
-  **Completeness and reliability**
 Advertisements shall not contain false or misleading statements or illustrations and shall instead accurately describe the Company's products or services and provide the public with reasonable information and commitments.
-  **Respect for competitors**
 Advertisements shall not disparage competitors or promote false information to gain an unfair competitive advantage.
-  **Respect for consumers**
 Advertisements shall respect consumers and shall not contain offensive, discriminatory, or inappropriate content.
-  **Privacy protection**
 Advertisements shall comply with applicable laws and regulations and shall not use customers' personal information for marketing purposes.
-  **Benefits to social development**
 Marketing activities, including advertising, involve not only economic and legal obligations but also additional responsibilities, such as protecting and promoting social development. Therefore, we shall not publish any advertisements that harm social and public interests.

In 2024, Hanshow continued to implement various compliance marketing training programs, including training on advertising laws and integrity. These training activities are primarily directed at front-line sales teams, aiming to provide them with comprehensive marketing knowledge courses. Through these training activities, we hope to enhance their ability to identify and mitigate risks associated with responsible marketing, thereby ensuring legal and compliant product promotion and sales processes.

Effective product labeling

We fully recognize the critical role of product labeling in helping customers understand our offerings and building brand trust. Therefore, in compliance with laws and regulations, we have established product labeling management systems, including the *Product and Service Information Management Policy*, *Labeling Consistency System*, *Labeling Use Authorization System*, *Labeling Review System*, and *Labeling Protection System*. These systems ensure complete and accurate disclosure of product and service information throughout our marketing activities, with compliance integrated into every stage of our marketing efforts. We strive to provide customers with trustworthy products and comprehensive solutions to achieve mutually beneficial outcomes.

✓ Accuracy and authenticity

Product markings and descriptions shall be based on facts and shall not contain false or misleading information.

✓ Consistency

Product markings and descriptions shall be consistent across all marketing channels and product packaging to ensure that customers have a clear understanding of the Company's brand image and product portfolio.

✓ Clarity and readability

Product markings and descriptions shall be clear so that customers can understand the attributes and characteristics of the products and services they purchase or use. Labels shall be easily recognizable to help customers quickly identify the Company's brand and products.

✓ Customer-centric innovation

The Company pays special attention to market trends and customer needs, designs product labels based on the characteristics of its customer groups, and works to drive continuous innovation and quality improvement around customer needs.

Commitment to Innovation

Since its inception, Hanshow has viewed technological innovation as a key factor in enhancing its core competitiveness. Guided by our mission to break down digital barriers between online and offline through technological empowerment and drive business success for our customers, we are dedicated to developing cutting-edge technology solutions for the retail sector. Powered by new quality productive forces, we consistently improve retail operations while delivering superior shopping experiences.

R&D innovation management

Amid the wave of new industrialization, Hanshow has continued to invest in R&D to accelerate product iteration and upgrades. The R&D innovation management organizational system at Hanshow is led by the General Manager of the Smart Retail Division, supported by leaders from various technical departments. This organizational system coordinates and advances the Company's R&D innovation initiatives, ensuring their efficient and systematic implementation to drive sustainable growth. We have developed the *Position Invention Patent Reward Measures* to foster innovation. This system applies to all employees, with phased incentives established for invention patents, utility models, and design patents. Through our focus on high-value patents, clear incentive structures, and inclusive participation, we have created a reward-based innovation ecosystem that drives technological breakthroughs and IP portfolio expansion. We believe that embracing green and digital transformation, with ESG principles fully integrated into operations, is essential for sustainable business growth and driving digital evolution in the retail industry.

We align our R&D efforts with corporate strategy and market demands. Upon project approval, we rigorously follow the Integrated Product Development (IPD) process for R&D management, encompassing all phases, from concept proposal, planning, and development to verification testing, product launch, and lifecycle management.



High-Tech Enterprise Certification



Innovation and investment support

We always prioritize customer needs. We recognize that innovation capability is the cornerstone of long-term corporate success. As industries are embracing intelligent and green transformation, we are keeping pace by advancing our expertise in two key areas: green retail stores and digital energy solutions. We are committed to developing more integrated digital and sustainable technologies and applications to contribute to industry excellence and a sustainable future. As of 2024, we have assessed the carbon footprint for three products.

Performance Data

Indicator	Unit	2024
Total R&D investment	Million RMB	197.63
Number of R&D personnel	Person	308
Proportion of R&D personnel among total employees.	%	32.08

01 Upgrades of green ESL technology

The Nebular Series ESL incorporates an extended-life battery design that minimizes replacement frequency and reduces e-waste generation. Its e-paper display technology consumes negligible power when static, delivering additional energy savings. Through continuous technological innovation and a commitment to environmental sustainability, we provide the retail industry with efficient and sustainable digital solutions, supporting its transition toward a green and low-carbon future.

The Polaris Pro Series undergoes continuous upgrades, featuring a high screen-to-body ratio design that increases the screen area by up to 17.3% and reduces the bezel size by 28.6%. It is equipped with four-color display capabilities and multi-directional mounting options, providing a broader visual experience. The high-precision sensors and intelligent algorithms developed by our R&D team ensure accurate synchronization of information such as pricing. Additionally, they are equipped with long-life replaceable batteries and a robust construction, guaranteeing stable performance in various environments. In terms of environmental sustainability, the Polaris Pro utilizes clean energy-powered automated equipment during the production process to reduce carbon footprints. It also employs eco-friendly materials and a highly integrated SiP chip design, minimizing the number of electronic components and further lowering carbon emissions.

02 More intelligent retail scenario

Our strategic partnership with Microsoft continues to deepen, culminating in the launch of the industry's first fully automated "copywriting + visual" content generation tool (GenAI). Leveraging the synergistic capabilities of GPT-4 and DALL-E 3, this solution enables retailers to generate product marketing copy, promotional posters, and visual branding materials through natural language interaction and publish them with a single click via our proprietary Lumina marketing screen.

03 Integrated "photovoltaic power generation, energy storage, and charging + energy conservation + EMS" digital energy solution for stores

Outdoors, our integrated intelligent solution combines photovoltaic power generation, energy storage, and electric vehicle charging. The system converts sunlight into electricity through photovoltaic panels, delivering clean, renewable energy to charging stations. Equipped with efficient energy storage devices like lithium batteries, it stores solar energy collected during the day for use at night or on cloudy days. The intelligent control system dynamically adjusts and optimizes charging power and supports remote monitoring and management. This integrated solution simplifies device installation and management, reduces operating costs for electric vehicles, and promotes sustainable development of the electric transportation sector. Utilizing solar power generation and energy storage technologies enhances energy utilization, decreases reliance on traditional energy sources, and lowers carbon emissions.

Indoors, our Energy Management System (EMS) addresses traditional energy management challenges by leveraging advanced IoT technology. It enables real-time energy data collection, precise analysis, and intelligent control, significantly improving energy management efficiency. This platform provides robust technical support for chain stores transitioning to energy-conservation operations.

The EMS serves as the core control module of our integrated solution, orchestrating the coordinated operation of photovoltaic, energy storage, and charging facilities while managing the regulation of in-store energy equipment. Equipped with robust real-time monitoring, data analysis, and optimization scheduling capabilities, the system enhances overall operational efficiency and user experience. With a cloud-based platform, the system enables centralized data management and analysis, along with remote monitoring and O&M services, ensuring reliable and high-performance operation.

Intellectual property and patent protection

Hanshow regards intellectual property protection as the lifeline of corporate development and the cornerstone of sustained innovation. We strictly respect third-party intellectual property rights. All our employees receive systematic training to ensure understanding of relevant laws and consistent adherence in daily operations. We also diligently comply with the intellectual property usage restrictions outlined in contracts with third parties. We recognize that any unauthorized use or disclosure of intellectual property can lead to serious legal liabilities and negatively impact our reputation and relationships with partners.

In our internal management system, we have established a comprehensive intellectual property management framework, including key documents, such as the *Intellectual Property Management System* and the *Incentive Measures for Service Invention Patent Application*. Following these regulations, we systematically carry out patent applications, maintenance, and management. We also require employees to sign confidentiality agreements and non-compete clauses, and we ask suppliers to sign intellectual property guarantee agreements to mitigate the risk of technology leaks. Our efforts have yielded significant results; as of the end of 2024, we secured 548 intellectual property rights (including patents, software copyrights, and registered trademarks), a year-on-year increase of 56.13%. These achievements not only demonstrate our excellence in technological innovation and brand development, but also provide a solid foundation for sustainable corporate growth.

Indicator	Unit	2024
Number of authorized patents per million RMB of revenue	Number of Cases	0.09
Number of software copyrights per million RMB of revenue	Number of Cases	0.01

Patent application	Patent maintenance
<ul style="list-style-type: none"> Optimize the technical layout through patent information analysis, and entrust professional institutions to write application documents to improve the authorization rate. Submit PCT international patent applications in major exporting countries for core technologies to prevent overseas infringement risks. Conduct patent infringement risk investigations (FTO analysis) before R&D project establishment and product launch to avoid potential infringement risk projects. 	<ul style="list-style-type: none"> Establish an early warning system for the payment of patent annual fees to avoid the invalidation of rights due to management omissions. Regularly conduct patent value assessments to transfer or voluntarily abandon underperforming patents to reduce maintenance costs.

We prioritize the "Hanshow" trademark as a key asset within our intellectual property protection system. To this end, we have established a detailed *Trademark Management System*, which clarifies the objectives, strategies, and responsibilities of trademark management, as well as trademark application, registration, usage, and licensing, ensuring comprehensive protection throughout the trademark's lifecycle. To safeguard our brand image and business reputation, we have registered the "Hanshow" trademark under goods or services (International Class 9) for core products like ESLs. This registration not only provides strong support for our global sales and marketing activities but also underscores our commitment to intellectual property protection.

Promotion of industry standard development

Hanshow actively participates in the development of industry standards, including the *Technical Specifications for Wireless and Paperless Conference Systems and Electronic Paper Conference Notebooks* published by the China Electronics Energy Saving Technology Association. Hanshow has taken a leading role in compiling group standards T/DZJN 229-2024 and T/DZJN 228-2024, making significant contributions to their development. In 2024, we joined the CGF and the Bluetooth Special Interest Group's Bluetooth Low Energy Electronic Shelf Labels (BLE) working group to optimize and revise BLE ESL standards. In 2024, Hanshow participated in the formulation and revision of two industry standards, bringing its total involvement to four.

*In 2024, Hanshow participated in the formulation and revision of two industry standards, bringing its total involvement to four.

Technology ethics management

Technological advancement requires responsibility to earn society's trust. GenAI is advancing rapidly and emerging as a core driver of technological progress. We prioritize addressing critical AI concerns, including security, fairness, and privacy. Throughout our product design and R&D processes, we steadfastly adhere to user-centric principles and strive to develop responsible AI.

We have established a comprehensive internal management system and ethical review mechanism in accordance with the *Guidelines for Technology Ethics Review*. Our Technology Ethics Committee is composed of technical leaders, legal experts, and external ethicists, employing a "three-tier review system" to enforce strict decision-making processes on significant ethical controversies, with all resolutions documented and retained for no less than 10 years. During R&D project approval, we require submission of an Ethical Risk Assessment Form and employ a dual informed consent process for human data studies. This ensures all projects maintain rigorous ethical standards from initiation.

Besides, we place high priority on training and science popularization initiatives. In 2024, we conducted six online training sessions on *Fundamental Standards of Technology Ethics*, achieving a coverage rate of 98% and a pass rate of 92%. For engineers, we designed practical courses like *Data Desensitization Compliance Procedures*, training a total of 40 participants. Externally, we have engaged in the "AI for Good" Industry Alliance and hosted public lectures on Technology Ethics, reaching over 35 participants in 2024. These efforts advance technology ethical literacy while enhancing public trust and support for us.



Service Experience Improvement

Hanshow upholds a "product delivery as service commencement" philosophy, driven by dual engines of technological innovation and service excellence. With excellent product quality, rapid-response services, sustainable solutions, and professional technical support, we facilitate our customers' digital and green transformation and upgrading, creating new smart, low-carbon, and sustainable retail experiences.

01

Customer-oriented principle

We are committed to promoting the digital and green transformation of retail stores, highlighting our service value, and enhancing customer experiences throughout the product lifecycle from design to scrapping. To this end, Hanshow has formulated systems and specifications such as the *Customer Service System*, *Customer Feedback System*, *Customer Data Protection System*, *Customer Satisfaction Assessment System*, *Complaint Handling System*, and *Employee Training System* to enhance customer service quality on all fronts.

To provide better customer services, we offer timely product maintenance and technical training. Our technical engineers offer on-site training to customers to ensure their understanding of safety and technical operating specifications as well as efficient troubleshooting methods for common issues. Additionally, the headquarters has established a Training Practice Center with internally certified instructors serving as the trainers. In response to potential technical issues and updates customers may face, the center develops systematic training materials to enhance the O&M capabilities of client teams through various training methods.

02

Optimizing customer experience

In the rapidly evolving retail industry, reshaping customer experience and building multi-dimensional service systems have become crucial for driving corporate breakthroughs. Through the seamless integration of digital technology and scenario-based services, we assist modern stores in building an experience upgrade framework covering the entire consumption chain. By focusing on intelligent interactive devices and advanced data analysis, we help optimize resource allocation and boost operational efficiency.



03

Strengthening customer communication

Maintaining effective communication with customers is essential for protecting their rights, addressing practical problems, and enhancing service quality. We always put our customers first and take an open, transparent, professional, and courteous attitude to foster a diverse communication platform through channels such as official websites, emails, letters, and face-to-face exchanges.

We have developed a comprehensive complaint response mechanism that covers receiving and analyzing complaints, responding to customers, solving problems, and providing feedback. We follow the principles of "rapid response, investigation of every complaint, timely replies, and preventive corrections" to efficiently handle customer complaints. We have continually improved our communication management by collecting and analyzing customer feedback and opinions to improve our products and services.

Adhering to a customer-oriented principle, Hanshow is committed to improving customer satisfaction and loyalty. In accordance with the national standards—*Guidelines for Model and Methods of Customer Satisfaction Measurement* (GB/T 19038-2009) and *General Rules of Customer Satisfaction Measurement* (GB/T 19039-2009) and the ISO 10001-10004 standards, we have optimized the customer complaint and problem-solving processes, redesigned the customer satisfaction questionnaires, and carried out customer satisfaction surveys worldwide. We aim to listen to customers' feedback more scientifically and upgrade our services. In 2024, we conducted the customer satisfaction survey at both the headquarters and store levels. The survey revolved around six key dimensions: product satisfaction, brand image, ESG planning, after-sales services, future cooperation, and overall satisfaction. The survey results indicated a customer satisfaction rate of 83%. Hanshow excels in product innovation, cost-effectiveness, and after-sales services. We will strengthen brand publicity, improve support processes, accelerate system updates, and strengthen ESG communication.

