

2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT





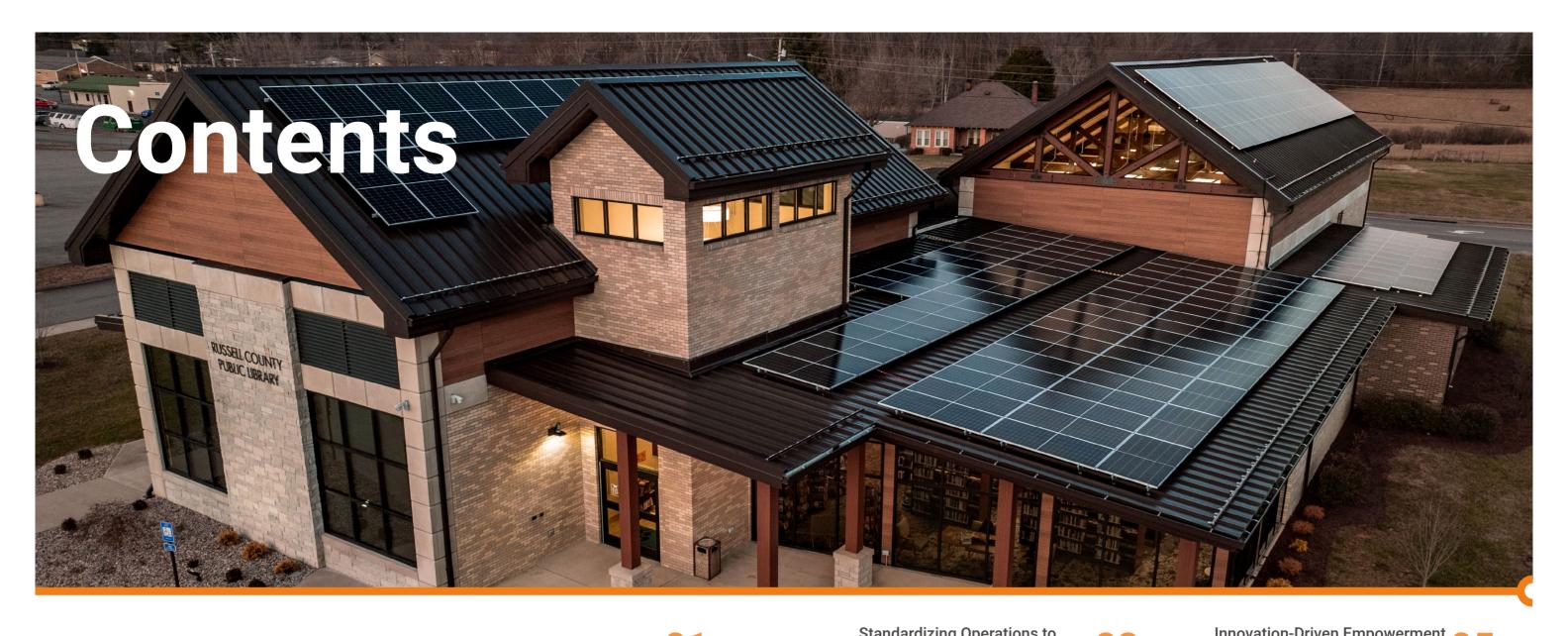
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About this Report

Reporting Scope

The scope of this report covers Yuneng Technology Co., Ltd. and its subsidiaries (referred to as "APsystems" or "the Company"). Unless otherwise stated, the scope of this report is consistent with the scope of the consolidated financial statements of APsystems (stock code: 688348) for the same period.

Reporting Period

The reporting period ranges from January 1, 2024 to December 31, 2024. Unless otherwise specified, all data in this report are from this period.

Reporting Basis

This report is prepared in accordance with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) (April 2024), Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Standardized Operations (December 2023 Revision), Rules for the Listing of Stocks on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Revised in April 2025) and Self-Regulatory Supervision Guidelines for Sci-Tech Innovation Board Listed Companies of the Shanghai Stock Exchange No. 2 - Voluntary Information Disclosure (Revised in March 2025)

Data Sources

The data and cases in the report are all from the official records of the Company's actual operations.

The financial data are all denominated in RMB. In case of any discrepancy between the financial data and the Company's annual financial report, the annual financial report shall prevail.

Report Publication

This report is released in electronic form. The release platforms include the information disclosure platforms designated by the stock exchanges. It can be viewed and downloaded on the Company's website (www.apsystems.cn) and the website of the Shanghai Stock Exchange (http://www.sse.com.cn).

Contact us

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Reporting Principles

Materiality

The Company identifies business-related topics of materiality to various stakeholders as the focus of reporting. While reporting material topics in this report, it also focuses on the characteristics of the Company's industry and operating business. The materiality assessment process and results are detailed in the "Topic Materiality Analysis" section of this report.

Accuracy

This report ensures that the information is as accurate as possible. The calculation method, calculation basis and assumptions have been explained in the measurement of quantitative information to ensure that the calculation error range will not be misleading to the user of the information. For quantitative information and note information, please refer to the "ESG Data Tables and Notes" section of this report. The Board of Directors guarantees the content of the report, and there are no false records, misleading statements or material omissions.

Balance

The content of this report reflects objective facts, and discloses both positive and negative information about the Company impartially. No negative events that should have been disclosed but were not disclosed were found during the reporting period.

Clarity

This report is published in English. This report contains tables, model diagrams, a list of professional terms and other information as a supplement to the text content of this report, so that stakeholders can better understand the report. To facilitate stakeholders obtaining information faster, this report provides a table of contents and a benchmarking index table of ESG standards.

Quantification

This report discloses annual key quantitative metrics and historical data to the extent possible. Please refer to the "ESG Data Tables and Notes" section for details.

Comparability

This report is consistent with the statistics and disclosure methods of the same quantitative disclosure item in different reporting periods; if the data collection, measurement and calculation methods are changed, the relevant data is retrospectively adjusted, and the reasons for the adjustment are explained in the annotations to the report, so that stakeholders can conduct meaningful analysis and evaluate the development trend of the Company's ESG data level.

Completeness

The scope of disclosure in this report is consistent with the scope of the Company's consolidated financial statements.

Timeliness

This report is an annual report covering the period from January 1, 2024 to December 31, 2024. The Company tries its best to release the report as soon as possible after the end of the reporting year, providing timely information reference for the decision-making of stakeholders.

Verifiability

The cases and data in this report come from the original records or financial reports of the Company's actual operation. The Company uses the HiESG Performance Management Information System to manage ESG data. The data sources and calculation processes disclosed by the Company can be traced back and can be used to support the inspections of external assurance work.

01



Chairman's Speech

In 2024, the photovoltaic industry was at the intersection of challenges and opportunities. The industry competition became increasingly fierce, with intense internal competition spilling over, and backward production capacity struggling to sustain. It has become extremely urgent to reshape the industry order. However, new opportunities were also emerging from the crisis. The global demand for renewable energy continued to rise, the pace of technological innovation accelerated, and industrial collaboration and industry self-discipline also strengthened simultaneously, laying a solid foundation for the healthy development of the photovoltaic industry. In this environment, as an enterprise focusing on the new energy field, APsystems has always regarded green, low-carbon, and sustainability as the core concepts of its corporate development. Supported by technological innovation, it actively fulfills its unchanging mission of "Drive a zero-carbon future and make smart energy accessible to everyone" and achieves steady performance growth.



Strengthening corporate governance, building solid foundation for stable development

We continuously optimized the corporate governance structure, earnestly fulfilled the information disclosure obligations, strengthened communication and interaction with investors, comprehensively strengthened internal control and internal audit, and deeply integrated the concept of legal and compliant operation into the corporate development strategy. We have adjusted the "Board of Directors' Strategy Committee", a special committee under the original Board of Directors, to the "Board of Directors' Strategy and Sustainable Development (ESG) Committee", with newly added responsibilities such as ESG management. The aim is to integrate the ESG concept into the Company's strategic planning and decision-making process, and promote the Company's development towards a greener, low-carbon, and sustainable direction.

Leading technological innovation, maintaining the original aspiration and strengthening R&D

We have been deeply engaged in the photovoltaic industry for nearly 15 years, committed to the research, development and industrialization of MLPE module-level power electronics technology. We have deeply engraved technological innovation in the development context of the enterprise and regard it as the primary productive force of the enterprise. We continuously increase investment in research and development and actively carry out industry-university-research cooperation. With generations of "pioneering" technologies and products, we empower the high-quality development of the industry. In 2024, the Company completed the latest enterprise strategic layout plan, identified three photovoltaic and energy storage industry ecosystems of DIY micro-photovoltaic and energy storage, residential photovoltaic and energy storage, and C&I photovoltaic and energy storage with microinverters as the core, became a full-scenario solution provider for distributed photovoltaics + energy storage, and was awarded the title of a national specialized and sophisticated "little giant" enterprise. We are meeting the green photovoltaic and energy storage needs in different distributed scenarios with a more comprehensive layout of technologies and products.

Strengthening industry cooperation, promoting development through efficient collaboration

We take "providing customers with the best products and services" as our guiding principles, and closely cooperate with stakeholders such as customers and suppliers to promote the development of the industry. In 2024, the Company actively carried out customer service - related training, conducted customer satisfaction surveys, adopted targeted improvement measures based on the survey results, improved service quality and satisfaction, and established long - term and good cooperative relationships with many customers. In addition, the Company continuously strengthened the sustainable management of the supply chain, incorporated performance indicators such as quality, environment, and occupational health and safety into the assessment dimensions, and dynamically optimized the supply chain management through

regular evaluations. With the joint efforts of our partners, APsystems' products are available in 156 countries and regions around the world, covering multiple different fields such as residential, commercial and industrial, public buildings, and BIPV, contributing to the global green energy transition.

Promoting green practices, protecting the environment for a zero-carbon future

We adhere to the path of sustainable development featuring environmental protection and low carbon, and continuously strengthen our environmental management capabilities. In 2024, the Company, adhered to the concept of "fostering environmental awareness and advocating a green lifestyle", integrated green operations into daily office work, and adhered to the common development of the Company and the environment. To reduce the environmental impact of the Company's operations, we adopted a production subcontracting model, and all major subcontracting factories have passed the ISO 14001 Environmental Management System Certification. In addition, we continue to promote the application of advanced green technologies, vigorously develop green businesses, and contribute to the sustainable and high-quality development of the world.