04

Enhancing product accessibility

At Hanshow, we remain dedicated to our mission and enable our consumers in emerging markets to experience an improved quality of life through technology and innovation as quickly as possible. We are concerned about the difficulties faced by special groups, including the less educated, the elderly, and individuals with visual impairments, in accessing information and technology. To address these issues, we provide customized solutions to ensure their equal access to the benefits of technology.

For visually impaired groups, we continue to optimize our ESLs by introducing high-definition displays and multi-color e-paper displays, which make it more convenient for them to access product information. We recognize that technological advancements can greatly benefit these groups, so we strive to balance innovation with human-centric care.

For the elderly, we fully consider the difficulties they may face when using technology products. ESLs are easy to operate and can be updated in real time, making it easier for elderly consumers to access product price information. Additionally, we have launched a voice assistant to provide the elderly with more convenient and secure shopping experiences. We believe that technology should support rather than hinder the lives of the elderly.

Through these measures, Hanshow has lowered the threshold for using its products and services, enhanced product accessibility, and provided customized solutions for special groups. This reflects our efforts in technological innovation and humanistic care. We believe that technology should benefit everyone. We will continue to work hard to create a more inclusive and sustainable future.



Information Security and Customer Privacy Protection

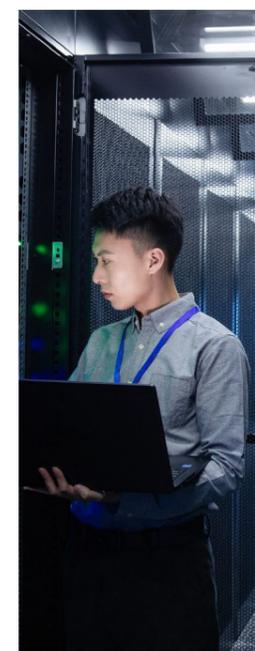
As we are rapidly ushering into a digital era, information security has become a critical concern. Information security is not only related to the confidentiality, integrity, and availability of data but also serves as a key cornerstone for the stable operation and sustainability of the economy and society. At Hanshow, we are committed to implementing robust measures to strengthen the security of critical infrastructure and sensitive data and fostering a safer and more resilient digital ecosystem. Our goal is to lay a solid foundation for the sustained prosperity and long-term development of the economy and society.

Information security

As a global leading digital store solution provider, Hanshow has always regarded customer privacy protection as a core element in providing excellent services and high-quality experiences. From an information security standpoint, we implement strict hierarchical classification and management of data assets, guided by regulatory requirements, business needs, and our deep expertise in data protection. This framework ensures that we uphold the highest standards in safeguarding customer privacy.

Information security management framework

We have formulated the Information Security Organization and Personnel Security Management Regulations and Management Manual on Information Security, which apply to all activities related to the Company's confidentiality management and information security. These regulations cover the organizational structure, roles, responsibilities, and rights of each department involved in information security. In 2024, we obtained ISO/EC 27001:2022 Information Security System Certification.



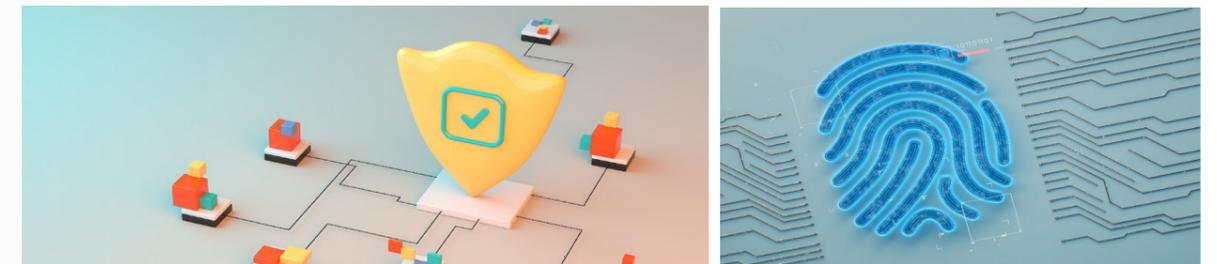
Information security management system

We have established a three-level information security management organizational system, which consists of the Information Security Committee and Privacy Protection Committee (decision-making level), the Information Security and Privacy Protection Leading Group (executive leadership level), and the executive teams of various departments. The roles, responsibilities, rights, and obligations of all parties are clearly defined. Management functions are organized through a three-level security organizational structure, supported by standardized mechanisms for reviewing security vulnerabilities and incidents. Our security team conducts monthly reviews and assessments, while the Company performs annual security incident drills and SOC2 audits to continuously strengthen our security management. We leverage the high availability and fault tolerance features of the Azure platform, such as load balancing, automatic failover, and regional redundant storage, to ensure rapid data and service recovery in the event of hardware failure or network interruption, which minimizes the impact on customers. Moreover, we ensure data integrity and availability by regularly backing up critical data and storing it in geographically separated locations. In terms of data protection, we employ data encryption technology to encrypt customer data during storage and transmission to prevent data leakage and unauthorized access. Additionally, through strict access control mechanisms, we ensure that only authorized personnel can access sensitive data.

Information security risk identification and response

We have also established comprehensive information security risk assessment policies, regulations, and management measures. These encompass a robust risk management system designed to systematically identify, analyze, evaluate, manage, and continuously monitor production and operational risks. The system adopts targeted risk prevention and resolution strategies and a top-down risk management framework to effectively manage risks related to security, availability, and confidentiality. The *Risk Management Control Procedure* clarifies the principles and requirements for information security risk management, including risk scenario identification, risk level classification and assessment, and risk mitigation plans. Our security team conducts an annual information security assessment, identifies related risks according to risk scenarios, designs control measures, and develops a risk control matrix to effectively support the Company's information security. We have established a security incident response mechanism to address data leakage and other security incidents. Our security team monitors incidents that may threaten the security of systems, business, and tenant data through internal and external channels. Security incidents are categorized into particularly serious incidents, major incidents, large incidents, and general incidents according to the scope and degree of potential damage. When a security incident occurs, the security team collaborates with relevant business departments to initiate emergency plans and response measures. Particularly serious and major security incidents should be reported to management, and the Company issues a unified public notification when necessary. Additionally, we organize annual security incident drills to enhance vigilance against risk sources and emergency response capabilities.

In 2024, we performed well in information security management, with no complaints about information security incidents or loss of customer privacy data. We rectified 17 special risk items based on the SOC2 audit and cross-border data security and privacy compliance requirements.



Information security training

At Hanshow, we highlight the crucial role our employees play in information security protection and have carefully developed a comprehensive and targeted training system for this purpose. We understand employees in various positions face different security challenges. To address this, we have designed a variety of courses, such as *Security Awareness Training for Hanshow's Employees*, *Security Qualification Certification Training*, and *Information Security Training for Hanshow's New Employees*, to ensure all employees acquire security knowledge and skills that align with their responsibilities. Meanwhile, we offer diverse video courses on our online training platform and implement an efficient closed-loop management for the training process through seamless promotion, precise tracking, and scientific evaluation. The aim is to enhance employees' information security awareness and safeguard the Company's information assets.

In 2024, 740 employees completed information security awareness training, of whom 712 passed the assessment test, with a success rate of 96%. Additionally, 45 employees participated in software development security training.

Information security awareness training		2024
Number of information security awareness training sessions	Number	1
Total hours of information security awareness training	Hours	80
Number of employees that participated in information security awareness training	Employees	740
Pass rate for employee participation in information security awareness training	%	96
Number of information security incidents	Number	0

Privacy protection

As a global leader in digital store solutions, Hanshow firmly believes that strictly protecting customer privacy is crucial for providing exceptional services and high-quality experiences. From an information security standpoint, we have categorized data assets and enforced hierarchical management practices, considering regulatory requirements, operational needs, and our extensive experience in data security. This approach ensures that our business meets high standards in protecting user privacy data and complies with all relevant laws and regulations.

We have developed a comprehensive *Information Security Policy*, which clearly stipulates that all departments, employees, and third-party partners of Hanshow must strictly adhere to relevant laws and regulations to fully protect the data privacy of customers and stakeholders. In terms of information security management, we have designed procedures and regulations for protecting data privacy. Additionally, we have implemented a regular review mechanism to timely monitor the data security status and effectively protect customer privacy. Additionally, we clearly and accurately communicate our data protection policies, protection measures, and data retention periods to tenants based on our *Service Agreement* and *Privacy Policy*.

Global cross-border data security and privacy compliance

Amid the wave of digitalization, Hanshow regards data security and privacy compliance as the lifeline for its sustainability. We have initiated a global cross-border data compliance consulting project to comprehensively ensure data security and privacy compliance across business scenarios worldwide. For our overseas employees, we have established a robust compliance management mechanism and privacy policy for cross-border transmission of personal information. This policy covers the entire lifecycle from candidates to regular employees to ensure that the processing of personal information strictly complies with local regulations while safeguarding employees' right to know and privacy. For the contact information of overseas and Chinese suppliers and customers, we have developed a compliant cross-border transmission system for personal information. This ensures full adherence to both local and domestic laws and regulations, provides robust data security assurances for our partners, and supports the steady growth of our global business.

We are fully aware of our responsibilities as a data processor and actively fulfill our disclosure obligation. This guarantees that all relevant parties clearly understand the process and purpose of data processing. We have established a special data security and privacy protection organizational structure to clarify the responsibilities of each position. Additionally, we have appointed an overseas Data Protection Officer (DPO) to coordinate and manage privacy compliance abroad. The DPO also formulates and implements privacy compliance strategies based on local regulations and the Company's specific conditions while supervising the effective implementation of various privacy protection measures. Additionally, we have implemented a clear response mechanism and process to address the rights of personal information subjects. We have also provided clear public notifications to these individuals to strengthen their trust in the Company. Furthermore, a complete personal data security incident management mechanism has been formulated, which clarifies the methods and processes for handling security incidents and outlines the responsibilities of relevant personnel within the organization. In the event of a security incident, we are prepared to respond quickly and orderly to minimize its impact on individuals and the Company.

In terms of internal management, we have established relevant norms and processes for personal information protection impact assessments, which serve as a critical normative system for managing privacy data processing risks within the Company. Through regular assessments, potential risks in data processing are identified and addressed to ensure secure and compliant data processing practices. We have also implemented a unified account permission application process and clarified the system permission allocation and management mechanism to ensure that employee system account permissions align with their responsibilities and positions. Additionally, we promptly update permissions following employee position adjustments to mitigate the risk of data leakage caused by improper access rights. Additionally, we have implemented a retention management system for the salary calculation data of former employees and the personal information of suppliers and customers. This system ensures the secure storage of personal data within relevant business systems. Even after an employee departs or a business relationship concludes, we are dedicated to preserving the confidentiality and integrity of personal data to prevent any data breaches. These measures have strengthened data security in our global operations, providing a solid foundation for sustainability. Moreover, they serve as a positive example for industry data security and privacy compliance, contributing to the healthy and stable development of the sector.

In 2024, we achieved remarkable results in our information security management, and no complaints of information security incidents or loss of customer privacy data were reported.

4.2 Empowering Talent Development

At Hanshow, we fully recognize that employees are the core driving force behind our growth. They help us achieve excellent business goals and inject strong power into fulfilling our social value. We are committed to creating a fair and respectful work environment where every employee feels valued. In the ever-changing market, we proactively attract top talent from diverse backgrounds and prioritize employee development as a key driver of sustainable growth. We recognize our employees as the driving force behind innovation and growth. By fostering a culture of integrity and responsibility, we strive to make a meaningful social impact.

Talent Attraction and Retention



Compliant employment

Hanshow adheres to the principles of fair, just, and open employment. In compliance with domestic and international conventions, laws, and regulations related to labor rights such as the *International Labour Organization Convention* and the *Labor Law of the People's Republic of China*, we have formulated the Recruitment Management System and developed a transparent recruitment process to ensure non-discrimination in all links and fair competition opportunities. We are committed to eliminating gender discrimination and harassment to ensure equal pay for equal work and equal development opportunities for male and female employees. We also prioritize the rights and interests of female employees. We actively promote disability equality by providing proportional employment opportunities for people with disabilities and working to enhance their employment opportunities and quality.

Hanshow is committed to strictly complying with the relevant laws and regulations of the jurisdictions where our employees' labor relationships are established, the internationally recognized principles of ethical and responsible business practices, as well as other applicable laws that govern our operations. Hanshow unequivocally rejects any behaviors that violate human rights, including child and forced labor.

Indicator	Unit	2024
Number of child and forced labor incidents	Number of incidents	0



Talent attraction

Talent strategy has always been a cornerstone of our development. Hanshow has established a comprehensive, multi-tiered recruitment system. Campus recruitment aims to absorb fresh graduates and inject fresh blood and innovative the vitality of the Company. Additionally, we extensively recruit experienced professionals from diverse fields, including senior experts and cross-border professionals, by providing them with a broad development platform. We cultivate a diverse global workforce by actively recruiting top international talent, including overseas returnees and professionals of different nationalities, through our worldwide talent network. In 2024, we built a truly diverse workforce aligned with our values of fairness and equal opportunity. Our talent acquisition strategy welcomes professionals from different nationalities, persons with disabilities, overseas-educated returnees, and domestic graduates, all selected based on our business needs and role competencies. Our recruitment practices embodied diversity and inclusion, evaluating candidates solely on merit without consideration of race, gender, age, or other inherent characteristics. This commitment has made our organization more inclusive. With robust R&D strength in cutting-edge technology, deep industry insights, and extensive global business layout, we have become the preferred platform for career development among young scientific and technological talent and international graduates.



Employee empowerment

Hanshow is committed to comprehensive talent development and implements targeted training programs tailored to employees at various levels. We have developed a comprehensive onboarding training program for new employees, covering corporate culture, policies, and job responsibilities. Additionally, we offer specialized courses led by professional instructors to facilitate a smooth transition into their new roles. We facilitate cross-departmental rotations for management trainees to promote experience inheritance and comprehensive skills development. For ordinary employees, we focus on training their professional skills and job adaptability to help them grow rapidly. We provide leadership and strategic thinking training for managers. Through systematic management training courses, we aim to enhance their decision-making skills and team management efficiency. By integrating online and offline methods with rich, engaging content, we empower participants to master management theory and practical methods. Additionally, to enhance the professional capabilities of overseas marketing teams, we have organized marketing system training for frontline sales, pre-sales, and technical support personnel abroad. The training courses include product knowledge, R&D processes, and software systems. Our goal is to provide marketing personnel with an in-depth understanding of our offerings to facilitate business growth. We have developed 14 onboarding training courses in Chinese and 10 in English. 262 new employees participated in 4,027.35 hours of the training (an average of 15.37 hours per new employee) in 2024 with a pass rate of 91.6%.

An Orientation Program for Fresh Graduates

CASE-01

A total of 78 fresh graduate employees participated in this program. The program aims to help management trainees better understand our corporate culture and product solution values to lay a solid foundation for their career growth. During the training, we invited outstanding alumni to share their experiences, setting a positive example for new employees and helping them clarify their future career paths. Furthermore, our professional mindset transformation training, conducted by external experts, facilitated new employees' smooth transition from academic environments to professional workplaces. The group training activities effectively enhanced team cohesion and fostered a positive work atmosphere.



Leadership Training

CASE-02

A total of 34 regional representatives or key area leaders from various countries participated in the training. We engaged external experts to offer training sessions through a "Learn-Train-Practice-Debate" methodology. The training was designed to cultivate culture ambassadors who can turn challenges into opportunities and optimize sales performance through informed methods, and foster business pioneers who can guide role definition for country managers, strategic roadmap development and execution, team building, and leadership training. This program employed expert-led lectures, case studies, collaborative group work, and actionable project outputs, focusing on practical discussions and outcomes. The intensive three-day, two-night immersive training aimed to equip participants with actionable plans, allowing them to arrive with questions and leave with solutions ready for implementation.



"Iron Triangle Model" in the Sales System

CASE-03

To actively embrace the ESG concept and enhance the professional capabilities of our sales team, we organized offline training for 86 sales team participants. This training included an assessment of their knowledge, skills, and practices to improve the team's professional quality across all areas. Through this training, trainees could fully understand our full range of smart retail products and corresponding software solutions. Through hands-on practice with product solution technologies, trainees gained deeper product understanding and application skills, enhancing their ability to deliver superior customer service. This training enhanced the professional capabilities of the sales team and underscored our commitment to talent cultivation and sustainability, laying a solid foundation for our long-term development.

New employee training			Leadership training (participants are assessed through simulation exercises)		
	Unit	2024		Unit	2024
Number of new employee participants	Employees	262	Number of trainees	Employees	34
Pass rate	%	91.6			



Employee promotion and assessment

We have established a dual-track promotion system that includes both professional and managerial tracks, providing employees diverse career advancement pathways. In the professional track, employees are encouraged to deepen their expertise in technical fields and gradually grow into recognized authorities in their domains through continuous learning and innovation. In the managerial track, we provide a wide platform for employees with managerial potential, fostering their leadership and organizational coordination skills. Hanshow adheres to a comprehensive assessment framework based on knowledge, capability, personal performance, and organizational contribution to build a "just, transparent, and fair" assessment and promotion management system. During our annual rank promotion process, we implement a unified adjustment approach based on individual performance evaluations and capability assessments. This process is conducted following the strict approval and confirmation of promotion candidates by department managers, HR, and the General Manager. In the past year, we conducted multiple promotion cycles, in which numerous employees were promoted for their outstanding performance. This demonstrates our strong commitment to employee development, ensuring every team member can forge their ideal career path and achieve personal growth in alignment with our development. To strengthen the management of ESG work and achieve our sustainability goals, we align the variable portion of senior executives' remuneration with ESG indicators. In 2024, we organized one rank promotion, with 86 employees promoted for their outstanding performance.

1

86

Diversity, Equality, and Inclusion (DEI)

At Hanshow, we believe that business success is only possible in a society that upholds employee rights and interests. To put this belief into practice, we have taken practical measures. We have published an *Employee Work Guide* that clearly outlines our employees' responsibilities, obligations, rights, and the Company's expectations for employees and work standards. In alignment with the *Business and Human Rights Policy of Hanshow Technology*, we have established a regular supervision mechanism at all departments and levels. This mechanism allows us to regularly assess employees' working conditions, ensuring they have a healthy work environment that promotes equality, respect, inclusion, diversity, and non-discrimination.

We have emphasized our commitment to supporting female employees. In 2024, we became a global signatory member of United Nations Women's Empowerment Principles and completed the United Nations Target Gender Equality (TGE) Accelerator program. We have clarified the benefits and support for female employees in the *Employee Manual*. We have developed a clear gender equality policy and put it into effective implementation to ensure equal career development opportunities for all employees, regardless of gender. This includes fair promotion chances, robust training programs, and rich career development pathways. Hanshow has provided several benefits for female employees, including maternity leave allowances, parental leave, free gym access, Women's Day paid leave, and Women's Day gifts. Additionally, Hanshow plans to provide feminine hygiene products and set up dedicated nursing rooms for mothers who are breastfeeding. Nursing facilities are currently available in our office buildings in Beijing, Shanghai, and Shenzhen.

Hanshow has established strict anti-discrimination policies that uphold a zero-tolerance principle for discrimination based on race, ethnicity, or region. We also ensure that these policies are strictly enforced. In 2024, with the principles of "fairness, justice, and transparency" in mind, we recruited people with disabilities to enhance their human resource value. This allowed all employees to feel our sense of social responsibility and enhanced their awareness of social responsibility. To support disabled employees in achieving better work and life experience at Hanshow, we formulated the *Hanshow Technology Disabled Employee Support Policy Manual* to safeguard their rights. In 2024, we recruited six additional employees with disabilities and optimized barrier-free facilities to foster an inclusive workplace environment.

As an international enterprise, Hanshow fully respects and supports a multicultural working environment for our employees from different countries. We understand and respect our employees' religious beliefs, holidays, and customs, and provide support and convenient conditions for them. This includes offering thoughtful dietary options in group activities to meet their cultural and religious needs.



Performance Data

Indicator	Unit	2024
Male employees	%	63.02
Female employees	%	36.98
Male managers	%	66.05
Female managers	%	33.95
Employees with disabilities	Numbers	12
Women on the Board of Supervisors	%	33.33
Employees under the age of 30	%	44.48
Employees aged between 30 and 50	%	52.4
Employees aged over 50	%	3.13



Safeguarding Safety and Health



Safety First, Prevention First, and Comprehensive Management

Hanshow has consistently upheld the principle of "Safety First, Prevention First, and Comprehensive Management" by prioritizing the health and safety of its employees as the unwavering cornerstone for its development. We are committed to fostering a safe, healthy, and comfortable work environment to protect the physical and mental health of our employees in all aspects.

To achieve this goal, we have implemented a Health and Safety Management System (HSMS) based on the ISO 45001 standard. This system ranges from risk identification and assessment to accident reporting. We regularly review and update our HSMS to ensure its alignment with actual needs. We have also formulated a range of documents, such as the *Management Manual on Quality, Environmental and Occupational Health and Safety Management Systems*, to clarify work processes and standards aimed at protecting the health and safety of our employees.

In terms of employee care, we offer comprehensive health benefits, including one day of paid sick leave every two months, free annual physical examinations, and half a day of paid leave for physical examinations. We have also purchased supplemental medical insurance for all full-time employees, overseas business travel insurance for those traveling abroad for business trips, and accident insurance for interns. These insurance products build a comprehensive health protection network for our employees.

We are committed to providing our employees with comprehensive health and safety training on standards and procedures related to quality, environmental, and occupational health and safety management systems. The training covers key topics, including risk identification and control, emergency response procedures, and workplace safety behaviors.

New employees receive basic safety training to ensure they understand the Company's safety policies and procedures. In addition, we regularly hold training sessions, including monthly work safety education and biannual firefighting and evacuation drills, to enhance employees' safety awareness and emergency response capabilities. We also organize specialized safe operation training for production line employees to ensure that they can correctly apply safety measures in their daily tasks and incorporate safety awareness into every work process.

We monitor employees' compliance with our internal systems through regular audits, inspections, or investigations. Moreover, we have established an effective incident reporting mechanism and encourage employees to report any health and safety incidents, risks, or issues through a designated email address. Any non-compliance must be reported to the management. A robust mechanism for improvement and tracking has been established, and corrective measures are taken as necessary to ensure the issue is fully resolved.

In 2024, we invested RMB 36,000 in workplace safety, provided an average of 5.67 hours of safety training per employee, and reported no work-related accidents.


Invested
RMB 36,000 in
workplace safety


36000


Average safety
training duration
per capita


5.67


Work-related
injury
accidents


0

Caring about Employee Well-being

In a corporate culture that upholds the values of diversity and equal employment, we are committed to establishing a fair and reasonable salary and benefit system to ensure equal pay for equal work and meet employee expectations. In 2024, we implemented the following key strategies regarding salaries and benefits:



Optimizing salary structure

We clarified our salary ranges based on the job rank system, provided immediate incentives, and leveraged talent inventory results to reasonably adjust salaries for promoted employees. This approach ensured alignment with their new positions and enhanced employee motivation and satisfaction.

Enhancing the appeal of campus recruitment

We developed competitive salary standards for campus recruitment to attract fresh graduates from various countries. This expanded our talent pool and enhanced our international brand image.



Improving welfare benefits

We upgraded our supplementary medical plan to cover employees' basic medical needs and unexpected situations. This upgrade offered employees more comprehensive health protection and effectively alleviated their economic pressure and psychological burden related to medical expenses.

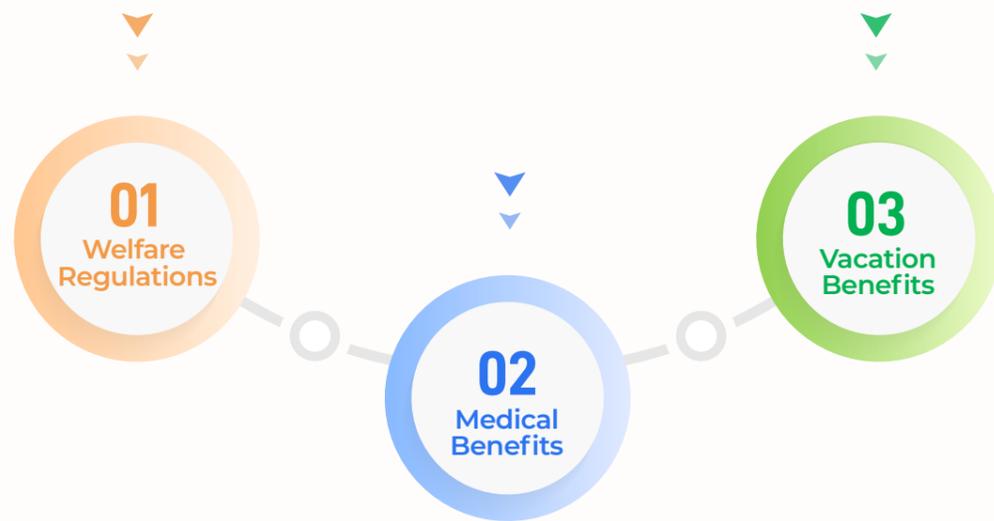
Allowing performance feedback and appeal

After performance evaluation results are released, employees who disagree with the results or believe that the evaluation is unfair or violates company regulations have the right to file an appeal. The Human Resources Department reviews the appeal and provides timely feedback on the resolution of the complaint.



Welfare guarantee

We comply with local employee welfare regulations in all countries where we operate, providing statutory benefits as required. Statutory benefits include: "Five Insurances and One Fund" (endowment insurance, unemployment insurance, medical insurance, maternity insurance, employment injury insurance, and the housing provident fund); paid annual leave; medical benefits: supplementary medical resource pool; health examination and customized physical examination package; vacation benefits: paid leave; male employee paternity leave; and parental leave.



Focusing on employee opinions

We prioritize employee feedback by conducting annual online surveys on workplace health, safety, and human rights. In response to employee feedback on company systems or management practices, we proactively investigate concerns, develop solutions, and implement strategies to enhance overall employee satisfaction. Employees can report concerns directly to their department heads or through other communication channels. We ensure that all internally reported information remains confidential. In 2024, we conducted the Employee Engagement and Satisfaction Survey using the Gallup Q12 tool and published a corresponding report. Our overall engagement score was 4.17, indicating stable employee engagement and a stimulating organization. Overall, our employee engagement state was healthy. We enabled employees to fully leverage their potential to achieve organizational goals, sustain and enhance efficiency to support our long-term growth. Additionally, the overall employee satisfaction in 2024 was 81.1%.

4.17 Points

Overall engagement index

81.1 %

Overall satisfaction



Collective agreements

At Hanshow, the Trade Union and collective agreements serve as key pillars in fostering harmonious labor relations and protecting the rights and interests of employees. The Trade Union represent employees' interests and enhances their sense of belonging and cohesion by organizing activities and providing training. Additionally, in the event of labor disputes between employees and the Company, it serves as a negotiator and mediator on behalf of employees to protect their legitimate rights and interests. Collective agreements are established between the Company and the Trade Union or employees on labor conditions, work treatment, and other matters. These agreements define the rights and obligations of both parties, regulate labor relations, and minimize labor disputes. Collective agreements signed through collective bargaining not only protect employees' fundamental rights and interests but also support the Company's stable development.

In 2024, Hanshow France officially elected a new Social and Economic Committee (Comité Social et Économique, CSE) to further consolidate its governance foundation in employee relationship management and social dialogue. As a vital communication bridge between employees and management, CSE plays a key role in protecting employee rights, improving the work environment, and implementing labor laws and regulations.



Performance Data

Indicator	Unit	2024
Total number of employees	Employees	960
Full-time employees	Employees	960
Part-time employees	Employees	0
Employees under the age of 30	%	44.48
Employees aged 30 to 50	%	52.39
Employees aged over 50	%	3.13
Male	Employees	605
Female	Employees	355
China	Employees	759
France	Employees	51
Netherlands	Employees	34
Germany	Employees	41

Indicator	Unit	2024
United Kingdom	Employees	8
United States	Employees	32
Australia	Employees	22
New Zealand	Employees	2
Singapore	Employees	1
Japan	Employees	10
Han (China)	Employees	860
Hui (China)	Employees	13
Manchu (China)	Employees	9
Others (other ethnic minorities in China and overseas ethnic groups)	Employees	78
Employees with disabilities	Employees	12
Women in management positions (excluding the Board of Directors)	%	33.95
Women on the Board of Supervisors	%	33.33
Employees under 30	Employees	184
New employees under 30	%	65.02
New employees aged 30-50	Employees	89
New employees aged 30-50	%	31.45
New employees aged over 50	Employees	10
New employees aged over 50	%	3.53
Number of new male employees	Employees	175
New male employees	%	61.84
New female employees	Employees	108
New female employees	%	38.16
Employees trained	Employees	818
Employees trained	%	85.21
Trainees at and above the manager level	Employees	158

Indicator	Unit	2024
Employees trained at and above the manager level	%	98.14
Employees trained at other levels	Employees	660
Employees trained at other levels	%	82.60
Male employees trained	Employees	504
Male employees trained	%	83.31
Female employees trained	Employees	314
Female employees trained	%	88.45
Total training hours for managers and above	Hour	556.7
Average training hours for managers and above	Hour/employee	3.5
Total training hours for employees at other levels	Hour	5336.8
Average training hours for employees at other levels	Hour/employee	8.1
Total training hours for male employees	Hour	3418.4
Average training hours for male employees	Hour/employee	6.8
Total training hours for female employees	Hour	2475.1
Average training hours for female employees	Hour/employee	7.9
Number of employee skills training sessions provided	Session	24
Participants in employee skills training	Employees	653
Accidents	Number of Cases	0
Occupational health and safety training	Session	3
Health & safety training participants	Employees	689
Employees covered by Employee representatives	Employees	759
Employees covered by collective agreements	Employees	51
Employees with medical insurance	Employees	960
Employees with parental leave	Employees	78
Operational facilities certified to ISO 45001 or labor or human rights management standards	%	100

4.3 Partnerships



Industry Cooperation for Shared Success

In today's business landscape, fostering sustainable development across enterprises, industries, and society represents not only corporate social responsibility but also an imperative for long-term growth. As a leading provider of digital retail solutions, Hanshow actively collaborates with partners to build an eco-friendly retail ecosystem. We believe industry-wide cooperation and innovation can drive progress toward a sustainable future.