Practicing social responsibility, engaging deeply in public welfare to promote harmony

APsystems actively fulfill our corporate social responsibilities and attach great importance to human capital management and social welfare. We adhere to the people-oriented concept, continuously improve the employee rights and welfare system, focus on employee training and career development, build a talent development platform for the entire career cycle, and achieve the common growth of the value of employees and the enterprise. In addition, we actively engage in public welfare undertakings, closely cooperate with many domestic and foreign public welfare organizations, and support and promote the implementation of specific projects through donations, volunteer activities, etc., contributing to the healthy development of public welfare undertakings.

In the future, APsystems will further solidify the construction of its ESG system and, with a brand - new posture, embark on a new chapter of high - quality development. While developing itself, APsystems, with the vision of becoming "the most efficient and safe converter of clean energy", will also actively collaborate with various sectors of society, continuously promote the global green energy transformation, and jointly embrace a bright future.



ESG Performance Highlights

Environmental

1:0:-





Cumulative global sales of MLPE module-level power electronic

products exceeded 6GW

Cumulative generated power

7_{TWh}

Cumulative ${\rm CO_2}$ emission reductions

836 million tons

Total greenhouse gas emissions (Scope 1+Scope 2)

932.19 tons of CO₂ equivalent

Corporate Governance



Proportion of independent directors:

42.86%

Number of corruption lawsuits:

Cases

Proportion of Board members who received training on anti-commercial bribery and anti-corruption:

100%





Social



R&D investment:

CNY **94,059,100**

R&D investment accounts for 5.31% of the revenue

266

R&D personnel

R&D personnel account for

50.00% of the total staff

188

intellectual property rights in total

91

invention patents in total













Proportion of qualified suppliers evaluated by environment, labor, ethics,

and other aspects: 100%

Total training hours: **62,664.00** hours

Average training hours per employee:

117.79 hours.

Total employee training expenditure:

CNY **210,700**.

Employee satisfaction rate:

90%+

Converted amount of donated materials for public welfare and charity:

CNY **3,777,800**

About APsystems

- ightarrow Company Overview
- $\to \, {\rm Development} \, {\rm Milestones} \,$
- ightarrow APsystems Global Footprint
- ightarrow Awards Received in 2024





Company Overview

Yuneng Technology Co., Ltd. was founded in 2010 and registered in the Nanhu High-tech Zone of Jiaxing City. It is a listed company on the Science and Technology Innovation Board (stock code: 688348). The Company focuses on the fields of photovoltaic power generation and energy storage, mainly engaged in the research and development and industrialization of module-level power electronics technology in distributed photovoltaic power generation systems, as well as residential and commercial and industrial energy storage technologies. It provides full-scenario application solutions for distributed photovoltaics + energy storage with microinverters as the core. The Company's products and businesses include: microinverters and energy communication unit products, residential and commercial and industrial energy storage products, RSD products, Al smart energy business, distributed photovoltaic power station business, etc. As of the end of 2024, the company's major wholly-owned or controlled subsidiaries include Renesas Trading, Uihui Photovoltaic, Jiaxing Renegade, Zhejiang Chuangzhi, Jingning Renegade, Leader Reserve Yulin, Taizhou Renegade, Zhejiang Renegade Leader, Jiangsu Yunda, Jiangsu DeReserve, U.S. Renegade, European Renegade, Australian Renegade, and Singapore Renegade, among others.

APsystems is a national high-tech enterprise, one of the enterprises that meet the "Photovoltaic Manufacturing Industry Standard Conditions" in the fifth batch of the Ministry of Industry and Information Technology of the People's Republic of China, and a national "specialized, refined, characteristic and innovative" little giant enterprise. The Company has established the Zhejiang Yuneng Microinverter Research Institute, the Zhejiang Provincial Enterprise Technology Center, and the Zhejiang Provincial High-tech Enterprise Research and Development Center. The Company has participated in the formulation of 16 national, industry or group standards, and as the first drafting unit, it has drafted the group standard of "Grid-connected Microinverters for Photovoltaic Power Generation". The Company has always attached great importance to the continuous research and development of new technologies and products. After years of investment and accumulation, it has formed a strong R & D and innovation advantage. In addition, the Company also has an international scientific research talent team relying on international advanced R & D concepts, focusing on module-level power electronic equipment and residential and industrial and commercial energy storage systems. The team has a solid professional knowledge background and rich industry practice experience.

The Company actively carries out a global business layout, taking into account business opportunities in both developed countries and emerging markets. By establishing subsidiaries in the United States, the Netherlands, France, Australia, Mexico, Brazil, Singapore and other places, it continuously improves the construction of the global marketing network. Up to now, the Company has obtained more than 150 valid domestic and international certification certificates or corresponding listings, and its products have been successfully sold to more than 150 countries and regions around the world. In 2024, the Company achieved an operating income of 1.77 billion yuan and a net profit of 140 million yuan.

In the context of the global vigorous development of renewable clean energy, APsystems will continue to uphold the mission of "Drive a zero-carbon future and make smart energy accessible to everyone", and is committed to becoming "The Safest and the most Efficient Clean Energy Converter". Through the business strategy of "dual-wheel drive in domestic and overseas markets and coordinated promotion of photovoltaics and energy storage integration", it continuously provides the latest and safest smart photovoltaic and energy storage solutions for global customers.

• Corporate Culture

Vision

To Be the Safest and the most Efficient Clean Energy Converter

Purpose

To provide customers with state of the art products and the best service quality

Mission

Drive a zero-carbon future and make smart energy accessible to everyone

Product Family







2010

Established the head-

quarters in Jiaxing,

focusing on research

and operations

Development Milestones

2012

- Established a subsidiary in Seattle, USA
- Completed the world's largest 6MW microinverter project at that time

2014

- Established a subsidiary in Rotterdam, Netherlands
- The world's first multi-module single-phase microinverter YC500 received multiple honors such as "Zhejiang Manufacturing Excellence" and "First Set of Equipment Manufacturing Products in Zhejiang Province"
- Recognized as one of the "50 Growth-Oriented and Characteristic Enterprises in Zhejiang Province's Electronic Information Industry"

2016

- Established a subsidiary in Lyon, France
- Designated as a "Zhejiang Province Enterprise Technology Center"
- Again awarded "National High-Tech Enterprise" and "50 Growth-Oriented and Characteristic Enterprises in Zhejiang Province's Electronic Information Industry"

2018

- Designated as a "Provincial Enterprise Research Institute"
- Honored as "2016-2017 Honest Private Enterprise in Jiaxing City"
- Participated in formulating the national energy industry standard Technical specification of photovoltaic grid-connected micro-inverter

2020

- Cumulative global shipments of microinverters exceeded 1 GW
- Received the honor of "Top Photovoltaic Brand" from EUPD Research, France

2022

- Cumulative global sales of MLPE module-level power electronic products exceeded 2 GW
- Honored with the "Top PV Brand" award from EUPD Research, France and Netherlands
- Continuously recognized as a "National High-Tech Enterprise"
- Successfully listed on the STAR Market of A-shares, entering a new development platform

2024

- Launched the new generation of hybrid microinverters for photovoltaic + energy storage, EZHI series
- Established a subsidiary in Brazil, further strengthening the expansion of its Latin American business
- Honored with the "Top PV Brand" award from EUPD Research in multiple Latin American countries and the national-level "Specialized, Sophisticated, Distinctive, and Innovative (SSDI) Little Giant Enterprise" designation.
- Completed several hundred MWh-level commercial and industrial energy storage projects, with annual installation exceeding 1 GWh
- Cumulative global sales of MLPE module-level power electronic products exceeded 6 GW

2011

- Established subsidiaries in Sydney, Australia and Shanghai, China
- Entered the Australian market as the pioneering microinverter brand
- Launched the first-generation single-phase microinverter

2013

- Pioneered multi-module microinverter architecture: Released the world's first dual single-phase microinverter YC500
- Introduced the world's first quad three-phase microinverter YC1000-3
- Recognized as a "National High-Tech Enterprise" and "Jiaxing City-Level High-Tech R&D Center"
- Awarded "Jiaxing City Patent Demonstration Enterprise"

2015

- Awarded "Zhejiang Province Patent Demonstration Enterprise" and "Zhejiang Export Brand"
- Again recognized as one of the "50 Growth-Oriented and Characteristic Enterprises in Zhejiang Province's Electronic Information Industry"
- Included in the fifth batch of the enterprise list for the Photovoltaic Manufacturing Industry Standard Conditions

201

- Established a subsidiary in Mexico
- Introduced the world's first third generation multi-unit micro-inverter products YC600 and QS1, compliant with intelligent grid scheduling
- Awarded "Key Enterprise in Zhejiang Province's Information Economy
 Innovative Leading Enterprise"
- Became the first drafting entity for the PV grid-connected microinverter under the "Zhejiang Manufacturing" group standard

2019

- Established the APsmart brand and launched the rapid shutdown device RSD-S with ASIC specialized chips developed independently
- Continuously recognized as a "National High-Tech Enterprise"
- The third-generation dual single-phase microinverter YC600 received the honor of "Zhejiang Manufacturing Excellence"

202

- Released the world's first fourth-generation 20A high-current multi-module microinverter DS3 and QT2 series products
- Launched the world's first dual mrapid shutdown device RSD-D with input current up to 20A
- Again honored with the "Top PV Brand" award from EUPD Research, France
- Established the APstorage energy storage brand and laid out in the residential energy storage field

202

- Released the EZ1 series microinverter with Wi-Fi + Bluetooth dual communication modes
- Honored with the "Top PV Brand" award from EUPD Research, France, Latin America, Mexico, Brazil



APsystems Global Footprint







- Establishment of 9 subsidiaries or branches worldwide
- Localized teams providing 24/7 notime-zone service
- · Establishment of 5 local warehouses worldwide
- Dual production bases deployment domestically and internationally to ensure global market supply de-
- UID traceability and rapid response return and exchange service pro-
- Provision of comprehensive global multilingual online and offline training services



13 14



Awards Received in 2024



Recognized as a national-level "Specialized, Sophisticated, Distinctive, and Innovative (SSDI) Little Giant Enterprise



2024 China Distributed Photovoltaic Excellence Enterprise



2024 Most Influential Photovoltaic Inverter Enterprise



2024 China Energy Storage Industry Preferred Solution Pioneer Award



2024 Good Photovoltaic Top 10 Brands of Distributed
Photovoltaic Inverters



2024 SNEC "Top 10 Highlights in the Photovoltaic Industry" Honor Award



2024 Top 15 Listed Chinese PV Inverter Enterprises

15



2023-2024 "Expert's Choice" Top 10 Energy Storage Products



2024 "BJX Cup" Energy Storage Influence - Overseas Energy Storage Supplier



2024 PVBL Top 100 Solar PV Brands in the World



2024 PVBL Most Innovative PV Solar Enterprise Award



2024 PVBL Global Best Photovoltaic + Energy Storage Project Application Case Award



2023-2024 "Expert's Choice" Top 10 Energy Storage Projects

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ESG Management

- ightarrow ESG Governance
- $\rightarrow \ \text{Materiality Analysis}$
- ightarrow Response to the Sustainable Development Goals (SDGs)





ESG Governance

To improve the Company's ESG management, APsystems, in accordance with the relevant laws, regulations, and normative documents such as the Company Law of the People's Republic of China, the Governance Code for Listed Companies, the Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Standard Operation, and the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial), as well as relevant provisions in the Articles of Association, has adjusted the original Strategic Committee of the Board of Directors into the Strategic and Sustainable Development (ESG) Committee of the Board of Directors. The original Work Rules of the Strategic Committee of the Board of Directors. In addition to the existing functions and powers, ESG management and other responsibilities have been incorporated. This change aims to integrate ESG concepts into the Company's strategic planning and decision-making processes, driving the Company towards a greener, low-carbon, and more sustainable development.