Building an industry ecosystem

The global digital transformation has positioned retail at the forefront of change, accelerating its shifts toward digitalization, personalization, new media integration, and sustainability. Industry cooperation for shared success serves as both a catalyst for green retail development and a source of Hanshow's innovation.

Exploring cooperation

Hanshow partners with technology leaders to explore retail trends and showcase innovations. In 2024, we co-published the whitepaper *Exploring Green Digitalization in the Future of Retail* with Microsoft, Intel, and E Ink, offering industry insights while jointly developing solutions to advance digital retail ecosystems.



Cooperation with universities and institutions

Through partnerships with universities and research institutions, we combine cutting-edge retail technology with practical applications. Our innovation projects and talent development programs vitalize the industry while supporting technology-driven sustainable growth.





Partnership with Bath Retail Lab

In May 2024, Hanshow signed a strategic memorandum of understanding with the Retailing and Contemporary Consumerism Research Lab at the University of Bath in the UK to integrate both parties' strengths in retail technology and academic research, drive transformation in the retail sector, and explore new models for sustainable retail development.

01



Concept store research project

The concept store research project is a core component of this collaboration, aiming to create an innovative and exemplary retail concept store that sets new industry benchmarks. According to the MOU, both parties will work with top retailers in Europe and other regions to establish joint innovation concept stores. These stores will serve as experimental sites for collaborative innovation between Hanshow and retailers, utilizing advanced technologies like robotics, AI cameras, ESLs, and digital energy technologies for operational testing. The Lab will conduct in-depth analysis of test cases within these concept stores to assess the effectiveness and potential value of new technologies in real retail environments.

02



Bilateral talent development program

The bilateral talent development program is another important aspect of this collaboration, designed to cultivate interdisciplinary talent with expertise in technical solutions and retail industry knowledge. This initiative will provide talent support for the sustainable development of the retail sector. The program may include joint diplomas or internship opportunities, offering students both theoretical learning and practical work experience.

03

Active participation in exhibitions

Hanshow actively participates in exhibitions to showcase innovative achievements and exchange with participants. Our meticulously designed booths and cutting-edge products and technologies attract numerous participants. Simultaneously, the Hanshow team interacts with stakeholders to gain insights into industry trends and market demands, expanding collaboration opportunities and contributing to the development of the retail sector.

CHINASHOP

CASE-01

At the CHINASHOP (Indonesia) Expo held in alignment with the Belt and Road Initiative, Hanshow was a key exhibitor. Our smart IoT solutions, including ESLs and digital marketing screens, attracted significant attention by demonstrating how digital store technologies can reduce operational costs, improve efficiency, enhance customer experiences, and drive sustainable retail development.

Eason Tong, Dean of Hanshow's Retail Research Institute, delivered a well-received keynote analyzing the global retail status quo and trends. His presentation highlighted the applications of GenAI in store operations, case studies demonstrating Hanshow digital solutions' impact, and actionable insights for Southeast Asian retailers. During the CHINASHOP training camp in Jakarta, our team conducted local market research, exchanged insights with retail elites, and gained a deeper understanding of Indonesia's retail landscape to underpin the precise business layout.

Roy N. Mandey, Chairman of the Indonesia Retail Association (APRINDO), praised Hanshow's technological innovation and global leadership position, hoping to introduce Hanshow's technology solutions to transform Indonesia's retail sector. Looking ahead, Hanshow remains committed to expanding global market presence, strengthening brand competitiveness, and leading retail's digital transformation worldwide.



China International Retail Innovation Convention

CASE-02

At the 2024 China International Retail Innovation Convention, Hanshow was a standout exhibitor, showcasing its leadership in retail digitalization. As the industry increasingly adopts digital transformation to meet post-pandemic consumer demands for convenience and personalization, Hanshow introduced cutting-edge digital solutions in AI and retail media networks (RMNs).

Our innovations on display included smart shopping carts, digital marketing screens, and POP displays that revolutionize store operations through intelligent inventory management, precise customer behavior analytics, and personalized marketing activities.

These innovations have improved retail efficiency and the consumer shopping experience. Our collaborations with AEON and Suntory became a highlight of the exhibition, demonstrating RMN innovation direction and seamless online and offline integration. These collaborations have improved advertising efficiency, enabling better consumer access to product information and promotional activities.

Industry experts and media praised Hanshow's innovative products and pivotal role in digitalizing traditional retail. As technology advances, the retail sector is poised for further change, and Hanshow remains dedicated to driving innovation and shaping a dynamic future for the sector. Through this convention, Hanshow demonstrated its substantial capabilities in retail digital transformation and conveyed valuable insights into future trends in retail development. As digital transformation becomes retail's new normal, Hanshow is committed to the research and application of cutting-edge technologies, collaborating with industry peers to explore new pathways for digital transformation.



Hanshow x Chaoniao International — Digital Transformation in Airport Retail CASE-01

As a key technology partner of Chaoniao International, Hanshow recognizes the shift in airport retail from "passenger economy" to "experience economy" and delivers tailored digital solutions to the partner. Hanshow's ESLs and smart commercial displays serve as core tools for the partner's digital store upgrade. ESLs enable real-time product updates, while smart commercial displays enhance customer engagement through dynamic visuals, enriching touchpoint management and shopping experiences. These technologies improve stores' operational efficiency, reduce manual workloads, and optimize merchandising and inventory management, enabling the partner to respond swiftly to market changes.



Hanshow x Pagoda — Digital Transformation in Fruit Retail CASE-02

We collaborate with Pagoda to digitize its offline stores. Deploying ESLs and marketing screens has significantly improved the operational management efficiency of Pagoda's stores by enabling real-time price adjustments based on freshness, stocks, demand, and other factors critical for goods like fruit. Dynamic displays showcase promotions, inventory status, and nutritional information, enriching product presentation and facilitating informed purchase decisions. This elevates both customer interaction and shopping experiences.



Partner collaboration

As an innovative leader in the retail sector, Hanshow is committed to joining hands with global partners to advance the digital transformation of the retail industry. We offer customized digital solutions through advanced technologies such as ESLs and smart commercial displays, helping our partners enhance operational efficiency, optimize customer experiences, and contribute to sustainable development.

Hanshow x Leroy Merlin — Digital Transformation in DIY Home Furnishing Material Retail

CASE-03

90s



75s

EMPLOYEES' TIME SPENT ON SEARCHING FOR GOODS

With Hanshow's support, Leroy Merlin customers use a mobile app to interact with ESLs, enabling intuitive access to detailed product information—including reviews, descriptions, and social and environmental impacts. This approach resolves limitations of paper labels and online-offline information gaps and enables customers to check real-time stock availability and locate nearby stores with inventory, thereby enhancing shopping convenience and transparency. Hanshow's ESL system integrates seamlessly with Leroy Merlin's app, enabling precise in-store navigation. Proximity-triggered LED indicators on ESLs guide customers to products, cutting search time. With the ESL solution, staff benefit from streamlined inventory management, replenishment, and order preparation. In the "2-Hour Pickup" service, item retrieval time has dropped from 90 to 75 seconds, which shows enhanced efficiency and timely, personalized services. At the Reta Awards in February 2024, Leroy Merlin won Best In-Store Solution, while Hanshow earned Top Supplier recognition thanks to their collaboration that received high acclaim. The partnership will expand further, integrating advanced technologies to optimize supply chains, marketing, and operations, solidifying Leroy Merlin's competitive edge and advancing sustainability in DIY home furnishing material retail.

Reta Awards



Hanshow x JD MALL — A New Chapter in Smart Retail Ecosystems

CASE-04

JD MALL, JD Group's consumer electronics shopping center, aims to create an immersive, technology-driven, and intelligent shopping experience. Leveraging its technical expertise, dedicated team, and customer-centric service, Hanshow delivered a one-stop smart store solution. Hanshow's ESLs and marketing screens enhance the digital transformation across multiple product categories, improving store image and consumer experiences. The proprietary All-Star platform seamlessly integrates with the ERP system, enabling rapid updates and real-time synchronization of product information, prices, and inventory, while also fostering capabilities for creating and managing marketing content. Our professional content design team delivers one-stop services that strengthen brand identity and competitiveness in the market. Hanshow's solutions encompass product display, price management, and marketing promotion, optimize store image and marketing content, and ensure integration between online and offline channels, thus supporting JD MALL's full-scenario retail ecological strategy. This collaboration won the Golden Wing Award at the 2024 CHINASHOP. Hanshow will remain committed to customer-centricity and leadership in smart retail development.

Hanshow x Pop Mart — Where Art Meets Technology

CASE-05

The Pop Mart's Louvre store deploys Hanshow's digital solution centered on ESLs, complemented by SaaS cloud platforms and the Handy-Link mobile app to improve customer experience and operational efficiency. This collaboration elevated visual merchandising, aligned with the sustainability ethos of the Olympic Games Paris 2024, and fused commerce with culture, creativity, and technology, exemplifying shared commitments to sustainability. ESLs reduce paper and ink waste, meeting eco-friendly standards. Intelligent inventory management and targeted marketing reduce resource use while boosting operational efficiency.



Hanshow x Riggins Whitewater Market — Digital Transformation in Retail

CASE-06

Hanshow has partnered with Idaho-based family firm, Riggins Whitewater Market, to implement ESLs. This cooperation reflects our shared vision for digital transformation. Hanshow's ESLs extend beyond simple price changes; their display features and communication protocols help retailers convey richer product information to consumers, enhancing transparency and trust. The Stock-to-Light feature utilizes the ESLs to accurately locate products, shortening restocking and order-picking times. After using Hanshow's solution for two and a half years, Riggins Whitewater Market achieved an investment return that exceeded expectations, with significant time and labor savings translating into substantial economic benefits. Store owner, John Llewellyn, expressed his admiration for the time-saving convenience of the ESL solution and its positive impact on the store, employees, and customers.



Hanshow x Woolworths — Redefining Australian Retail

CASE-07

Global retail giant Woolworths has deployed Hanshow's smart trolley system in Sydney, allowing customers to scan items via Everyday Rewards cards—a first in Australian retail. The intelligent technology-powered solution optimizes shopping processes, enhancing convenience and customer satisfaction while easing the pressure on checkout lines. This solution exemplifies Hanshow's commitment to empowering global retail customers' digital innovation. By integrating IoT, big data analytics, and AI, the solution has enabled a smart trolley. Its innovative clip-on design allows for flexible adjustments between the shopping trolley's tablet and body, effectively utilizing existing trolleys and reducing deployment costs for maximum ROI. Additionally, the solution supports in-store advertising and promotional efforts of retailers and brands, enhancing marketing and operational efficiency while increasing sales.



Hanshow x Sephora China — Digital Transformation in Beauty Retail

CASE-08

In digital transformation, Sephora China has adopted Hanshow's ESL solution — an excellent case of digital innovation showcased at the Retail Technology Application Conference held in Chongqing. Hanshow has explored Sephora China's business needs, providing a comprehensive ESL solution. This solution not only optimizes the display and updating of product information, ensuring seamless integration of the online and offline shopping experiences, but also offers consumers in China a convenient and efficient shopping ecosystem. Hanshow's ESL solution has significantly improved Sephora China's management efficiency, reducing the time required to update shelf labels from 30 minutes to just 5 minutes while automating the management of product and shelf label information, simplifying operational processes, and improving data accuracy. Furthermore, the use of ESLs has lowered management costs and reduced environmental impact, reflecting the company's commitment to sustainability. In terms of customer experience, Hanshow's ESLs synchronize product information, prices, and inventory data between online and offline channels, enhancing customer satisfaction. Customers can unlock additional product information and view online reviews through smart devices using QR codes or NFC functionality, integrating into Sephora's Beauty Insider Loyalty Program. Additionally, the automated pricing adjustments and inventory management supported by the ESLs have greatly facilitated store operations and enhanced frontline sales efficiency and customer service experience.



Hanshow x ST Rosyam Mart —

CASE-09

Pioneering Digital Transformation in Malaysia's Wholesale Retail

ST Rosyam Mart, a flagship brand under Malaysia's leading wholesale retailer Sri Ternak Group, opened at KIPMall Senawang. The store features Hanshow's Lumina Aqua digital displays. From product information to personalized marketing, these displays transform the relationship among people, products, and spaces to create a future-oriented wholesale retail environment that combines digitalization, intelligence, and personalization. The Lumina Aqua series enhances ST Rosyam Mart's product strength, brand power, and operational efficiency. Their exceptional visual performance effectively communicates product value and accelerates consumer buying decisions. The rich promotional templates and multi-screen linkage features strengthen brand influence, while integrated management and the dual-sided design improve store operational efficiency, aligning with environmentally-friendly principles.



Supply Chain Security and Collaborative Growth

At Hanshow, we maintain a rigorous and efficient supply chain management system, ensuring long-term stability while fostering innovation with suppliers and partners. Our sustainable supply chain strategy enhances product quality, service satisfaction, and market competitiveness, driving progress toward our corporate sustainability goals and delivering lasting value to stakeholders.

Supply chain system development

In today's globalized, digital business environment, Hanshow prioritizes supply chain security and collaborative development as cornerstones of operational resilience and a driving force for innovation. We have formulated a detailed Supplier Management and Control Procedure to further implement supplier access and evaluation requirements. We also implement a comprehensive and multi-level supplier management framework, including strict supplier access, regular performance evaluations, and holistic risk assessments, ensuring the robustness and reliability of our supply chain.

Hanshow sets strict supplier access criteria, sourcing at least two potential suppliers for each project material. Evaluations consider factors such as corporate credit, quality management, resource allocation, production capacity, and technical requirements. Suppliers must hold certifications such as ISO 9001, ISO 14001, and ISO 45001, and are selected based on a "quality first, reasonable price" principle. Contracted suppliers must undergo our CSR risk analysis and comply with management constraints.

We regularly evaluate suppliers on five key performance aspects: quality, delivery, cost, service, and sustainability, categorizing them into four grades (A, B, C, D). Grade A suppliers receive prioritized support from Hanshow, such as increased quotas and new product development opportunities, while Grade D suppliers may be eliminated.



Sustainable supply chain

Environmental and social risk management of suppliers

In our supplier management system, the risk assessment is crucial for ensuring supply chain robustness and reliability. This system evaluates suppliers across six dimensions: legal compliance, quality, delivery, procurement costs, service, and operations/innovation.