Materiality Analysis

• Materiality Analysis Process

In 2024, APsystems, based on its operating conditions and industry characteristics, identified, selected, and analyzed ESG topics according to both the impact materiality and financial materiality dimensions, following the requirements of the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial) (hereinafter referred to as the "Guidelines").

Analysis Process of Dual Materiality of 2024 Topics for APsystems

Step One

- Understand the Company's activities and business relationship background
- Understand the Company's operating situation and industry market environment.
- Understand the value chain processes where impacts occur and the main stakeholders affected.
- **Step Two**Create a topic list
- Conduct due diligence with various stakeholders through daily communication, information
 collection, etc., to identify ESG topics that stakeholders care about, and identify and screen ESG
 topics relevant to the Company to form an issue list based on the actual work experience of
 various departments and the issue list from the Guidelines.
- Analyze the actual and potential impacts, risks, and opportunities of the Company's ESG topics.
- **Step Three**Topic materiality assessment
- Invite external experts and the Company's departments to conduct qualitative assessments
 on the materiality of ESG topics. The impact materiality is judged by the scale, scope,
 and irreparability of the impact, while financial materiality is judged by the likelihood of
 occurrence and the degree of financial impact.
- Determine the dual materiality ranking of the topics based on the results of the qualitative assessment of issue materiality.
- Step Four

 Topic confirmation and reporting
- After review and confirmation by the Board of Directors Office, key topics with higher materiality in 2024 are disclosed in the report.

Communication with Stakeholders

Public Welfare

Community/Public

The Company prioritizes effective communication with stakeholders by identifying them, outlining their key concerns and specifying communication channels to ensure accurate and timely information dissemination. Moreover, the Company adopts a responsive approach, addressing stakeholders' concerns promptly and effectively to foster mutual trust and achieve mutually beneficial outcomes. In 2024, the Company identified its key stakeholders as government and regulatory agencies, shareholders/investors, customers, employees, suppliers, and the community.

APsystems Key Stakeholders and Communication Methods Key Stakeholders **Communication Methods Key Topics** Commercial Behaviors, Risk Control Management, Tackling Institutional inspections Climate Change, Environmental Compliance Management, • Policy implementation Energy Usage, Usage of Water Resources, Waste Disposal, Information disclosure Government and Green Business, Ecosystem and Biodiversity Protection Regulatory Agencies · Shareholders' Meeting Corporate Governance, Commercial Behaviors, Risk Control Performance Briefings Management, R&D Innovation Regular and temporary reports Shareholders/ Investor hotline Investors Customer Relationship Management, Product Quality • Customer satisfaction surveys Management, Data Security and Customer Privacy • Customer communication channels Protection • Information security risk assessments Customers Employee satisfaction Employee Employment and Rights, Employee Training and Employee activities Development, Occupational Health and Safety Occupational health monitoring · Safety production management **Employees** R&D Innovation, Supplier Management, Commercial • Signing the Supplier Corporate Social Behavior, Product Quality Management Responsibility Commitment Suppliers

19,

Safety training

Public welfare activities





? Due Diligence

The Company continuously improves the management process for ESG topics, including the impacts, risks, and opportunities, and assesses the materiality of these topics. Through daily communication, information collection, and other means, the Company conducts due diligence with stakeholders to identify, analyze, and understand how each ESG issue is expected to significantly impact the Company's business model, operations, development strategy, financial status, performance, cash flow, financing methods, and costs in the short term (0-1 year), medium term (1-5 years), and long term (5+ years). The Company also evaluates whether its performance on ESG topics will significantly impact the economy, society, and environment, and discloses the targeted management measures and practices the Company has adopted.

APsystems Impact, Risk, and Opportunity Management of ESG Topics in 2024

Topics	Affected Stakeholders	Risk/Opportunity Type	Time Range	Financial Impact
Tackling Climate Change		Physical risk Policy and regulatory risk Market risk Product and service opportunities	Short, medium, and long-term	Increase in revenue
Energy Usage		Energy source opportunities	Short, medium, and long-term	Reduction in operating costs
Usage of Water Resources	Government and regulatory agencies	Resource efficiency opportunities Policy and regulatory risk	Short, medium, and long-term	Reduction in operating costs
Waste Disposal		Resource efficiency opportunities Policy and regulatory risk	Medium and long- term	Reduction in operating costs
Environmental Compliance Management		Policy and regulatory risk	Medium and long- term	Increase in operating costs
Green Business		Market opportunities	Short, medium, and long-term	Increase in revenue
Employee Employment and Rights			Medium and long- term	Increase in operating costs
Occupational Health and Safety	Employees	Policy and regulatory risk	Medium and long- term	Increase in operating costs
Employee Training and Development		Operational risk Market opportunities	Medium and long- term	Increase in operating costs Increase in revenue
Product Quality Management		Product quality dispute risk Product and service opportunities	Medium and long- term	Increase in operating costs Increase in revenue
Customer Relationship Management	Customers	Market risk Product and service opportunities	Short, medium, and long-term	Increase in revenue
Data Security and Customer Privacy Protection		Data breach risk	Long term	Increase in operating costs
Supplier Management	Suppliers	Supply chain stability risk Market opportunities	Medium and long- term	Increase in operating costs Decrease in revenue
R&D Innovation	Shareholders/Investors, customers	Technology upgrade risk personnel turnover risk Core technology Product and service opportunities	Medium and long- term	Increase in operating costs Increase in revenue

Topics	Affected Stakeholders	Risk/Opportunity Type	Time Range	Financial Impact
Public Welfare	Community/Public	Reputation opportunities	Medium and long- term	Increase in revenue
Commercial Behaviors	Shareholders/Investors, suppliers	Legal risk Operational risk	Medium and long- term	Increase in operating costs
Corporate Governance	Shareholders/Investors	Overseas operation risk Shareholder rights protection opportunities	Medium and long- term	Increase in operating costs Decrease in revenue
Risk Control Management		Operational risk	Medium and long- term	Increase in operating costs Decrease in revenue

? Conclusion of Issue Materiality Analysis

The Company, based on stakeholder communication, due diligence results, industry benchmarking, and operational conditions, has preliminarily identified and selected 18 ESG topics. Among these, 6 topics belong to the environmental aspect, 9 topics belong to the social aspect, and 3 topics belong to the corporate governance aspect. The main changes in APsystems' ESG topics for 2024 compared to the previous year are shown in the table below.

APsystems Main Changes in ESG Topics in 2024

2024 ESG Topic	2023 ESG Topic) Change	Reason for Change	
Environmental Compliance Management	Environmental Management			
Energy Usage	Energy Management			
Occupational Health and Safety	Occupational Health Safety	Name	To align with the issue name in the Guidelines	
Employee Training and Development	Talent Training and Development	changed		
Customer Relationship Management	Customer Rights and Interests Protection			
Risk Control Management	Compliance Risk Control		Issue name changed for better alignment with company practice	
Tackling Climate Change				
Usage of Water Resources		Issue added	Added per the <i>Guidelines'</i> requirements	
Data Security and Customer Privacy Protection		-	requirements	
Employee Employment and Rights	Employee Diversity and Inclusivity, Employee Benefits			
R&D Innovation	R&D Innovation, Intellectual Property Protection Issue		Reduced the number of topics and	
Corporate Governance	Three-Tier Governance (Shareholder's Meeting, Board of Directors, Supervisory Board), Information Disclosure, Rights and Interests Protection of Shareholders and Investors	merged	expanded the scope of the issue	

Based on the analysis of the combined impact materiality and financial materiality, 6 topics are identified as having dual materiality, 3 topics only have financial materiality, and 9 topics only have impact materiality. The Company will focus on advancing ESG work based on the materiality of each issue.

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APsystems 2024 ESG Issue Distribution Matrix



Response to the Sustainable Development Goals (SDGs)

Dual Materiality Topics

Tackling Climate Change, Customer Relationship Management, Supplier Management, R&D Innovation, Corporate Governance, Product Quality Management











Financial Materiality Topics

Data Security and Customer Privacy Protection, Commercial Behaviors, Occupational Health and Safety

Impact Materiality Topics

Energy Usage, Usage of Water Resources, Waste Disposal, Employee Employment and Rights, Employee Training and Development, Risk Control Management, Environmental Compliance Management, Green Business, Public Welfare















23

03

Standardizing Operations to Strengthen Governance

- ightarrow Corporate Governance
- ightarrow Commercial Behaviors
- → Risk Control Management
- ightarrow Strengthening Party Building





Corporate Governance

APsystems places great emphasis on corporate governance and has established a sound governance system. The Company strictly adhered to the relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines for Articles of Association of Listed Companies*, and the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange*. Concurrently, it complied with directives from regulatory bodies such as the China Securities Regulatory Commission and the Shanghai Stock Exchange concerning corporate governance practices, continuing to promote standardized operations and enhancing its corporate governance level.

APsystems Corporate Governance Management System

Governanc

- Systems: Internal management systems such as the Articles of Association, the Rules of Procedure for Shareholders' Meeting, the Related Party Transactions Management System, the External Guarantee Management System, and the External Investment Management System have been established.
- Governance structure: Established a "three sessions and one layer" governance framework composed of the "shareholders' meeting, board of directors, supervisors board, and general manager".

Strategy

- · Impacts, Risks, and Opportunities:
- Impact: The corporate governance framework has been improved to enhance the normativity and transparency of governance and protect the rights and interests of investors.
- Risk:
- Overseas Operation Risk: Several key overseas markets for the Company have implemented policies restricting the import of photovoltaic products and increasing tariffs, creating significant trade barriers and intensifying overseas operational risks.
- Opportunity:
 Shareholder Rights Protection Opportunity: A reasonable dividend policy has been developed, and the investor relations management has been conducted, so as to attract investors.
- **Response Strategy:** A well-defined and balanced corporate governance structure with effective internal control systems has been established. The Company strictly complies with regulations to ensure legal and standardized operations.

Impact, Risk, and Opportunities Management

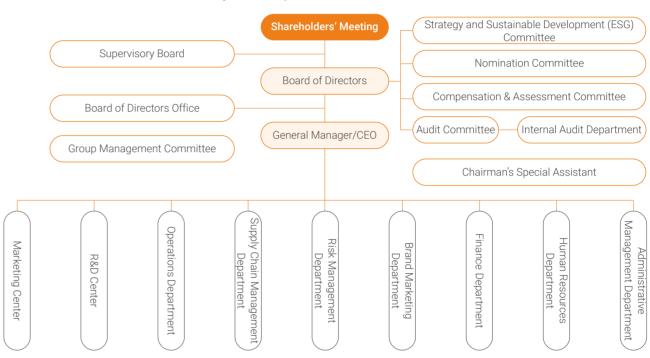
By establishing and improving internal control systems, the Company continuously promotes standardized and procedural
management, enhancing corporate governance. It fulfills information disclosure obligations by law, strengthens investor
relations management, fully protects the legitimate rights and interests of investors, and promotes the sustainable
development of the Company.

Indicators and Targets

- Targets: Improve the corporate governance framework, strengthen the investor rights protection mechanism, enhance the transparency of information disclosure, ensure the clear and efficient operation of the "three sessions and one layer" with well-defined powers and responsibilities, and safeguard board diversity.
- Indicators: By the end of the reporting period, independent directors accounted for 42.86%.

The Company has established a governance framework comprising Shareholders' Meeting, the Board of Directors, the Supervisory Board and the management team. Each entity operates in concert, fulfilling distinct roles while synergistically reinforcing one another. This collaboration has fostered a governance structure characterized by clarity of purpose, evidence-based decision-making, robust oversight and seamless execution, thereby propelling the Company's sustained progress and development.

APsystems Corporate Governance Framework



Introduction to the Duties of Shareholders' Meeting, the Board of Directors, and the Supervisory Board and Their Meeting Frequency

Meeting Frequency					
Aspect	Duties Introduction	Meeting Frequency			
Shareholders'	As the highest governing body of the Company, the Shareholders' Meeting is responsible for formulating major strategies, reviewing key policies, and deciding core management issues. It ensures shareholders' rights to information, participation and voting, particularly safeguarding the voting rights of minority shareholders.	Held 1 annual Shareholders' Meeting and 3 extraordinary Shareholders' Meetings, reviewing a total of 27 resolutions.			
Board of Directors	The board of directors has established four special committees: audit, nomination, remuneration and appraisal, and strategy All members of these specialized committees are directors. The Board of Directors and each specialized committee have corresponding rules or work procedures to perform their functions according to company regulations, providing strong support for the Company's scientific decision-making.	Held 10 Board of Directors Meetings, reviewing a total of 59 resolutions. Held 4 Audit Committee Meetings, reviewing a total of 13 resolutions. Held 3 Compensation & Assessment Committee Meetings, reviewing a total of 4 resolutions.			
Supervisory Board	The Supervisory Board comprises 3 supervisors, including 1 employee representative supervisor. In accordance with the <i>Rules of Procedure for the Supervisory Board</i> , each supervisor upholds a strong sense of accountability to shareholders and carries out their responsibilities diligently in strict adherence to legal statutes, regulatory frameworks, and the <i>Articles of Association</i> . The Supervisory Board operates in a standardized manner, effectively supervising the legality and compliance of the Company's financial	Held 9 meetings of the Supervisory Board, reviewing a total of 23 resolutions.			

affairs and the performance of its directors and senior management.



• Board of Directors Composition Diversity

The Company places high importance on and actively promotes the board composition diversity. It has revised and issued the *Independent Director Work System*, improving the structure of the Board of Directors and strengthening the constraints and supervision mechanisms for non-independent directors and the management team. This ensures the protection of minority shareholders and stakeholders' interests and promotes standardized operations.

The Board of Directors consists of 7 directors, of which 3 are independent directors. All directors possess extensive academic backgrounds and rich practical experience across various domains including economics, accounting and business administration. They serve as a solid foundation for the Company's stable development. Notably, 2 directors hold doctoral degrees while 2 others hold master's degrees, providing robust intellectual support and strategic guidance to the Company's decision-making processes.

• Information Disclosure

The Company rigorously upholds its obligations for information disclosure, as mandated by the *Administrative Measures* for Information Disclosure of Listed Companies, and other relevant laws and regulations. In alignment with these legal frameworks, APsystems has formulated the Information Disclosure Management System, which delineates guidelines for periodic reporting, temporary reporting, responsibilities in information disclosure management, disclosure procedures, and measures for confidentiality. This ensures the authenticity, accuracy, comprehensiveness, and timeliness of information disclosure, thereby fully protecting the legitimate rights and interests of investors.

In 2024, the Company disclosed 6 regular reports and 69 temporary announcements. The Company received the highest rating of "A" in the information disclosure evaluation for 2023 - 2024.



The Company received the highest rating of "A" in the information disclosure evaluation for 2023 - 2024.

APsystems Information Disclosure Methods in 2024

The media outlet and corresponding website for the disclosure of the Company's annual reports

Shanghai Securities News: https://www.cnstock.com/
Securities Times: https://www.stcn.com/
China Securities Journal: https://www.cs.com.cn/
Securities Daily: http://www.zqrb.cn/

The stock exchange website for the disclosure of the Company's annual reports

Shanghai Stock Exchange: http://www.sse.com.cn/

Investor Relations Management

The Company values investor relations management. In accordance with the *Guidelines for Investor Relations Management* of *Listed Companies* and other relevant laws and regulations, and based on the Company's actual situation, APsystems has formulated the *Investor Relations Management System*, which further standardizes investor relations work, strengthens communication between the Company and investors, and aims to maximize corporate value and shareholder returns.

Investor Communication

The Company continuously strengthens connections and interactions with investors. Through diverse channels including investor hotlines, emails, the "Shanghai Stock Exchange e-Interaction" platform and investor forums, the Company enhances communication and engagement with investors. It earnestly listens to investor feedback and diligently safeguards their legitimate rights and interests. During the reporting period, the Company received and responded to 1,500 investor calls, and provided answers to investor queries 35 times through the Shanghai Stock Exchange e-Interaction platform, achieving a 100% response rate to investor inquiries.

In 2024, the Company hosted a total of 3 Performance Briefings, utilizing interactive teleconferencing to present the Company's operational performance and engage in detailed discussions with investors. This event fostered the establishment of enduring collaborative relationships. Additionally, the Company, in collaboration with the media, organized a "Shareholders' Day of Listed Companies" to give back to shareholders through multiple channels, contributing to the enhancement of the Company's brand and influence.

Shareholder Returns

The Company adheres to a business philosophy of integrity and mutual benefit, placing significant emphasis on delivering returns to its shareholders. It has formulated the *Three-Year Dividend Plan for Shareholders after Initial Public Offering and Listing on the STAR Market*, which enhances transparency and operational feasibility in profit distribution decision-making. Furthermore, the Company has clearly defined the procedures for profit distribution decision-making in the Articles of Association and established dividend schemes in accordance with the dividend policy. The Company emphasizes providing reasonable investment returns to investors, safeguarding the legitimate rights and interests of its shareholders.

APsystems Cash Dividend Payout in 2024

Key Performance	Unit	2024
Dividends Per Share	CNY	1.00
Total Cash Dividends Paid	CNY 10,000	110,693,588
Proportion of Net Income Attributable to Shareholders of the Listed Company in the Consolidated Financial Statements	%	50.26

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Commercial Behaviors

APsystems strictly adheres to relevant laws and regulations such as the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China to ensure that the Company operates in compliance with both domestic and international regulations. The Company places high importance on ethical operations, actively fostering a culture of integrity, and adopts a zero-tolerance policy toward corrupt practices.

APsystems Commercial Behavior Management System

Governanc

• Governance Structure: The Company has established a collaborative governance model between the management and governance teams. The management team integrates the business philosophy of legality and compliance into the Company's development strategy and prioritizes creating a favorable business ecosystem as a core development guideline. The governance team formulates anti-corruption measures and actively promotes anti-commercial bribery policies within the Company.

Strategy

- · Impacts, Risks, and Opportunities:
- Risks:
- Legal Risk: In the case of commercial bribery, the Company may face substantial fines, and individuals involved may be held criminally liable, potentially leading to suspension or termination of operations.
- Operational Risk: If a partner has internal regulations regarding commercial bribery, and the Company is found to engage in such practices, it could lead to the loss of cooperation opportunities, disqualification from project bids, government procurement, and other business risks.
- Response Strategy: The Company is committed to creating a healthy business ecosystem, adopting a zero-tolerance policy to commercial bribery, promoting fair competition, and acting with integrity. It upholds the principle of prevention first, process supervision, and legal punishment, integrating fairness and justice into its operations and management.

Impacts, Risks, and Opportunities Management

• The Company has established an anti-bribery and anti-corruption management process encompassing — "risk identification → risk assessment → risk ranking → risk monitoring → risk response and management." The Company strengthens Commercial Behavior management through policy implementation, internal communications, and other means.

Indicators and Targets

- **Targets:** 100% resolution rate for compliance violations. For complaints and reports of unfair competition, the timely handling rate is 100%.
- Indicators: In 2024, 100% resolution rate for commercial compliance violations, and the timely handling rate of complaints and reports of unfair competition reached 100%.