<p>Legal compliance</p> <p>01</p> <p>Suppliers must adhere strictly to national and local laws during production processes for legal operations. In the event of primary risks, we will take immediate action, including emergency meetings and adjustments to procurement strategies to minimize production disruptions.</p>	<p>Quality, delivery, and procurement costs</p> <p>02</p> <p>Suppliers must comply with our quality standards and delivery timelines to ensure product quality and timely delivery. We closely monitor supplier performance and, if secondary risks arise, we will implement measures such as on-site follow-ups to ensure timely resolution.</p>
<p>Service</p> <p>03</p> <p>Suppliers' service quality is important. They must not only supply quality products but also meet our service expectations. If tertiary risks are identified, we will require suppliers to create remediation plans and conduct thorough follow-ups.</p>	<p>Operations/Innovation</p> <p>04</p> <p>Suppliers' operational and innovative capabilities directly impact our market competitiveness. We encourage continuous technological innovation and process improvement from our suppliers to enhance overall competitiveness. For identified quaternary risks, we will collaborate with suppliers to develop improvement plans and verify their effectiveness.</p>

Through this risk assessment approach, we effectively manage suppliers and build long-term, stable partnerships to promote supply chain security and mutual growth.

Management of conflict minerals

Hanshow signed a *Environmental Protection and Social Responsibility Agreement* with all component suppliers, requiring them to adhere to ethical standards in the provision of goods and services, particularly compliance regarding environmental protection, social responsibility, and conflict minerals (tin, tungsten, tantalum, gold), as well as the registration, evaluation, authorization and restriction of chemicals (REACH). Suppliers must be subject to audits and assessments from Hanshow or designated agencies concerning environmental, labor, human rights, ethics, and sustainable procurement. As of July 2024, 89% of suppliers provided information on conflict minerals, covering all raw material suppliers (excluding equipment manufacturers and office supply vendors).



Green procurement

Green procurement is a key element of our sustainable supply chain. We actively encourage suppliers to reduce Scope 1, 2, and 3 emissions, implement energy management systems, and obtain ISO 50001 energy management certification. To drive innovation, we incentivize suppliers to increase renewable electricity and recycled material usage while expanding our procurement of sustainable materials, including precious metal recycling initiatives.



Sustainable supply chain

Training for procurement personnel

Hanshow prioritizes capability building for supply chain professionals by incorporating sustainable procurement KPIs into their performance evaluations and organizing professional training programs. Evaluation goals include partnering with suppliers who excel in environmental, social, and sustainability performance, sourcing green-certified products, and eliminating the procurement of products or services with negative impacts on sustainability.



Supplier empowerment

Supplier empowerment critically supports supplier management. We help suppliers understand and integrate ESG principles into their daily operations through training. Our training covers environmental risk management, product quality, employee rights protection, and anti-corruption, utilizing both online and offline methods to ensure effective learning. Through continuous training, we strengthen our competitive advantages and build a solid foundation for corporate, industry, and social sustainable progress.



Equal treatment of small and medium-sized enterprises (SMEs)

During the reporting period, we publicly disclosed information regarding SME payments in the National Enterprise Credit Information Publicity System, with zero overdue payments to SMEs.



05

ENVIRONMENTAL

5.1 ENVIRONMENTAL COMPLIANCE MANAGEMENT

In the global movement toward sustainability, we at Hanshow adhere to green development principles, embedding environmental protection throughout our operations. We are committed to creating an environmentally friendly production system and promoting sustainable industrial development that benefits the natural environment. We integrate green principles into every stage of the product lifecycle—including design, production, sales, service, and recycling—by using environmentally friendly materials and energy-saving technologies to reduce resource consumption and environmental pollution during production. We actively build a green industrial ecosystem that ensures products meet environmental protection standards throughout their life cycle to achieve resource recycling. To effectively mitigate environmental risks, we continually enhance internal inspections and regularly assess potential risks. Before implementing new projects, we thoroughly analyze environmental laws and regulations to ensure compliance with natural and ecological protection requirements. In the face of major environmental risks, we promptly develop sophisticated management plans. All new projects are reported in accordance with local regulations, with environmental assessments completed by qualified professional organizations and approved by local authorities. In 2024, Hanshow did not experience any incidents of environmental laws or regulatory violations.



S/N	Indicator	Target	Status
1	Environmental pollution incidents	Zero	Achieved ✓
2	Score of environmental protection ledger assessment in random inspections	Above 90	Achieved ✓
3	Participation rate in environmental training, meetings, and activities	100%	Achieved ✓
4	Execution or compliance rate for environmental monitoring	100%	Achieved ✓
5	Execution and rectification rate for environmental issue/potential hazards	100%	Achieved ✓
6	Enforcement rate for penalties related to environmental violations	100%	Achieved ✓
7	Execution rate for investigations and penalties related to environmental incidents	100%	Achieved ✓
8	Compliance disposal rate for hazardous/general solid waste	100%	Achieved ✓
9	Energy control rate across all functional departments	100%	Achieved ✓
10	Effective operation rate for environmental protection equipment and facilities	100%	Achieved ✓

Establishment of the Environmental Management System

In the context of global sustainable development, a robust environmental management system has become essential for companies pursuing green transformation and high-quality growth. We continually prioritize environmental protection within our strategic framework, enhancing our environmental management system in daily production operations and business expansion to improve energy and resource efficiency and reduce waste emissions.

Our comprehensive environmental management organizational structure clearly defines responsibilities at all levels. The Board of Directors serves as the highest decision-making body, bearing overall responsibility for environmental management and regularly monitoring the execution and achievement of environmental policies and objectives. The ESG Management Committee develops and reviews environmental management policies and objectives and reports major environmental matters to the Board of Directors. The ESG Leadership Group formulates and communicates environmental management policies and objectives and coordinates departmental environmental management efforts. Each relevant department executes specific tasks, implements environmental management requirements, and ensures the attainment of environmental goals.



We strictly adhere to national and international laws and regulations, such as the *Environmental Protection Law of the People's Republic of China* and environmental regulations in overseas operations regions, incorporate international standards like RoHS and REACH into our management framework, and continuously optimize our environmental management framework. We have obtained ISO 14001:2015 certification, demonstrating our professional environmental management.

In accordance with ISO 14001 and other international standards, we have developed specific management measures and policy documents, including the *Management Manual on Quality, Environmental and Occupational Health and Safety Management Systems, Environmental Organizational Structure and Responsibility Control Procedures, and Environmental Pollution Prevention and Control Procedures*. To maintain a rigorous environmental management system, we annually review and adjust our environmental objectives based on operational needs, track progress, and implement corrective actions for underperforming initiatives. Through continuous assessment and improvement, we minimize our environmental footprint and advance sustainable development.

We foster a culture of shared environmental responsibility. In November 2024, we launched Hanshow Green Benefits, a long-term employee engagement program, with 84 participants. The initiative raises ecological awareness and mobilizes staff to build a resource-efficient, eco-conscious workplace, aligning with Hanshow's sustainability goals.

Environmental Emergency Preparedness

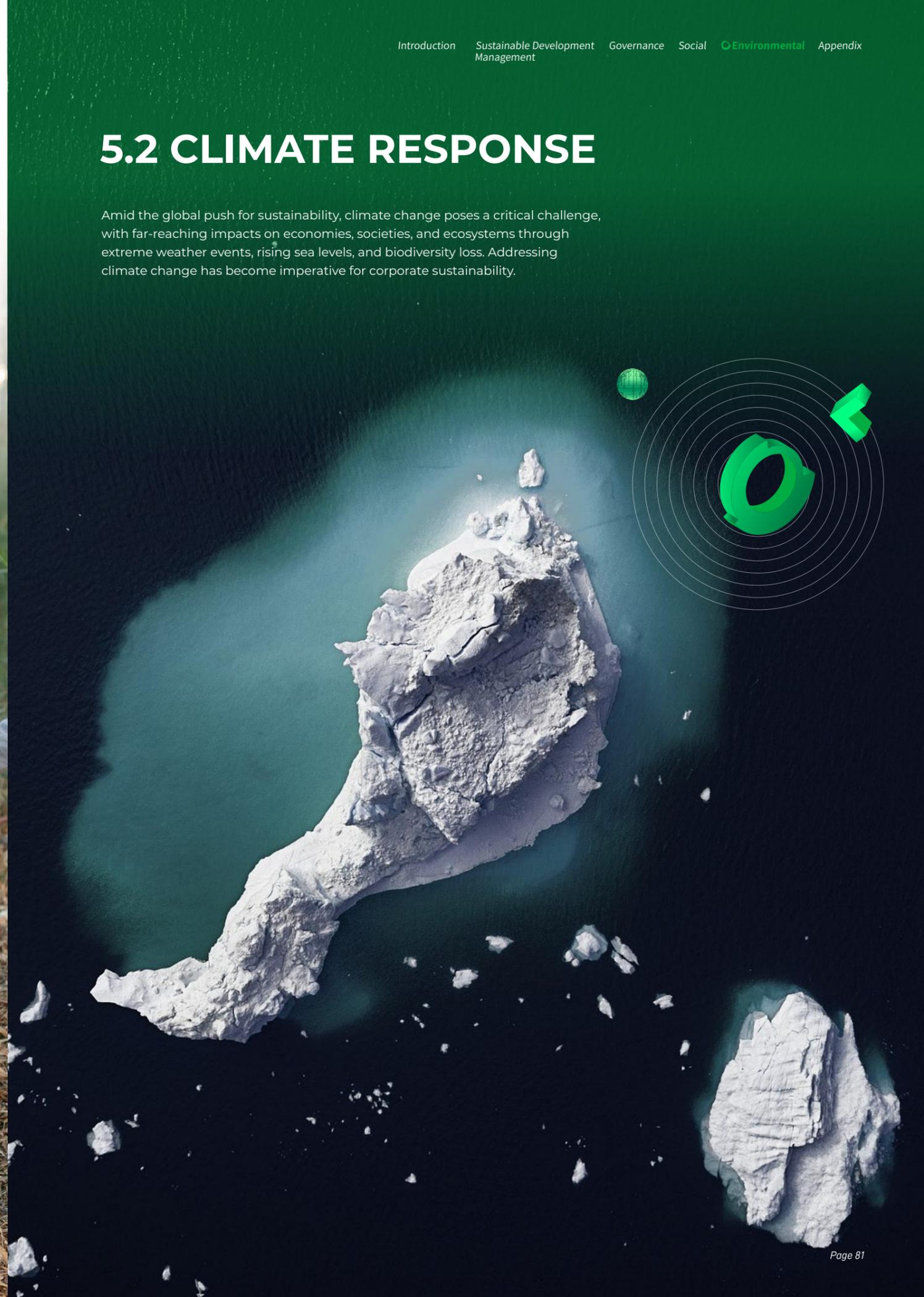
Hanshow prioritizes emergency response with a published *Environmental Incident Emergency Plan* and a three-tier command structure: emergency command headquarters, emergency management office, and professional emergency rescue team. This framework ensures rapid containment of pollution incidents, safeguarding employee and public well-being.

We have strengthened safety management and enhanced oversight of daily safety training and emergency preparedness to facilitate early detection, reporting, and handling of emergencies. These measures promote our commitment to safe and sustainable development while contributing to social harmony and environmental health. In 2024, we conducted an annual fire emergency drill that effectively raised employees' environmental risk awareness and emergency readiness.



5.2 CLIMATE RESPONSE

Amid the global push for sustainability, climate change poses a critical challenge, with far-reaching impacts on economies, societies, and ecosystems through extreme weather events, rising sea levels, and biodiversity loss. Addressing climate change has become imperative for corporate sustainability.



Developing Climate Strategy

At Hanshow, we recognize the pivotal role of climate strategy in achieving sustainability goals. As climate impacts intensify globally, developing and implementing robust climate measures is essential to ensuring long-term business resilience and growth.

Based on international best practices, scientific methodologies, current operating status, and development trends, we are committed to achieving carbon neutrality across our operations by 2035. To this end, we will increase investments in environmental initiatives, including professional e-waste collection and recycling, water conservation, and pollutant emission reduction. These efforts aim to curb carbon emissions at the source, enhance resource efficiency, and advance green production.

Climate Management Goals

- 01
CO₂

Achieve operational carbon neutrality by 2035.
- 02
♻️

Launch products made from recycled plastics and establish a circular system that minimizes material use during production and consumption, maximizes recycling, and ensures safe end-of-life disposal.
- 03
🏠⚙️

Collaborate with key customers to collect and analyze energy consumption data, comparing energy consumption performance with post-optimization results from digital store solutions. Findings will guide retail partners in meeting their sustainability targets.
- 04
♻️

Increase the use of recyclable materials in packaging to improve business sustainability.

Climate Risk Governance

Hanshow has established a clear climate risk management framework with defined responsibilities at all levels. The Board of Directors serves as the highest decision-making body, bearing overall responsibility for environmental management and regularly monitoring the execution and achievement of environmental policies and objectives. The ESG Management Committee formulates and reviews environmental management systems and objectives, monitors trends, identifies risks/opportunities, implements policies, and reports material issues to the Board of Directors.



Identifying Risks and Opportunities

Climate change exhibits a growing impact, so actions are imperative. We recognize this urgency and actively identify, analyze, and manage environmental and climate-related risks and opportunities. We are strengthening our risk management while positioning ourselves to capitalize on emerging opportunities.

We have formed a cross-functional team that gathers climate data from government, social, and internal sources. Analyzed findings undergo regular executive review, with risks prioritized using objective criteria and integrated into the enterprise risk management framework. This process yields a detailed climate-related risk list, informs key control directions, and supports strategic adjustments, implementation schemes, and target-setting for climate initiatives.

Recognition 👁️	Analysis and Assessment 📋	Supervision and Control 👥
<p>Monitor and analyze climate-related policies and regulations, gather research reports from the industry, research institutions, and media related to climate, benchmark against outstanding practices in climate information disclosure both internationally and domestically, identify significant physical risks, transition risks, and opportunities for the Company based on its actual situation, and integrate climate-related risk management into the Company's overall risk management system.</p>	<p>Assess the impact of climate-related risks and opportunities on the Company through on-site interviews with relevant functional employees and assess and rank the severity of these risks and opportunities from the perspectives of their probability of occurrence and impact in combination with expert judgment.</p> <p>Assess the current and anticipated impacts of climate-related risks and opportunities on the Company's business model and value chain, including their specific areas of impact (business, geographical locations, and major asset classes), timeframes (short-term, medium-term, and long-term), financial impact, and so on.</p>	<p>Develop strategies to address climate change, identify climate change-related indicators, and establish targets and action plans for key indicators. Break down indicators and targets into actionable tasks, and develop and implement response measures.</p>

Identified climate risks and opportunities

At Hanshow, we continue to strengthen our ability to identify and manage climate-related risks by integrating them into our existing risk management framework. Our *Hanshow Environmental Management Policy* formalizes our approach to addressing these risks and opportunities. Through comprehensive assessments, we have identified 18 climate-related risks and opportunities with significant operational and strategic implications, including five physical risks, eight transition risks, and five opportunities.