To implement anti-commercial bribery and anti-corruption work, the Company has operationalized its anti-corruption efforts, utilizing various forms to promote anti-corruption knowledge and enhance employees' awareness of anti-corruption, thereby preventing corruption from occurring at the source. Through multi-layered and diversified internal training activities, the Company thoroughly educated all employees, suppliers, and customers on relevant laws, regulations, and the Company's systems and requirements regarding anti-commercial bribery and anti-corruption. In addition, the Company achieved a compliance rate of 100% for anti-commercial bribery and integrity agreements with suppliers.

Furthermore, the Company plans to outline and establish a preliminary anti-commercial bribery and anti-corruption system in 2025. By 2026, APsystems will build and improve a compliance management system for anti-commercial bribery and anti-corruption that is suited to the Company's business operations, clarifying the responsibilities of various departments and positions, standardizing business processes, and eliminating commercial bribery and corruption behaviors from a system perspective. A dedicated supervision system will also be set up, with responsible departments conducting regular and random checks of business activities to ensure the timely identification and correction of potential commercial bribery and corruption risks.

At the same time, the Company provides clear reporting channels, ensuring that suppliers, customers, and others who find corruption within the Company can report it directly to internal audit departments, either anonymously or with real names. The Company ensures strict confidentiality of the whistleblower's identity and effectively guarantees the operation of the reporting mechanism. In 2024, the Company did not experience any violations of commercial bribery or anti-corruption laws and regulations.

Conducting Internal Training on Anti-Commercial Bribery

Case

In 2024, the Internal Audit Department organized specialized internal training for the procurement and sales departments of the Group, centering on the theme of anti-commercial bribery. Based on the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, and other laws and regulations, the Internal Audit Department provided an in-depth analysis of the legal provisions on anti-commercial bribery. Through the sharing of typical cases, the training illustrated the potential dangers and consequences. This training effectively improved the compliance awareness of employees in the procurement and sales departments, helping them self-regulate their professional behavior and ensuring that the Company's business activities are conducted legally, compliantly, transparently, and in an orderly manner.

Resolutely Resisting Commercial Bribery and Jointly Safeguarding Fair Competition — Anti-Commercial Bribery Compliance Training Internal Audit Department



• Anti-Unfair Competition

The Company regards the principle of fair competition as a core tenet of its business activities, deeply integrating it into all aspects of its strategies and daily operations. It has established and improved an anti-unfair competition management system, clearly prohibiting participation in competition through unfair means such as false advertising, monopolistic practices, and infringement of trade secrets, in order to create a fair and equal business environment.

In addition, the Company has developed and issued a series of management systems, including the *Supplier Evaluation Procedure*, making anti-unfair competition performance an important indicator for evaluating and assessing suppliers. During the process of supplier screening, collaboration, and regular evaluation, the Company comprehensively considered whether suppliers engaged in unfair competition practices such as false advertising, commercial defamation, or infringement of trade secrets, managing risks from the source and promoting the healthy development of the supply chain ecosystem.

• Anti-money laundering

The Company attaches great importance to anti - money laundering work and regards it as an important task to maintain corporate reputation and ensure financial security. In daily operations, the business department conducts full - life - cycle management of customers and suppliers. Before making external payments, the finance department also checks the "Three Flows Consistency " of logistics, capital flow, and contract flow to prevent money laundering through fictitious transactions. When it comes to export tax rebate business, the authenticity of customs declarations and tax rebate vouchers is strictly reviewed to prevent money laundering after obtaining funds through false exports.

The Company comprehensively implements anti - money laundering work, which is not only conducive to the long - term development of the Company, but also makes a positive contribution to the anti - money laundering work of the whole society, jointly maintaining the healthy and stable operation of the financial market.



Risk Control Management

APsystems places great emphasis on risk management and internal controls. It strictly follows relevant laws and regulations, such as the *Audit Law of the People's Republic of China* and the *Basic Norms for Internal Control of Enter-prises*. The Company adheres to a risk prevention-oriented approach and aims to improve management effectiveness, enhancing the enforceability of internal control systems and the effectiveness of internal control management. Over time, the Company has established a relatively complete internal control system. Through the operation, analysis, and evaluation of this system, risks in business management are effectively mitigated, contributing to the achievement of internal control goals.

Risk Management

To strengthen risk management, the Company has established the *Risk and Opportunity Response Control Procedures*, which outline countermeasures for risks and opportunities. This includes operational requirements for risk responses, risk avoidance, risk reduction, and risk acceptance, and it builds comprehensive risk and opportunity management measures and internal control systems to enhance the Company's ability to withstand risks.

APsystems Risk Management Organizational Structure

General Manager and Representatives from Management

- Responsible for providing resources necessary for risk management, including personnel qualifications, required training, information acquisition, etc.
- Responsible for determining acceptable risk criteria and reviewing risk and opportunity management at established review intervals.

Risk Management Department

- Responsible for developing and maintaining the risk and opportunity management control procedures.
- Responsible for organizing and implementing risk and opportunity reviews according to the required review cycles by this document, following up on the completion of measures taken during the risk and opportunity assessments, evaluating the effectiveness of those measures, and completing the Risk and Opportunity Assessment Analysis Form.
- Responsible for the departmental risk assessments and planning responses to risks, as well as executing
 and supervising the implementation of risk response measures.

Relevant Departments

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 Responsible for the risk and opportunity assessments of activities within their respective departments and for developing corresponding measures to avoid or reduce risks and ensure proper execution.



The Company has established a complete risk and opportunity management process, which includes four stages: risk and opportunity identification, risk assessment, risk response, and risk and opportunity review. This process effectively identifies internal and external risks and takes timely countermeasures.

APsystems Risk and Opportunity Management Process

Risk and Opportunity Identification

Led by the Risk Management Department, identify key time nodes to carry out risk identification,and collaborate with various departments to iointly complete the Risk and OpportunityAssessment Analysis Form

Risk Assessment

Evaluate the severity and frequency of identified risks, determine the risk coefficient anddetermine whether the risk is acceptable.

Risk Response

Take measures to reduce or eliminate risks by each implementing department based on theevaluation results.

Risk and Opportunity Review

Organize and convene risk and opportunity review meetings by the Risk Management Department to evaluate the effectiveness and completeness of risk and opportunity identification.and review the completion and progress ofrisk response mea-

Internal Control

The Company's Audit Committee oversees internal and external audits functions. The internal audit organization is the Audit Department, which operates independently under the leadership of the Company's Audit Committee, conducts audits rigorously, closely monitors operational risks, and ensures the Company's long-term stable development. To protect shareholder interests, the Company regularly supervises and audits the exercise of powers by senior management, major investments, financial fund-raising and organizational activities related to economic activities. As of the end of the reporting period, the Company's major decision-making and operations were in good condition, with no major internal control defects reported.

In 2024, the Company's Internal Audit Department reviewed the difficulties present in current internal business processes based on operational activities and reported finding these issues to the management team. After careful consideration by the management team, the Company entrusted external consulting firms for a comprehensive diagnostic evaluation of the Company's situation, so as to optimize the internal management processes.

APsystems Audit Mechanism

Internal Audit Mechanism



The Company's directors and supervisors regularly organize internal oversight activities to conduct systematic and standardized audits of the Company's operational management. These audits encompass areas such as financial matters, procurement, expenses, contracts, and other key operational management aspects if necessary. The designated audit leader is directly accountable to the Company's board of directors, ensuring the independence of auditors and the objectivity of audit results. Upon identifying issues, they provide recommendations for corrective actions and conduct follow-up checks. The proficient execution of the internal audit system has resulted in a progressive standardization of corporate management, leading to an effective control over diverse operational risks.

Independent **Annual Audit**



The Company entrusts professional accounting firms for its annual financial audit. These audit firms External Audit Firm are selected based on their qualifications, expertise and lack of conflicts of interest with the Company. The audit results in recent years demonstrate the Company's adherence to regulatory standards and requirements set forth by relevant stakeholders.

Tax Management

The Company places a high level of importance on tax management, adhering strictly to the relevant tax regulations such as the Accounting Law of the People's Republic of China. Clear quidelines are established for investment project approvals, settlement management, cost accounting, expense reimbursements and accounts receivable management, thus creating a robust financial framework conducive to effective tax planning, risk mitigation and compliance.

The appointment of the Chief Financial Officer(CFO) is undertaken by the Company's Board of Directors and requires shareholder approval, ensuring the independence and integrity of financial operations. The CFO holds accountability to all shareholders of the Company and executes duties from both financial and wealth management perspectives, thereby enhancing the overall financial management proficiency of the Company. The finance department regularly organizes tax training sessions for finance personnel to stay abreast of the latest financial and tax regulations, mitigating tax-related risks. As of the end of the reporting period, the Company has effectively managed tax risks, and no instances of tax evasion or non-compliance have been recorded.

Strengthening Party Building

The Company's Party branch was established in 2023. As of the end of 2024, there are currently 37 registered Party members in the Party branch. Under the strong leadership of the Party branch, all Party members in the Company prioritize ideological guidance, closely integrate political learning with business and management work, and continuously improve their comprehensive qualities and executive abilities.

In 2024, the Party branch of the Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the spirit of the 20th CPC National Congress of the Communist Party of China and the plenary sessions of the 20th Central Committee, and closely focused on the main line of "Party building leading high-quality development". In practice, the Party branch strictly implemented the "First Agenda" system, constructed a "Four-in-One Learning Linkage" mechanism, and gave top priority to learning through various forms such as centralized study, special discussions, on-site research, and online exchanges, creating a strong learning atmosphere. The Party branch educated and guided the vast number of Party members, cadres, and employees to firmly establish their political beliefs, strengthen their ideals and convictions, and pool the strength for development, transforming the organizational cohesion into the centripetal force for high-quality development. Through a series of well-organized learning activities, the Party branch organically integrated the Party building work with the daily operation, fully stimulating the enthusiasm and creativity of Party members. In addition, the Party branch also focused on enhancing the cohesion of Party members, pooling the strength of Party members and improving work quality through forms such as theme Party day activities and volunteer services. At the same time, the Party branch was committed to cultivating Party members into high-quality talents urgently needed by the enterprise, injecting strong impetus into the high-quality development of the Company

Protecting the Environment and Promoting Green Energy

- → Green Business
- → Tackling Climate Change
- ightarrow Green Operations





Green Business

The Company focuses on the photovoltaic power generation and energy storage sectors, mainly engaged in the research, development, and industrialization of module-level power electronic technology in distributed photovoltaic power generation systems and residential and commercial/industrial energy storage technologies. The Company provides comprehensive distributed PV + energy storage solutions, with microinverters at the core. Its key products and services include microinverters and energy communication products, residential and commercial/industrial energy storage products, intelligent disconnectors products, and distributed photovoltaic power plant services.

In 2024, the Company continued to promote the application of advanced green technologies, accelerating the intelligent green upgrade, and vigorously developing green business to support global sustainable and high-quality development.

• Microinverters

In the microinverter product sector, the Company has mastered several core technologies and continuously innovates, pioneering industry-first solution multi-module architecture microinverters, three-phase system microinverters, and microinverters that are compatible with 20A high-current, high-power modules. The Company has successfully developed multiple series and models of micro-inverter products to meet global customer needs in residential, commercial, and industrial settings.

In the residential photovoltaic + energy storage scenario, the Company's DS3 and DS3D series products offer high energy density and strong reliability. In the commercial/industrial photovoltaic + energy storage scenario, the Company's three-phase quad QT2 and three-phase eight-module QT2D are specifically designed for three-phase grid connection, meeting intelligent grid requirements such as adjustable power factors, high and low voltage, and high and low-frequency crossing.

Additionally, to enable module-level intelligent monitoring in distributed photovoltaic power generation systems, the Company has developed energy communication products and monitoring analysis systems that work with micro-inverters, assisting users achieve module-level monitoring and efficient operation and maintenance.

Casa

Photovoltaic Project for Community Public Libraries in Kentucky, USA

The Company has partnered with a community public library located in Russell County, Kentucky, in the central eastern United States, to provide a smart photovoltaic solution for the library. The installed capacity of this project is 87.2kW, and photovoltaic modules have been installed on idle roofs with varying heights and orientations, achieving maximum utilization of roof resources. The micro-inverter QT2 used in the power station has component level MPPT function to ensure efficient power generation of the system.

The annual power generation of the power station is about 115,000 kWh, generating environmental benefits equivalent to planting about 4,200 trees, injecting green and sustainable new momentum into the development of the library, and playing a positive demonstration role in the transformation of the local energy structure.



Photovoltaic Project for Community Public Libraries in Kentucky, USA

• Energy Storage Systems

The Company closely follows industry trends and continuously enriches its product matrix to approach integrated photovoltaic energy storage. Through independent innovation, the Company has successfully developed several residential and commercial/industrial energy storage products, achieving the interconnected development of micro-photovoltaic + energy storage, residential photovoltaic + energy storage, and commercial/industrial photovoltaic + energy storage.

APsystems Energy Storage Product Matrix

Balcony Micro-Photovoltaic + Energy Storage

The Company has launched the new photovoltaic + energy storage hybrid inverter EZHI, which adds a low-voltage battery to the micro-inverter. The product combines the benefits of micro-photovoltaic + micro-energy storage. With its ease of installation, cost-effectiveness, and flexibility, it meets the needs of balcony and DIY application scenarios.

The ELS and ELT series products are applied in the residential energy storage sector. These products offer the safety advantages of low-voltage module connection and low-voltage battery integration. They also support self-consumption, backup power, and other operating modes. Additionally, they can be coupled with photovoltaic grid-connected inverter systems through AC coupling to form a microgrid system.

The Ocean series is engineered with high safety, high reliability, and high efficiency, making it suitable for use in higher power scenarios. During the reporting period, the Company developed the Ocean5000L series, which offers higher energy density, solving the challenges of standardized transportation. It is ideal for large-scale grid-side and commercial/industrial projects.

commercial and Industrial Energy Storage

APsystems Energy Storage Project in 2024



Energy Storage

Jiangsu Binhai 200MW/400MWh Energy Storage Power Station



Nanjing Nangang 61MW/123MWh Energy Storage Power Station Project









Shaoxing Yushu 900kw/1843.2kwh Energy Storage Project

Rapid Shutdown Device

The Company's RSD products are devices that enable module-level rapid disconnection. The incorporation of APsystems' independently developed intelligent disconnector ASIC specialized chip integrates complex control logic and algorithms. This design simplifies the system, reduces the number of components, and achieves high integration, reliability, and performance.

Case

15MW Residential Project in Texas, USA

The residential photovoltaic project is located in Texas, USA, with a total capacity of 15MW, covering 3,200 residences and 2,000 parking spaces. The project adopts Solis 10kW single-phase inverter, and with the support of the component level disconnector RSD-D-20 from APsystems, the project fully complies with the rapid shutdown requirements of the National Electrical Code NEC 2020 690.12 in the United States.

RSD-D-20 is the industry's first component level disconnector product with an input current of 20A, which meets the adaptation needs of high-power components on the market. It is small in size, light in weight, and easy to install, and can be widely used on residential roofs and commercial roofs, providing a guarantee for the safety of photovoltaic power plants.



(Residential Photovoltaic Project in Texas, USA

• Photovoltaic Project Construction

The Company advocates for "safe, efficient, and intelligent" solutions and actively promotes the establishment of its technological innovation framework that tackles core technological challenges and transitions towards industrial applications, upgrading and creating safer and more intelligent distributed photovoltaic solutions. The Company has expanded globally, reaching over 100 countries and regions, lighting up every corner of the world with its micro-inverters and empowering green development in factories, hospitals, universities, venues, and more.

Case

Nanjing International Expo Center 25MW Photovoltaic Project

The project is located in Jianye District, Nanjing City, Jiangsu Province, with an installed capacity of 25MW. It is currently the largest single unit capacity micro inverter photovoltaic project in China, covering an installation area of over 150,000 square meters. It fully utilizes the roof of the Nanjing International Expo Center exhibition hall and is equipped with 6,442 APsystems micro-inverters QT2D and more than 40,000 high-efficiency photovoltaic modules. It is a vivid practice of exploring cooperation between the exhibition industry and the field of photovoltaic new energy.

The estimated annual power generation of the project is about 24.8 million kWh. The generated electricity can not only be used for the Expo Center, but also sold to the power grid. The expected annual economic profit can reach CNY 10 million, greatly meeting the electricity demand of the exhibition hall and injecting strong power into the operation of various functions such as exhibitions, conferences, accommodation, catering, events, and entertainment.



Nanjing International Expo Center Photovoltaic Project

Case

Shandong Feicheng Refined Salt Factory 5.04MW Micro-Inverter BIPV Project

The project is located in Feicheng City, Tai'an City, Shandong Province, with a total installed capacity of 5.04MW. It is equipped with 1,177 APsystems micro-inverter QT2D and 9619 BIPV photovoltaic modules, which is a vivid practice to enhance the efficiency of industrial integration and development.

The project uses a 20A high current micro inverter and BIPV high-efficiency modules to achieve integrated installation of photovoltaic buildings in areas such as color steel tile roofs, cement roofs, carports, and facade walls. This not only improves the waterproof and thermal insulation performance of the building roof, extends the service life of building components, but also balances power generation and structural stability; Moreover, with the support of microinverters, the installable area has been maximized. The estimated annual power generation of the project is about 5 million kWh, equivalent to planting 200,000 trees. It is of great significance for promoting the low-carbon transformation and development of salt factories and strengthening regional environmental protection.



Shandong Feicheng Refined Salt Factory Micro Reverse BIPV Project



Tackling Climate Change

Since its establishment, APsystems has been actively responding to global climate change and advancing the goals of carbon peaking and carbon neutrality. Upholding the mission of "Driving a Zero-Carbon Future, Co-Creating Intelligent Living", the Company has actively established and improved its climate change response management system, deploying climate-related risk management, innovating green products, and implementing energy-saving and carbon-reduction measures, all contributing to the green energy transition.

• Governance

The Company places great emphasis on climate-related management. As the highest governing body, the Board of Directors is responsible for overseeing the effective execution and implementation of climate change-related strategies and decisions. In 2025, the Company adjusts the original Strategic Committee of the Board of Directors to the Strategic and Sustainable Development (ESG) Committee of the Board of Directors to further focus on the impacts of climate-related risks and opportunities on the Company's business, promoting the Company's transition toward greener, lower-carbon, and more sustainable development. Each department of the Company, leveraging its professional strengths, provides technical support for the decision-making of the Board of Directors to ensure the coordinated advancement of climate change-related work.

? Strategy

In 2024, the Company referred to the *International Financial Reporting Sustainability Disclosure Standard S2 — Climate-Related Disclosures* (IFRS S2) for the definition of climate-related risks and opportunities. Based on its business activities, the Company identified significant climate-related risks and opportunities and analyzed the value chain processes and financial impacts associated with these risks and opportunities. Based on this, the Company developed climate change-related strategies, driving product upgrades through technological innovation and promoting energy-saving, emissions reduction, and green transformation to ensure the long-term sustainable development of the business.

APsystems Climate-Related Risk and Opportunity Analysis

Risk/Opportunity Type	Specific Description	Affected Value Chain Processes	Financial Impact
Physical Risks	Increased frequency and intensity of extreme weather events (such as typhoons, floods, and high temperatures) may result in equipment damage, supply chain interruptions, etc.	Upstream value chain, own operations, down- stream value chain	Increase in operating costs
Policy and Regulatory Risks	There are ongoing introduction of carbon emission and environ- mental protection-related policies and regulations both domes- tically and internationally. If the Company fails to comply with these regulations in a timely manner, it may face risks such as market access restrictions or supply chain adjustments.	Own operations, down- stream value chain	Increase in operating costs
Market Risks	As more customers require sustainable products, if the Company fails to develop products that meet customer needs in a timely manner, it may face a decline in market competitiveness.	Own operations, down- stream value chain	Increase in operating costs
Product and Service Opportunities	With the increasing demand for low-carbon products like photovoltaics and energy storage, the Company can strengthen its R&D investments in photovoltaic inverters, promote related products, and expand its market.	Own operations, down- stream value chain	Increase in operating revenue

↑ Impacts, Risks, and Opportunities Management

The Company believes that the challenges and opportunities brought by climate change are crucial to its future development. It has proactively incorporated climate action into its overall strategy, developing a risk management process that regularly identifies, assesses, prioritizes, and monitors climate-related risks and opportunities, helping to enhance the climate adaptability of its strategies and business.

APsystems Climate-Related Risk and Opportunity Management Process

Identification

 Regularly identify climate-related risks and opportunities that may have a significant impact on the Company's operations or development strategy in the short, medium, or long term.