To manage them effectively, we have established a robust identification and response mechanism. Specifically, risk assessment outcomes are documented in our *Risk and Opportunity Evaluation and Analysis Form*. We analyze risk severity and frequency to calculate risk coefficients. Mitigation measures corresponding to these coefficients are developed, implemented, tracked, and adjusted to align with evolving business and environmental conditions.

Acute Physical Risk	Risk Description	Time Range	Countermeasure(s)	Impact on Finance
Extreme cold climate changes such as heavy snow	Extreme low temperatures in winter may cause power supply system failures at production bases; precision electronic components may be damaged during transportation due to sudden temperature changes; delays in logistics can affect the delivery timelines for global customers.	Short-term	1. Establish an extreme weather logistics early-warning system and plan alternative transportation routes; 2. Equip production bases with dual-circuit power supply and anti-freeze devices; 3. Use constant-temperature, shock-proof packaging for critical components.	Operating and production costs rise and the losses intensify.
Floods, debris flows	Heavy rainfall at production bases may cause flooding, affecting production. If the drainage system in the area where the data center is located is overloaded, it could lead to equipment short circuits.	Medium-term	1. Equip critical equipment with waterproof devices; 2. Establish an extreme weather early-warning system.	
Hurricanes, tornadoes	Extreme wind disasters may damage the roof structure to compromising inventory and disrupt transportation networks to affects market supply and pose higher safety risks to employees.	Mid- and long-term	1. Use high-wind-resistant steel structure factory buildings; 2. Establish regional safety inventory distributed storage.	

Chronic Physical Risk	Risk Description	Time Range	Countermeasure(s)	Impact on Finance
Continuous rise in average temperature	Sustained high temperatures at production bases drive up cooling costs and reduce yield rates for precision electronic components. Outdoor smart devices require enhanced cooling, increasing maintenance expenses, while cold chain logistics face heavier operational loads for temperature control.	Mid- and long-term	1. Upgrade the intelligent temperature control system and energy-saving technology; 2. Develop high-temperature-resistant core components; 3. Optimize equipment heat dissipation design standards.	Operating and production costs increase, and investment in R&D also increases.
Continuous rise in sea levels	Coastal storage facilities face long-term risks of foundation settlement and flood seepage; suppliers of precision electronic components in the supply chain are affected by saltwater corrosion, which impacts the quality of raw materials; the operational stability of port logistics nodes declines.	Long-term	1. Implement flood control renovation projects for coastal facilities; 2. Improve disaster resistance of suppliers.	Operating and production costs increase.

Transition Risk	Risk Description	Time Range	Countermeasure(s)	Impact on Finance
Policies and laws	Implementation of carbon tax: Major export markets (such as the EU) implement a carbon border adjustment mechanism and impose carbon tariffs on hardware products such as ESLs, which increases export costs.	Medium-term	Optimize the energy structure of production bases and gradually increase the proportion of renewable energy use; encourage suppliers to implement carbon emission reduction plans.	Production costs increase.
Policies and laws	Shortage of tradable carbon resources and rising carbon prices in the carbon market: Tighter domestic carbon market quotas increase the cost of purchasing carbon emission rights, which affects the compliance in IoT equipment production.	Short-term	Establish an internal carbon asset management system and prioritize reducing direct emissions through technological transformation.	Procurement costs increase.
Policies and laws	Policy requirements for carbon emission reduction of existing products and services: The EU's Ecodesign Directive and other regulations mandate smart devices to meet full life cycle carbon constraints (such as energy consumption thresholds, maintainability, and material recovery rates), which may revolutionize the design logic and production processes of existing ESLs.	Long-term	Improve product energy efficiency through R&D.	R&D expenditures increase.
Policies and laws	Litigation risk due to non-compliance with carbon emission regulations: Failure to meet carbon emission requirements in key markets may result in customer claims or lawsuits from environmental organizations.	Long-term	Establish a legal compliance review mechanism.	Potential litigation compensation
Technology	Low-carbon emission technology development cost: To meet the demand for low-carbon electronics, investments in new technologies such as flexible circuit boards and low-power chips are essential.	Medium-term	Cooperate with research and academic institutions to focus on key technologies such as chip energy efficiency improvement and bio-base material alternatives.	R&D expenditures increase.
Market	Raw material cost fluctuations: Upstream suppliers of rare earth materials and semiconductors raise prices due to carbon cost transmission, which affects the production cost of ESLs.	Short-term	Sign long-term low-carbon procurement agreements with suppliers and develop alternative material solutions.	Costs increase.
Reputation	Reputational risk from excessive product carbon emissions: If smart devices fail to meet advertised energy efficiency claims, it may trigger a customer trust crisis.	Short-term	Regularly disclose the product carbon emissions throughout their life cycles.	Income declines.

Opportunity	Opportunity Description	Time Range	Countermeasure(s)	Impact on Finance
Resource efficiency	ESL hardware production is shifting toward lightweight and modular designs, enhancing raw material efficiency.	Medium-term	Optimize chip and structural design to reduce material consumption, and establish a closed-loop recycling system to promote resource recycling.	Production costs decrease, while profit margins increase.
Energy source	Improving renewable energy infrastructure accelerates the enterprise's transformation in energy structures.	Short-term	Factories and data centers purchase green electricity on a large scale and require supply chain partners to use clean energy.	Costs decline.
Products and services	The surge in demand for carbon management in the retail industry drives the deep integration of ESLs and digital carbon tracking tools.	Short-term	Provide full life cycle carbon footprint management solutions.	Income increases.
Market	Global carbon barrier policies favor the procurement of low-carbon technology equipment and reshape the industry's competitive thresholds.	Medium-term	Obtain international green certification and develop customized product lines that meet carbon tariff standards.	Income increases.

Promoting Emission Reduction Actions

Reducing greenhouse gas emissions is critical in combating global warming. This imperative not only addresses urgent environmental needs but also enables enterprises to achieve economic and ecological balance. Through comprehensive carbon footprint verification (CFV), we have precisely mapped our emissions profile, which provides reliable data support for effective energy conservation and emission reduction strategies. On this basis, we have implemented low-carbon manufacturing and logistics practices to further reduce our carbon emissions. Additionally, we have integrated renewable energy sources and optimized our energy structure to reduce our carbon footprint, thereby reinforcing our commitment to sustainable development.

The key to greenhouse gas reduction lies in a detailed understanding of our emission sources and their quantities. In alignment with the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), we assessed our greenhouse gas emissions. This year, we expanded our assessment to include Scope 3 emissions across our value chain, encompassing emissions from purchased products and services, transportation and distribution, employee commuting, waste from operations, and business travel. Through systematic analysis and statistics, we will implement targeted emission reduction initiatives to advance our green sustainability goals.

S/N	Greenhouse Gas Emissions	Unit	2024
1	Total emissions	tCO2e	96,300.11
	Emissions intensity	tCO2e / million RMB of revenue	100.31
2	Scope 1 emissions	tCO2e	2.23
3	Scope 2 emissions	tCO2e	5,973.52
4	Scope 3 emissions	tCO2e	90,324.36
	Purchased products and services	tCO2e	88,132.93
	Upstream transportation and distribution	tCO2e	494.33
	Employee commuting	tCO2e	106.95
	Business travel	tCO2e	1,579.26
	Waste from operations	tCO2e	10.88

We actively optimize our energy use structure and introduce renewable energy. We are committed to achieving comprehensive low-carbon operations through key initiatives — reducing product carbon footprints, improving logistics loading efficiency, and implementing product recycling programs — to help mitigate global climate change.



Low-carbon products

We deeply understand the critical role of product carbon footprint management in achieving sustainability goals. We launched CFV work in 2022 and promoted product carbon footprint certification in 2024. In full compliance with international standards, including ISO 14040, ISO 14044, and ISO 14067, we completed carbon footprint accounting for the Hanshow Polaris Pro product series.

To collect accurate carbon footprint data, we engaged raw material suppliers, manufacturers, and other stakeholders to collect carbon footprint data. This information was processed by an accredited third-party for calculation, assessment, and certification. The certification scope encompassed the product lifecycle, including raw material production, production energy consumption, waste treatment, material transportation, and end-of-life recycling. Based on the carbon footprint accounting, we identified high-emission materials, established a supply chain carbon management whitelist, and developed targeted low-carbon solutions for these key materials. By quantifying emissions across the product lifecycle, we not only pinpointed and reduced carbon sources in production and minimized environmental impact, but also strengthened product competitiveness and met customer and regulator demand for sustainable products.

Low-carbon production

Hanshow's headquarters base has implemented an innovative photovoltaic power generation-energy storage-charging integrated project, which enables closed-loop energy management—from production and storage to consumption—significantly reducing the park's overall energy consumption. In this project, the **1.5 MW** distributed photovoltaic system generates over **2 million kWh** of electricity annually, supplying the park with clean energy and reducing reliance on the traditional power grid. Moreover, the photovoltaic carport design maximizes land use efficiency and provides shelter for vehicles, enhancing the park's functionality and aesthetics. Additionally, the industrial and commercial energy storage unit (215 kWh) helps stabilize fluctuations in photovoltaic power and enables peak shaving and valley filling to reduce electricity costs during high-demand periods. The system stores excess photovoltaic power during the day to power charging stations at night, further improving energy efficiency. **36** AC piles (7 kW each) and **two** DC piles (120 kW each) cover both slow and fast charging needs. Dynamic scheduling through the photovoltaic power generation-energy storage-charging platform prevents grid overload from concentrated charging while achieving vehicle-to-grid (V2G) interaction.



The green and low-carbon park development project is expected to reduce carbon dioxide emissions by approximately 1,994 tonnes annually, supporting the park in achieving its "near-zero carbon" target. The establishment of a microgrid system integrates distributed energy resources and enhances the utilization of renewable electricity. This microgrid optimizes the park's energy structure, improves energy efficiency, and reduces carbon emissions. The photovoltaic power generation-energy storage-charging management platform has the potential for expansion into a virtual power plant. It can respond to the grid demand, create additional economic benefits for the park, and support the stable operation of the grid. This innovative energy management model catalyzes the park's sustainable development and offers a replicable blueprint for other industrial parks.

This platform is the project's core hub, monitoring photovoltaic output, energy storage SOC status, and charging pile usage rate in real time. It achieves load forecasting, energy efficiency analysis, and fault early warning. Leveraging historical data, the platform accurately predicts load demand and optimizes charging/discharging strategies to ensure both energy efficiency and system stability. The platform also generates detailed carbon footprint reports that support the park's ESG management, helping us understand and improve energy use for sustainable development. Additionally, the platform employs a dual-layer protection technology that reduces equipment failure rates through predictive fault detection, ensuring system reliability and operational continuity. This intelligent O&M management model enhances project efficiency and guarantees the park's long-term stability.



Low-carbon logistics



We recognize that logistics and warehousing are crucial connections between products and the market, essential for driving the green transformation of the entire value chain. We are dedicated to upholding the core principles of "cost reduction, energy conservation, precision, and safety" in our warehousing management, deeply incorporating them into every aspect of our daily operations.

To reduce carbon emissions during transportation, we actively explore innovative solutions. During product shipment, we prioritize low-carbon sea transportation, when feasible and aligned with customer preferences, through in-depth needs assessment and consultation with customers. We also select direct shipping routes to shorten transportation time and distance to minimize carbon emissions. Furthermore, we enforce a strict 85% minimum load rate for shipments, with any exceptions requiring special approval. This approach boosts transportation efficiency and cuts unnecessary energy use and emissions.

5.3 GREEN OPERATIONS

Efficient Use of Energy Resources

At Hanshow, we deeply understand the importance of resource management in achieving the UN SDGs. Guided by our "energy conservation, consumption reduction, pollution prevention, and environmental protection" policy, we optimize resource allocation, improve efficiency, and minimize environmental impact. Through advanced strategies, meticulous management, and technological innovation, we continuously improve our energy consumption structure and reduce energy use per unit of product.

Energy management

We are aware of the critical role of energy management in sustainable development. Therefore, we are constantly refining our energy management system, systematically promoting energy optimization in our factories, and conducting specialized energy audits. We have established regulations such as the Regulations on Energy Conservation and Consumption Reduction Management, Regulations on the Use of Air Conditioners, and Lighting Management Regulations to reduce energy consumption and emissions through scientific management and advanced technology. We emphasize daily supervision of key equipment to ensure effective control over energy use across all operations. In our production and operations, the primary energy sources include electricity, gasoline, diesel, and natural gas, with electricity being the main contributor. In alignment with our business needs, we are implementing a photovoltaic power project at our headquarters factory. The project aims to increase green electricity usage through technological innovation, reduce reliance on fossil fuels, and cut greenhouse gas emissions, and drive sustainable industry development. On January 1, 2025, our energy management system was received ISO 50001 certification.