Assessment and Prioritization

 Analyze the likelihood and impact of climate-related risks and opportunities, and prioritize based on these dimensions.

Monitoring

 Regularly monitor climate-related management measures and assess their execution to ensure timely responses to climaterelated risks and the capture of opportunities.

The Company has integrated climate change action into various aspects of its daily operations and business activities. At the operational level, the Company actively adopts energy-saving and carbon-reducing measures, strengthens employees' energy-saving awareness, and promotes the efficient use of energy. At the business level, the Company continues to advance the application of advanced green technologies, accelerating intelligent green upgrades. By the end of 2024, the Company's module-level power electronic products had been sold to 156 countries and regions worldwide, with a total shipment of over 6 GW, operating smoothly in approximately 540,000 photovoltaic systems globally. The total power generation reached nearly 7 TWh, equivalent to a reduction of about 8.36 million tons of CO₂ emissions.

Indicators and Targets

The greenhouse gas emission sources involved in the Company include direct and indirect emissions during its operations (such as gasoline used in Company vehicles and purchased electricity), as well as indirect emissions in the value chain (such as emissions from employee business travel). The Company aims to control its own greenhouse gas emissions to contribute to global temperature control goals, continuously monitoring the performance related to greenhouse gas emissions and establishing a solid data foundation for promoting the Company's sustainable, high-quality development.

APsystems Tackling Climate Change Indicators

Indicator	Unit	Progress in 2024
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	Tons of CO ₂ equivalent	932.19
Scope 1 Greenhouse Gas Emissions	Tons of CO ₂ equivalent	41.01
Scope 2 Greenhouse Gas Emissions	Tons of CO ₂ equivalent	891.19
Scope 3 Greenhouse Gas Emissions	Tons of CO ₂ equivalent	295.50
Greenhouse Gas Emissions per CNY 10,000 Revenue (Scope 1 and Scope 2)	Tons of CO ₂ equivalent /CNY 10,000	0.0053



Green Operations

• Environmental Compliance Management

The Company places high importance on environmental protection and adheres to a sustainable development path focused on environmental protection and low carbon. It strictly complies with 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 Environmental Impact Assessment*, enhancing its environmental management capabilities. During the reporting period, the Company did not face any administrative penalties or lawsuits due to violations of environmental laws and regulations.

The Company adopts a production outsourcing model and pays attention to environmental protection in its R&D and business management locations. It is not part of the industries with high pollution levels and has a minimal environmental impact. During the reporting period, The Company's main production outsourcing facilities have achieved ISO 14001 certification for environmental management systems.



To prevent environmental-related risk events, the Company conducts regular monitoring of pollutant emissions. Since its establishment, the Company has not encountered any environmental pollution incidents.

In 2024, the Company upholds the philosophy of "promoting environmental awareness and advocating for a green lifestyle," actively implementing practices such as "conserving water, saving energy and reducing paper usage" in its daily office operations. It integrates green operations into daily office operations and commits to developing alongside the environment.

• Water Resources Utilization

The Company's water resources primarily sourced from municipal water supply and are used in office operations. The Company strictly adheres to laws and regulations such as the *Water Law of the People's Republic of China*, continuously strengthening its water resource management. The Company maintains and manages water-using equipment on a daily basis to prevent leaks, and educates employees to develop water-saving habits, ensuring that faucets are turned off promptly after use to avoid running water.

Energy Utilization

The types of energy primarily used in the Company's daily operations include gasoline for official vehicles and purchased electricity. The Company strictly adheres to laws and regulations such as the Energy Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, implementing various energy-saving measures to ensure the efficient use of energy in all operational activities.

APsystems Key Energy-Saving Actions in 2024

Regulating Air Conditioning Use

- In the summer, air conditioning may be turned on when the outdoor temperature reaches 32°C or higher, and in the winter, air conditioning may be used when the outdoor temperature drops to 4°C or lower. Strict adherence to air conditioning temperature settings is required: no lower than 26°C in summer and no higher than 20°C in winter.
- When using air conditioning, the office doors and windows must be closed to ensure the effectiveness of the air conditioning.
 If ventilation is needed, the air conditioning should be turned off, and windows and doors should not be opened while the air conditioner is running.
- If leaving the office for an extended period (more than 30 minutes) or when the office is unoccupied, the air conditioning should be turned off. For shared spaces like meeting rooms, air conditioning use is managed under the principle of "the user is responsible," meaning the person who used the air conditioning is responsible for turning it off". The practice of "turn off the machine when leaving" must be followed.

Optimizing Equipment Use

• The use of electrical equipment such as computers and printers should be properly managed. When the power is not in use after work or during extended periods of inactivity, it should be turned off to reduce standby power consumption.

Utilizing Natural Lighting

• The lighting system uses energy-saving lamps. During office hours, natural light should be fully utilized. When natural light is insufficient, methods such as turning on only some lights should be used to reduce electricity consumption. Lights should be turned off when leaving the office after work or for extended periods, avoiding unnecessary lighting.



? Green Office Practices

APsystems strives to make "green" the predominant theme in its operations. Ensuring the quality of daily work, it is committed to minimizing the consumption of disposable office supplies. Through strategies such as double-sided printing, transitioning to electronic documents whenever possible, and formulating a thoughtful consumables procurement plan, the Company actively reduces material consumption and effectively implements green office practices.

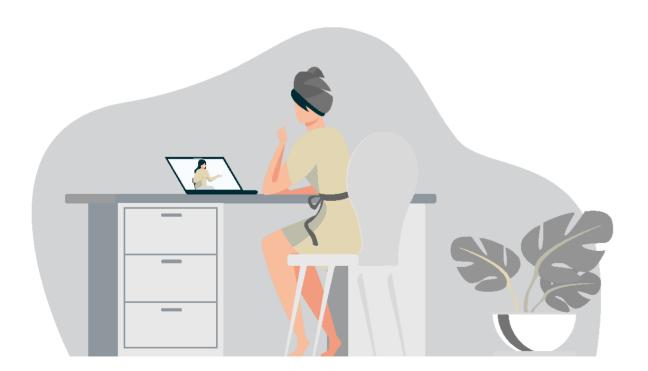
APsystems Key Green Office Practices in 2024

Promoting Paperless Office

• The Company promotes the full use of electronic office tools, encouraging employees to modify documents on computers and make full use of OA processes and other electronic tools. If a paper version is necessary, double-sided printing and copying are required, and the printing and distribution of documents and materials should be strictly controlled.

Encouraging the Use of Green Office Supplies

• The Company promotes the use of eco-friendly recycled paper and other recycled products, restricts the use of disposable office supplies such as paper cups and plastic bags, and bans the use of non-biodegradable disposable plastic products. For visitors and meetings, ceramic or glass cups should be used.



• Waste Management

The waste generated by the Company's operations mainly include household waste, obsolete equipment and electronic devices, hazardous materials, etc. The Company's office waste management adheres to the principles of waste reduction, resource recovery and environmental safety. Through initiatives such as waste segregation and recycling, the Company reduces waste generation, promotes the recycling of resources, and contributes to sustainable development.

APsystems Waste Segregation and Disposal in 2024

Waste Segregation Disposal

- Display waste segregation guidelines and promotional slogans in office areas, cafeterias, and other places.
- Reasonably equip waste segregation containers and guide employees to strictly follow waste segregation guidelines and disposal procedures, focusing on plastic pollution control.

Standardized Segregation and Disposal

- Household Waste: Collected daily at scheduled times by the sanitation Company, typically disposed of via landfilling or incineration.
- Obsolete Equipment and Electronic Wastes: Collected and handled by a qualified third-party recycling service. The equipment disposal process involves filling out an OA equipment disposal form, which is confirmed by the Finance Department before notifying the storage and finance teams to assist with the disposal. Metal iron, aluminum, and copper-containing circuit boards are separated and categorized, and the circuit boards are processed through physical crushing.
- Hazardous Waste: Handled by a qualified third-party recycling service.



♠ Encouraging Waste Segregation



① Displaying "Save Paper" Signs to Encourage Employees to Minimize Paper Waste

Innovation-Driven Empowerment of Quality Management

- ightarrow R&D Innovation
- ightarrow Product Quality Management
- → Customer Relationship Management
- ightarrow Data Security and Customer Privacy Protection
- → Supplier Management





R&D Innovation

The Company adheres to the core concept of innovation-driven development, with a foundation in global energy storage system installations and applications. It continuously deepens its technical research in the energy storage field, enriching and improving the product portfolio for residential energy storage systems and developing products tailored to the needs of different countries. The Company has built a complete and efficient R&D innovation management system.

APsystems R&D Innovation Management System

Governance

- System: Internal management systems such as the Patent Application and Reward/Penalty Measures are established.
- **Governance Structure:** The Company has established the Zhejiang Province APsystems MicroInverter Research Institute, Zhejiang Enterprise Technology Center, and Zhejiang High-Tech Enterprise Research and Development Center.

Strategy

- · Impacts, Risks, and Opportunities:
- Impact: The Company continuously strengthens its R&D innovation capabilities in various ways, accelerating product upgrades
 and iterations, and enriching the product matrix to provide safer, more efficient, and intelligent clean energy solutions for global
 users
- · Risks:
- Technology Upgrade Risk: The photovoltaic and renewable energy industries face continuous pressure for technology upgrades and product development. If the Company fails to achieve timely technological innovation, it may risk falling behind technologically.
- Core Technical Talent Loss Risk: The module-level power electronic industry is technology-intensive. If the Company loses core technical R&D talent or cannot quickly recruit experienced technical staff based on production and operational needs, its technological upgrades and product innovations may be affected.
- Opportunity:
- Product and Service Opportunity: By continuously developing and launching industry-leading products and services, the Company can attract more users and capture a larger market share.
- Response Strategy: The Company focuses on product layout in the photovoltaic + energy storage integration sector. By continuously making significant R&D investments, it deepens technological innovation and further enriches its product line to meet the green energy storage demands in various distributed scenarios.

Impacts, Risks, and Opportunities Management

- The Company regularly monitors market demand and conducts competitive product analysis. Based on user needs, it identifies
 product research and development needs and carries out targeted R&D work.
- The Company vigorously promotes R&D innovation, actively engages in industry-academia-research collaboration, and strengthens industry exchanges. Additionally, it has established a robust intellectual property protection system, a strict confidentiality system, and an effective incentive mechanism, laying a foundation for technology protection.