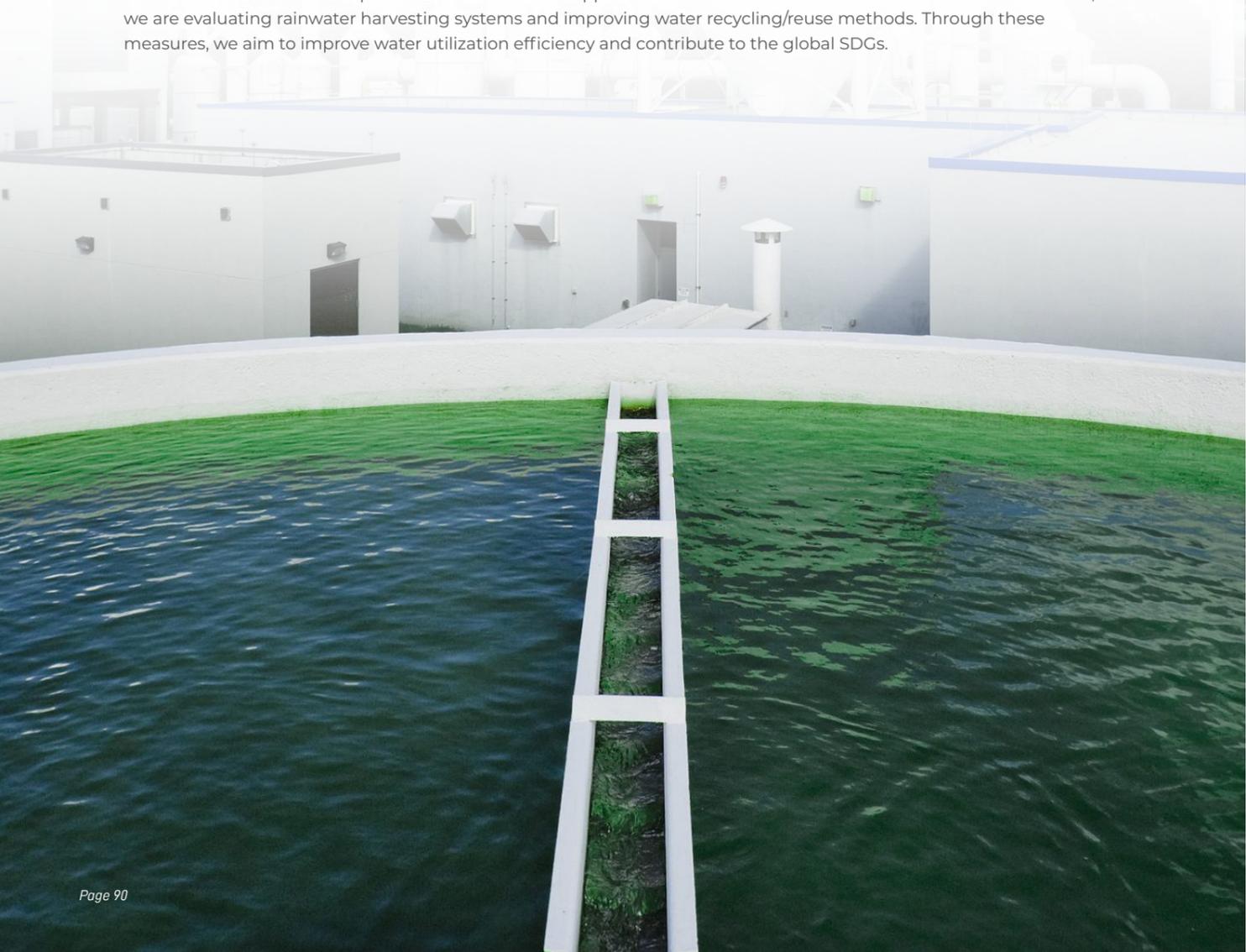
Energy	Unit	2024
Total energy consumption	MWh	11,154.80
Energy consumption intensity	MWh/person	11.38
Gasoline	Tonne	0.73
Externally purchased electricity	MWh	11,146.08
Total amount of water consumption	Tonne	16,920

Water resources management

Global resource pressures are intensifying, with water scarcity emerging as a critical challenge. Hanshow deeply recognizes the value of water resources and thus integrates efficient and sustainable water management concepts into its daily operations. We strictly adhere to national laws and regulations, such as the *Water Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and we have established a detailed Water Conservation Management System. This system covers the entire process of water extraction and use, aiming to achieve rational water resource use by standardizing operational procedures and enhancing employee awareness of water conservation. We mainly consume water in offices and construction projects. During project development and construction, water demand remains low, mainly for dust control and greening irrigation.

We are committed to effectively planning water resource usage by implementing water-saving measures and enhancing management practices to reduce water consumption in R&D and production. Meanwhile, we actively advocate water conservation and encourage all employees to jointly improve water usage efficiency. Since 2023, we have set a clear goal: to achieve optimal efficiency in our core water-consuming facilities and equipment by 2028. This goal will guide our continuous efforts and innovation in water resource management.

Hanshow will continue to explore water conservation opportunities and diverse conservation methods. For instance, we are evaluating rainwater harvesting systems and improving water recycling/reuse methods. Through these measures, we aim to improve water utilization efficiency and contribute to the global SDGs.



Management of Waste and Pollutants

Managing pollutants and waste is a crucial aspect of sustainable development for modern enterprises. We strictly adhere to laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and conduct rigorous management and supervision of energy use and waste emissions throughout our operations.

We have obtained ISO 14001 environmental management system certification and, per ISO 14001, have developed detailed systems such as the Waste Management System and *Guidelines for Managing Hazardous Waste and General Solid Waste*. We have also established management procedures for solid waste control and noise control, and implemented compliance management and stringent monitoring of pollutants and waste throughout the production process. We are fully committed to strictly controlling air pollutants, wastewater, and waste emissions, minimizing the environmental impact of production and operations through concrete actions

Waste	Unit	2024
Waste generated ¹	Tonne	108
Hazardous waste treatment	Tonne	3.96
Hazardous waste treatment per million RMB of revenue	Tonne/million RMB	0.0009
Harmless waste generated	Tonne	90
Harmless waste generated per million RMB of revenue	Tonne/million RMB	0.02
Recycled waste	Tonne	90
Recycled waste	%	83
Waste recycled per million RMB of revenue	Tonne/million RMB	0.02
Plastics	Tonne	1.66
Paper	Tonne	16.69

¹Data excludes hazardous waste

Management objectives and measures for waste and pollutants

In daily operations, we have adhered to strict waste management processes, clearly classified general industrial solid waste, hazardous waste, and household waste, and established specific handling procedures. According to the classification standards, we have categorized waste into general solid waste and hazardous waste (including liquid waste) and formulated the Hazardous Waste List and General Solid Waste List. To ensure proper waste disposal, we partner with qualified third-party organizations for recycling, utilization, and treatment. We have signed strict environmental protection agreements with them to guarantee compliance and environmental responsibility in our waste management practices.

We are committed to strictly following national laws and regulations and implementing rigorous storage, transportation, and disposal processes for all types of waste, including chemicals. At the same time, we actively implement the "3R" principle—Reduce, Reuse, and Recycle—to minimize chemical usage and the environmental impact of waste. Our goal is to ensure 100% compliance with local environmental regulations for waste disposal across all production facilities. This reflects our firm commitment to resource conservation and environmental protection.

For household waste:

For household waste, we implement eco-friendly treatment methods and maintain centralized storage or collection sites with protective measures (rain/leak-proofing) to prevent environmental contamination. In compliance with the latest environmental regulations, these storage sites are categorized by waste type, including recyclable, non-recyclable, kitchen waste, and hazardous waste, with flexible zoning adjustments based on actual needs. This meets daily waste treatment needs, promotes effective resource recovery, and reduces environmental impact.



For general industrial solid waste:

For general industrial solid waste, we have set up dedicated storage warehouses meticulously planned by waste type and quantity. Each area is clearly labeled for quick and accurate identification and sorting by employees, which improves recycling and treatment efficiency. The warehouses are equipped with weatherproof roofing, fire protection systems, and explosion-proof electrical installations to ensure operational safety and comprehensive security enhancement.



For the management of hazardous waste:

For the management of hazardous waste, we have identified dangerous chemicals, including alcohol, inks, and thinners. During collection, storage, and transportation, we implement rigorous classification, professional packaging, and prominent warning signage, all strictly based on hazardous characteristics including corrosivity, toxicity, flammability, reactivity, and infectiousness. We also implement comprehensive safety and pollution control measures for explosion, fire, poisoning, infection, leak, dust, and rain protection, ensuring safe and professional handling procedures. Furthermore, we entrust licensed third-party hazardous waste treatment providers for regular off-site disposal, to guarantee proper waste management.



In business operations, robust chemical management is crucial. It secures smooth operations and fosters a green and safe work environment for employees. We have identified all chemicals and validated that those used in our products comply with RoHS and REACH standards. We conduct rigorous safety pre-assessments for all new chemicals and collect their comprehensive Material Safety Data Sheet (MSDS) to gather essential information such as names, hazard properties, emergency response measures, and leakage and waste disposal methods.

Meanwhile, we organize specialized training sessions to enhance employees' safety awareness and emergency response skills and ensure that they handle chemicals safely and proficiently. Prior to deployment, all chemicals must undergo rigorous stability evaluation and obtain formal approval. The storage and usage of chemicals are supervised and managed by professional and experienced personnel. We are committed to comprehensively optimizing chemical management to ensure smooth operations and a green, safe working environment for our employees.

Waste gas management goals and measures

Air pollutant management is vital in our environmental protection efforts. To control waste gas generated from corporate activities, products, and services, minimize its environmental impact, and enhance our overall environmental performance, we have developed the stringent *Waste Gas Emission Management Regulations*.

We are committed to strictly controlling waste gas emissions from production and operation processes. To this end, we have installed high-efficiency dust removal facilities and continuously upgraded air exhausting equipment. These measures ensure full compliance with all applicable national and local environmental protection standards and requirements on waste gas emissions. Our goal is to maintain a 100% compliance rate in government waste gas emission inspections annually through 2028.

We have adopted practical and effective measures, including installing bag filters to reduce dust emissions and extending exhaust funnels to 15 meters to improve waste gas dispersion and dilution. To ensure compliance with environmental protection standards on waste gas emissions, we engage the local environmental testing center each year to perform thorough waste gas emission assessments and maintain detailed assessment records.

Green Office

With green development as a core principle, we actively promote low-carbon lifestyles and incorporate "energy conservation awareness" into employee conduct guidelines. We focus on achieving efficient and green development through energy conservation and emission reduction measures in daily operations while continuously improving employees' environmental awareness. We foster a green corporate culture and promote green office practices. To support this, we have formulated detailed office management regulations that encourage employees to conserve electricity, reduce paper waste, and adopt green commuting options in daily work. Through these measures, we aim to cultivate a strong low-carbon culture in the workplace, empowering every employee to be a champion of green development. In 2024, we upgraded our office lighting system by replacing standard LEDs with energy-saving smart LED lights, along with an intelligent control system. The system dynamically adjusts luminosity and color temperature throughout the day to match natural circadian rhythms, delivering optimal illumination that mimics natural daylight while enhancing occupant comfort.

Green office initiatives



Ecosystem and Biodiversity Conservation

We deeply recognize the importance of biodiversity for ecological balance on Earth and the well-being of humanity. With a profound respect for nature, we follow natural laws and engage in nature conservation efforts.

We are committed to upholding national and local ecological protection laws and regulations as our baseline and ensuring strict compliance with them throughout project development, construction, production, and operating processes. We will take proactive measures to minimize the ecological impact of our activities, foster a biodiversity culture within our organization, and achieve harmonious coexistence between business and nature.

For effective ecological protection, we have set the following goals: By 2028, all our self-operated production bases will conduct biodiversity risk assessments to ensure our full awareness and proactive management of potential impacts from our operations on biodiversity. Furthermore, all new projects must undergo and pass environmental impact assessments before implementation, with operational approval contingent upon demonstrating zero negative biodiversity impact, ensuring ecological protection at the project origination phase.

During project construction, we employ advanced eco-friendly technologies and equipment and optimize construction plans to minimize impacts on surrounding ecosystems. Meanwhile, we enhance environmental management across production and operations through regular monitoring and assessments, enabling timely identification and resolution of potential issues to ensure harmony between our activities and nature conservation.

We actively cooperate with government departments, scientific research institutions, and social organizations to advance biodiversity conservation projects while sharing experience and resources. Through these actions, we maintained a zero-penalty record for ecological impacts during the reporting period, contributing our part to safeguarding our planet.



5.4 CIRCULAR ECONOMY



We attach great importance to the implementing circular economy concepts within our ESG management system. The circular economy stands as a key driver of economic innovation and upgrading. It fosters a benign balance between economic growth, resource consumption, and environmental pollution, paving the way for green, low-carbon development and serving as an effective strategy to address climate change challenges. Through the circular economy, Hanshow can not only alleviate resource shortages, significantly improve resource utilization efficiency, and reduce dependence on natural resources, but also reduce environmental pollution during production and operations. This contributes to the improvement and protection of the ecological environment and lays a solid foundation for its sustainable development while promoting the long-term development of society and the planet.

We are fully committed to reducing the environmental impact of our products across their lifecycle from design and production to scraping, striving to create green, user-friendly, and sustainable products. We have set a target to conduct comprehensive lifecycle assessments for at least five core products by 2028. Based on the assessment results, we will implement measures to reduce potential environmental impacts during critical stages such as processing, usage, and scraping.

At the product design stage, we embrace a green, low-carbon, non-toxic, and harmless concept; when selecting materials, we prioritize environmentally friendly bio-based plastics and biodegradable composites. Our products consume less energy during operation compared to traditional solutions and are compatible with clean energy sources such as photovoltaic power, enabling low-energy consumption, low-carbon operations. In terms of product structure design, we develop an innovative modular architecture that extends the lifespan of core components to over 10 years. Additionally, with the remote firmware upgrade technology, terminal devices can undergo continuous updates without hardware replacement.

Green production and low-carbon operations are essential pathways of the circular economy. We are committed to practicing the "3R" principle: Reduce, Reuse, and Recycle, continually striving to lower raw material usage and enhance the sustainability of materials. To improve product sustainability, we have taken a multi-pronged approach: optimizing product design, selecting environmentally friendly materials, extending battery life, recycling ESLs, and reducing the impact of smart hardware products on the environment. Some products are refurbished, which gives ESLs a second life. The carbon emissions from the refurbishment process account for only 20% of those from manufacturing new ones. Our ESLs are certified to RoHS and WEEE standards, with a recyclability rate of 75%. In 2024, we actively promoted circular economy practices by selling nearly 100,000 refurbished ESLs. This not only addressed customer needs for cost control but also extended product lifespans, maximized resource utilization, and reduced electronic waste.

At the same time, we have worked closely with our suppliers to advance the procurement of recycled precious metals, encourage technological innovation, and procure more recycled materials. We have introduced an environmental protection certification system to strengthen supplier management and ensure that the entire environmentally friendly process from raw material procurement to production and logistics. By 2024, all our raw materials used met specific certifications, including quality, chemical safety, and sustainability.

We fully understand the significant impact of product end-of-life treatment on the environment. Therefore, we place great importance on close collaboration with our customers to ensure compliant disposal and effective recycling of products at the end of their life cycles. We focus on enhancing the recycling of key components like batteries, while continuously optimizing our processes and partnerships to advance the circular economy. Using 2022 as the baseline, we aim to increase our overall product recycling rate by at least 5% by 2028. Through continuous innovation and improvement, we strive to enhance resource recovery efficiency, supporting environmental protection and sustainable resource use.

In accordance with the latest Packaging Recycling Marking (GB/T 18445), we have updated the internal standards, Packaging Material Technical Specifications. We have also optimized packaging design by using more efficient cushioning materials and implemented lightweight packaging solutions to reduce packaging size and weight. In 2024, we greatly reduced carbon emissions during packaging and transportation through smart technology and circular packaging, with carbon emissions per shipping box lowered by over 90%.

Appendix: Key Performance Table

Environment	Unit	2024
Energy use		
Gasoline (mobile combustion)	Liter	996.85
Total amount of direct energy consumption	Tce	1.07
Total amount of power consumption	MWh	11,146.08
Total amount of indirect energy consumption	Tce	1,369.85
Total energy consumption	Tce	1,370.92
Energy consumption intensity	Tce/million RMB of revenue	0.31
Greenhouse gas emissions		
Total amount of Scope 1 and Scope 2 emissions	tCO2e	5,975.75
Scope 1	tCO2e	2.23
Scope 2	tCO2e	5,973.52
Scope 1 and Scope 2 emission intensity	tCO2e/million RMB of revenue	1.33
Total amount of Scope 3	tCO2e	90,324.36
Scope 3—purchased products and services	tCO2e	88,132.93
Scope 3—upstream transportation and distribution	tCO2e	494.33
Scope 3—employee commuting	tCO2e	106.95
Scope 3—business travel	tCO2e	1,579.26
Scope 3—waste from operations	tCO2e	10.88
Water resource use		
Total amount of water resource consumption	Tonne	16919.68
Water consumption per capita	Tonne/person	17.26
Water consumption density	Tonne/million RMB of revenue	3.77
Solid waste		
Total amount of general production waste	Tonne	108.35
Recyclable	Tonne	90
Non-recyclable	Tonne	18.35
Amount of hazardous waste treatment	Tonne	3.96

Performance Data

Employees	Unit	2024
Total number of employees		
Total number of employees	Person	960
Total number of employees		
Full-time employees	Person	960
Part-time employees	Person	0
Number of Employees by Age		
Employees under the age of 30	%	44.48
Employees aged 30 to 50	%	52.39
Employees aged over 50	%	3.13
Number of Employees by Gender		
Male	Employees	605
Female	Employees	355
Number of Employees by Region		
China	Employees	759
France	Employees	51
Netherlands	Employees	34
Germany	Employees	41
United Kingdom	Employees	8
United States	Employees	32
Australia	Employees	22
New Zealand	Employees	2
Singapore	Employees	1
Japan	Employees	10
Number of Employees by Ethnicity		
Han (China)	Employees	860
Hui (China)	Employees	13
Manchu (China)	Employees	9
Others (other ethnic minorities in China and overseas ethnic groups)	Employees	78
Employees with disabilities	Employees	12
Women in management positions (excluding the Board of Directors)	%	33.95
Women on the Board of Supervisors	%	33.33

Employees	Unit	2024
Employment Rate by Age		
Employees under 30	Employees	184
Employees under 30	%	65.02
Employees aged 30–50	Employees	89
Employees aged 30–50	%	31.45
Employees aged over 50	Employees	10
Employees aged over 50	%	3.53
Employment Rate by Gender		
Number of new male employees	Employees	175
Percentage of new male employees	%	61.84
Number of new female employees	Employees	108
Percentage of new female employees	%	38.16
Employee Training		
Employees trained	Employees	818
Employees trained online	%	85.21
Number of trainees at and above the manager level	Employees	158
Employees trained at and above the manager level	%	98.14
Employees trained at other levels	Employees	660
Employees trained at other levels	%	82.60
Male employees trained	Employees	504
Male employees trained	%	83.31
Female employees trained	Employees	314
Female employees trained	%	88.45
Online training for employees	Hour	5,893.5
Training hours for managers and above	Hour	556.7
Average training hours for managers and above	Hour/ Employee	3.5
Training hours for employees at other levels	Hour	5,336.8
Average training hours for employees at other levels	Hour/ Employee	8.1
Training hours for male employees	Hour	3,418.4
Average training hours for male employees	Hour/ Employee	6.8
Training hours for female employees	Hour	2,475.1

Employees	Unit	2024
Employee training		
Average training hours for female employees	Hour/ Employee	7.9
Employee skills training sessions	Session	24
Participants in employee skills training	Employees	653
Health and Safety		
Number of accidents	Number of Cases	0
Occupational health and safety training	Session	3
Employees health & safety training participants	Employees	689
Collective Bargaining Agreements		
Employees covered by employee representatives	Employees	759
Employees covered by collective agreements	Employees	51
Benefits and Others		
Employees with medical insurance	Employees	960
Employees with parental leave	Employees	78
Return-to-work and retention rates of employees with parental leave	%	91.18
Operational facilities certified to ISO 45001 or other labor or human rights management standards	%	100

Appendix: A-share Sustainability Reporting Indicator Index

(Corresponding to Framework Reference No. 9, Benchmarking Index Table)

Dimension	S/N	Topic	Location
Environment	1	Response to climate change	Climate Response
	2	Pollution discharge	Green Operations
	3	Waste treatment	Green Operations
	4	Ecosystem and biodiversity conservation	Green Operations
	5	Environmental compliance management	Environmental Compliance Management
	6	Energy utilization	Green Operations
	7	Water resource utilization	Green Operations
	8	Circular economy	Circular Economy
Society	9	Rural revitalization	Not Involved
	10	Social contributions	Not Involved
	11	Innovation drive	Customer-Oriented Principle
	12	Technology ethics	Customer-Oriented Principle
	13	Supply chain security	Partnerships
	14	Equal treatment of SMEs	Partnerships
	15	Product/service quality and safety	Customer-Oriented Principle
	16	Data security and customer privacy protection	Customer-Oriented Principle
	17	Employees	Empowering Talent Development
Sustainability governance	18	Due diligence	Partnerships
	19	Stakeholder communication	Stakeholder Engagement and Materiality Assessment
	20	Anti-commercial bribery and anti-corruption	Ethics and Integrity
	21	Anti-unfair competition	Ethics and Integrity

Appendix: GRI Standard Indicator Index

(Corresponding to Framework Reference 9, Benchmarking Index Table)

S/N	Indicator Description	Disclosure	Location in the Report
2-1	Organizational details	Disclosed	Overview of the Report
2-2	Entities included in the organization's sustainability report	Disclosed	Overview of the Report
2-3	Reporting period, frequency, and contact person	Disclosed	Overview of the Report
2-6	Activities, value chain, and other business relationships	Disclosed	About Hanshow Technology
2-7	Employees	Disclosed	Empowering Talent Development
2-9	Governance structure and composition	Disclosed	Corporate Governance
2-12	Supervisory role of the highest governance body in management influence	Disclosed	Corporate Governance
2-13	Delegation of responsibility for managing impacts	Disclosed	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Disclosed	ESG Governance and Mechanism
2-22	Statement on sustainable development strategy	Disclosed	Message from CEO
2-29	Approach to stakeholder engagement	Disclosed	Stakeholder Engagement and Materiality Assessment
3-1	Materiality assessment process	Disclosed	Stakeholder Engagement and Materiality Assessment
3-2	List of material topics	Disclosed	Stakeholder Engagement and Materiality Assessment
3-3	Management of material topics	Disclosed	Stakeholder Engagement and Materiality Assessment
201-2	Financial implications and other risks and opportunities due to climate change	Disclosed	Climate Response
205-2	Communication and training on anti-corruption policies and procedures	Disclosed	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Disclosed	Ethics and Integrity
302-1	Amount of energy consumption within the organization	Disclosed	Green Operations
303-5	Water consumption	Disclosed	Green Operations
305-1	Direct (Scope 1) greenhouse gas emissions	Disclosed	Promoting Emission Reduction Actions
305-2	Indirect (Scope 2) greenhouse gas emissions	Disclosed	Promoting Emission Reduction Actions
305-3	Other indirect (Scope 3) greenhouse gas emissions	Disclosed	Promoting Emission Reduction Actions
306-1	Significant impacts of waste generation and waste	Partially applicable	Green Operations
306-2	Total amount of waste classified by category and treatment method	Disclosed	Green Operations
306-3	Waste generated	Disclosed	Green Operations
308-1	New suppliers screened using environmental criteria	Disclosed	Partnerships
401-2	Benefits for full-time employees (excluding temporary or part-time employees)	Disclosed	Empowering Talent Development
401-3	Parental leave	Disclosed	Empowering Talent Development
403-1	Occupational health and safety management system	Disclosed	Empowering Talent Development
403-2	Occupational health services	Disclosed	Empowering Talent Development

Appendix: External Assurance Report

S/N	Indicator Description	Disclosure	Location in the Report
403-3	Training of employees on occupational health and safety	Disclosed	Empowering Talent Development
403-4	Work-related injuries	Disclosed	Empowering Talent Development
404-1	Average hours of training per year per employee	Disclosed	Empowering Talent Development
404-2	Programs for employee skills improvement and transition assistance	Disclosed	Empowering Talent Development
404-3	Percentage of employees receiving regular performance and career development reviews	Disclosed	Empowering Talent Development
405-1	Diversity of governance bodies and employees	Disclosed	Empowering Talent Development
406-1	Incidents of discrimination and corrective actions taken	Disclosed	Empowering Talent Development
407-1	Operations and suppliers whose freedom of association and right to collective bargaining may be at risk	Disclosed	Empowering Talent Development
408-1	Operations and suppliers at significant risk of child labor incidents	Disclosed	Empowering Talent Development
409-1	Operations and suppliers at significant risk of forced or compulsory labor incidents	Disclosed	Empowering Talent Development
416-2	Non-compliance incidents concerning the health and safety impacts of products and services	Disclosed	Empowering Talent Development
417-2	Non-compliance incidents concerning product and service information and markings	Disclosed	Customer-oriented principle
417-3	Non-compliance incidents concerning marketing and communication	Disclosed	Customer-oriented principle
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed	Customer-oriented principle

Deloitte.

德勤

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INDEPENDENT LIMITED ASSURANCE REPORT

DTT(25)BAR00023

TO the Board of Hanshow Technology Co., Ltd.

We have been engaged to perform a limited assurance engagement on selected 2024 Key ESG Indicators (the "Selected Indicators") in the 2024 Environmental, Social and Government Report (the "ESG Report") prepared by Hanshow Technology Co., Ltd. (the "Company").

Subject Matter Information

The subject matters information of this assurance engagement include the following Selected Indicators in the 2024 ESG Report:

- Amount of hazardous waste treatment
- Number of ISO management system standard Certifications
- Cumulative number of intellectual property rights
- Total number of employees
- Total number of Female employees
- Percentage of women in management positions (excluding the Board of Directors)
- Total hours of online training for employees
- Percentage of employees trained online
- Number of employees participating in information security awareness training

Our limited assurance engagement is limited to the Selected Indicators in the ESG Report above, and does not extend to information disclosed in the ESG Report that is not included in the "Subject Matters for Limited Assurance", as well as the 2023 and prior years' KPIs and other information.

Applicable Criteria

The applicable criteria used by the Company in the preparation of the Selected Indicators are set out in the Appendix to this report.

Responsibility of Management and Those Charged with Governance

The management of the Company is responsible for the preparation of the Selected Indicators in accordance with the applicable criteria. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation of the Selected Indicators that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the reporting process.

Inherent Limitations of Applicable Criteria

We draw attention of the users of this report to the fact that there is no generally accepted evaluation and measurement basis for the preparation of non-financial information, which may affect the comparability of sustainability information between entities and over time.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

WorldClass
智启非凡

Our firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to perform limited assurance in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*. We express assurance conclusions with limited assurance on whether the Selected Indicators in the ESG Report have been prepared in all material respects in accordance with the applicable criteria.

Assurance Procedures

The procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Therefore, the level of assurance obtained by limited assurance was substantially lower than reasonable assurance. We do not provide reasonable assurance that the Selected Indicators in the ESG Report were disclosed in all material respects in accordance with the applicable criteria. Our assurance included identifying areas where Selected Indicators for 2024 may be materially misstated in the ESG Report, designing, and implementing assurance procedures to address these identified areas, and obtaining evidence accordingly. The assurance procedures we carried out depend on our professional judgment and risk assessments of assurance.

We carried out the following assurance procedures:

- Interviewed the Company's management and staff responsible for information collection, consolidation and disclosure to understand the process of reporting in relation to these Selected Indicators;
- Inspected relevant supporting documents on a sample basis;
- Performed analytical procedures on Selected Indicators;
- Recalculated Selected Indicators on a sample basis.

Limited Assurance Conclusions

Based on the above work performed and the evidence we have obtained, nothing has come to our attention that would cause us to believe that the Subject Matter Information in the ESG report, is not prepared, in all material respects, in accordance with the Applicable Criteria.

Use of Independent Limited Assurance Report

This independent limited assurance report is solely for the purpose of preparing the Company's 2024 ESG Report, and is not suitable and cannot be used for other purposes. We do not assume responsibility or accept liability to any other person or third party other than the Company's Board of Directors for this report.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
20 June 2025



Appendix: Applicable Criteria

- **Amount of hazardous waste treatment:** The total amount of hazardous waste materials entrusted to third-party units qualified for hazardous waste disposal by Hanshow Technology Co., Ltd. for the period from January 1, 2024 to December 31, 2024 at its operating sites in China, with hazardous waste categorized in accordance with the "National List of Hazardous Wastes (2021 Edition)", in tons.
- **Number of ISO management system standard Certifications:** As of December 31, 2024, the number of ISO management system standard certifications obtained by Hanshow Technology Co., Ltd..
- **Cumulative number of intellectual property rights:** As of December 31, 2024, the number of intellectual property rights of Hanshow Technology Co., Ltd. and its subsidiaries that are licensed and in force. Intellectual property includes patents, software copyrights, and trademarks.
- **Total number of employees:** As of December 31, 2024, the total number of regular employees of Hanshow Technology Co., Ltd. and its subsidiaries with labor contracts.
- **Total number of Female employees:** As of December 31, 2024, the total number of regular female employees of Hanshow Technology Co., Ltd. and its subsidiaries with labor contracts.
- **Percentage of women in management positions (excluding the Board of Directors):** As of December 31, 2024, the percentage of female executives among the employees of Hanshow Technology Co., Ltd. and its subsidiaries as a percentage of the number of management. Management consists of general managers, vice presidents, deputy general managers and directors of Hanshow Technology Co., Ltd. and its subsidiaries, as well as managers of various departments.
- **Total hours of online training for employees:** The total number of hours, in hours, during the period from January 1, 2024 to December 31, 2024, that employees of Hanshow Technology Co., Ltd. and its subsidiaries participated in online training.
- **Percentage of employees trained online:** As of December 31, 2024, the proportion of employees of Hanshow Technology Co., Ltd. and its subsidiaries who participated in online training accounted for the total number of employees.
- **Number of employees participating in information security awareness training:** Number of employees of Hanshow Technology Co., Ltd. and its subsidiaries who participated in information security awareness training during the period from January 1, 2024 to December 31, 2024.

Appendix: Feedback

Thank you for reading the Hanshow Technology Co., Ltd. 2024 Environmental, Social, and Governance (ESG) Report. To provide you and other stakeholders with more valuable information and to enhance our overall working competence and performance, we sincerely welcome your feedback on the report. Please share your insights with us through the following contact information:

**Address: 4/F, Building 1, Photovoltaic Scientific Innovation Park,
1288 Kanghe Road, Xiuzhou District, Jiaxing, Zhejiang Province**

Postal code: 314031

Email: info@hanshow.com

① Which stakeholder category do you belong to? _____

- A Government and regulatory agency B Customers C Investors/shareholders D Suppliers
 E Employees F Partners G Community H Experts

② Does the report meet your expectations for the Company? _____

- A Yes B No. What expectations are not reflected in this report?

③ Does Hanshow meet your expectations? _____

- A Yes B No. What expectations do we fall short on?

④ How do you find the content arrangements and layout design of this report? _____

- A Excellent B Good C Average D Not good

⑤ What additional comments or suggestions do you have regarding our ESG work and this report?

Thank you for your participation!