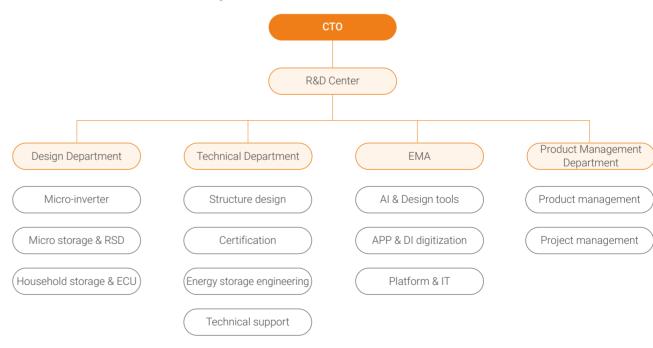
Indicators and Targets

- Targets: The Company aims to build a complete, systematic, and efficient R&D innovation system that gathers industry elites, creates top-tier teams, stimulates innovation potential, and enhances the Company's innovation capabilities and core competitiveness.
- Indicators: In 2024, the Company's total R&D investment amounted to CNY 94,059,100, accounting for 5.31% of operating revenue. The Company employed 266 R&D personnel, making up 50.00% of the total workforce.

• R&D Innovation Governance Structure and Process

The Company places high importance on R&D innovation. The Zhejiang APsystems Microinverter Research Institute has an Experts Committee, an Office, a Design Department, EMA, a Technical Department, and an Operations Department. These departments work collaboratively to form a comprehensive R&D innovation governance structure.

APsystems' R&D Innovation Governance Structure



The Company has established a market-driven independent research and development model, focusing on R&D innovation in hardware circuit topology, software control algorithms, communication and big data processing technologies. This approach has led to successful development of module-level power electronics products such as micro-inverters and intelligent disconnectors, which have been commercially applied in distributed photovoltaic power generation systems and smart grids.

Furthermore, the Company adopts a project-based R&D approach that integrates market feedback and suggestions from various departments. Projects undergo technical feasibility analyses before initiation, and comprehensive planning during design reviews ensures optimal levels of product performance, quality, cost-effectiveness and R&D efficiency.



APsystems Research and Development (R&D) Process



• R&D Achievements and Honors

The Company insists on independent innovation and adheres to its mission of "Driving a Zero-Carbon Future, Co-Creating Intelligent Living." It is committed to becoming the most efficient safe and clean energy converter. Under this vision, the Company's products and services primarily focus on improving core technologies related to safety, efficiency, and intelligence. The Company has pioneered several industry-first innovations, including multi-unit architecture micro-inverters, three-phase system micro-inverters, and micro-inverters compatible with 20A high-current, high-power modules.

APsystems Core Advanced Technologies

Multi-Unit Micro-inverter Design Technology

- By adopting independent input and independent sampling circuits for multiple modules, the Company retains the advantages
 of micro-inverters with independent MPPTs (Maximum Power Point Tracking). By sharing auxiliary power, main control
 modules, communication modules, DC-DC power modules, DC-AC modules, and filters, the number of key components is
 reduced. The design of optimized logic control circuits and control algorithms enables the operational synergy of multiple
 independent inputs.
- This technology significantly reduces the cost per watt of the micro-inverter, enhancing product integration, reliability, and installation efficiency.

Three-Phase Balanced Output Grid-Connected Micro-inverter Control Technology

- By using high-frequency DC-DC control design and secondary ripple innovation control for DC-AC, the single micro-inverter
 can perform three-phase grid connection. The micro-inverter can directly be used in three-phase grid systems. Through the
 integration of balanced current adjustment control, high-speed digital control, and improved topology control for three-phase
 micro-inverters, the single micro-inverter can achieve balanced three-phase output and protection functions, solving the
 imbalance issue that single micro-inverters face in three-phase grid systems.
- This technology improves system reliability, reduces system costs, and fills a gap in the industry for three-phase microinverters.

▶ High-Current Micro-inverter Control Technology

- By applying transformer and power device upgrades, the inverter efficiency is improved. Additionally, new DC boost circuit topologies are applied, along with improved control algorithms, to support high-current input and high-power conversion. The upgraded full-bridge control topology allows for larger current inputs and larger current conversions.
- The micro-inverters designed with this technology meet the industry's demand for the new generation of high-power modules with large current applications, supporting a maximum working current of 20A.



The Company is recognized as a "National High-tech Enterprise," a member in the fifth batch of the enterprise list for the *Photovoltaic Manufacturing Industry Standard Conditions* by the Ministry of Industry and Information Technology, and a national "Specialized and New" SME.

Additionally, in the 2024 evaluation of the Zhejiang Province Enterprise Technology Center, the Company received a "Good" rating. APsystems was also certified as a "Zhejiang Export Brand" in 2024.



Furthermore, the Company keeps pace with the development of artificial intelligence, actively exploring the deep integration of AI with power electronic technology. AI is applied to empower the Company's photovoltaic + energy storage products, providing AI-powered intelligent energy services and accelerating the construction of an intelligent energy ecosystem.

APsystems Applying Al Technology to Empower Photovoltaic + Energy Storage Products

Home Energy Management

The Company has developed the "BESS AI" model, using deep learning algorithms to deeply analyze historical data and capture
the patterns of photovoltaic power generation. Under this model, the system can comprehensively evaluate the matching
between next-day photovoltaic power supply and household electricity demand, while simultaneously planning battery charge
and discharge strategies, significantly enhancing the economic benefits of home energy management.

Enterprise Energy Management

 The Company has obtained the sales qualification from the Jiangsu Electric Power Trading Center. Through the "Power Spot Trading Decision Support Platform," the Company integrates big data and AI technology to achieve regional electricity price forecasting and industry load forecasting, providing a complete set of intelligent charging and discharging solutions for electricity-consuming enterprises.

Customer Service Improvement

 The Company has developed the "AP Designer" design tool, which integrates advanced computer vision and deep learning technologies. It can quickly and accurately provide comprehensive analysis of rooftops, trees, and obstacles for photovoltaic station design, enabling intelligent one-click design.



Industry-Academia-Research Collaboration

The Company continuously engages in industry-academia-research collaboration, actively seeking strategic collaborations with domestic and international research institutions, higher education establishments and global enterprises. It is dedicated to reinforcing its technical capabilities through continuous exploration and the integration of cutting-edge technologies and research outcomes.

In 2024, the Company partnered with Nanjing University of Aeronautics and Astronautics to carry out projects such as "Three-Phase Energy Storage System Control Technology and Simulation and Its Hardware Design Development" and "Photovoltaic Micro-inverter High-Frequency Planar Transformer and Planar Power Inductor Technology Development," among others. These projects injected strong impetus into the Company's research and development field and enhancedcing its technical strength.

? Intellectual Property Protection

The Company places a high priority on protecting intellectual property and strictly adheres to laws and regulations such as the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Patent Law of the People's Republic of China. It has established internal management systems, including the Patent Application and Reward/Penalty Measures, to encourage and protect innovative achievements. The Company has a significant number of intellectual property rights in areas such as power electronics, inverter control, high-speed digital circuits and control, embedded software, wireless and power line communication, and big data cloud platforms.

The Company continuously standardizes intellectual property management and provides intellectual property training to employees to enhance their awareness of the intellectual property protection. Furthermore, the Company advocates the importance of intellectual property protection to clients and partners through various channels such as seminars and discussions.

Intellectual Property Protection Measures

- Unified declaration, management, and maintenance of intellectual property, including patents, software copyrights and trademarks, with a particular focus on promptly filing for innovative points and technological achievements resulting from the Company's product development and technological innovation activities.
- Commitment to non-infringement of others' property rights, refraining from using patented technologies owned by others, manufacturing, using, selling, or disseminating counterfeit products, and avoiding counterfeiting or imitation of others' trademarks, product identifiers and designs.
- Vigorous opposition to illegal activities that infringe upon others' property rights, actively reporting any infringements involving
 property rights, and cooperating actively with governmental efforts to restrain, investigate and combat property rights
 violations.
- Participation in public awareness campaigns for intellectual property rights protection, collaborating with stakeholders across society to promote the healthy and sustainable development of the intellectual property industry.
- Implementation of *Intellectual Property and Confidentiality Agreements*, as well as *Non-Compete Agreements*, with employees to define strict stipulations regarding confidentiality, intellectual property, and post-resignation non-compete conditions.

The Company continues to encourage employee inventiveness and promote the application of technological achievements. As of the reporting period end, the Company held 188 authorized intellectual property rights. During the reporting period, the Company obtained 22 newly authorized intellectual property rights.

APsystems Intellectual Property List in 2024

	2024 New Additions		Cumulative Total		
	Applications (pieces)	Granted (pieces)	Applications (pieces)	Granted (pieces)	
Invention Patents	28	7	206	91	
Utility Model Patents	24	11	98	42	
Design Patents	5	2	28	23	
Software Copyrights	6	2	32	32	
Total	63	22	364	188	

• Propelling Industry Development

The Company, leveraging its advantages in R&D innovation, product certification, and a global marketing network, has built a high level of brand recognition and market acceptance in the photovoltaic power generation and renewable energy sector. The Company has obtained over 200 domestic and international certification certificates or corresponding listings.

By the end of 2024, the Company had engaged in formulating 26 national, industry, or group standards. Notably,

- The Company took the lead in drafting the PV grid-connected micro-inverter group standard.
- The Company participated in drafting the *Technical Requirements for Micro-Photovoltaic Energy Storage Systems*, which covers the basic requirements, system architecture, performance requirements, functional requirements, and safety requirements for micro-photovoltaic energy storage systems.
- The Company contributed to the creation of the Technical Specification for Photovoltaic Inverter RSD (Rapid Shutdown) System and the General Requirements for Photovoltaic Inverter RSD (Rapid Shutdown) System, which include functional requirements, testing methods, and safety protocols. Notably, the risk areas are defined, with direct current (DC) voltage > 600V considered a high-risk zone, where there is a higher risk of electric shock and potential severe damage to personnel and equipment. DC voltage between 120V and 600V is defined as a risk zone, requiring various safety protection measures. The publication of these standards supports the safe operation of photovoltaic systems and promotes the advancement of industry safety standards
- The Company participated in drafting standards such as the General Technical Specifications for Photovoltaic Grid-Connected Micro-inverter Systems, the Functional Requirements for Photovoltaic Micro-inverter Cluster Control Systems, Technical Requirements for Photovoltaic Micro-inverter, and the Technical Requirements for Photovoltaic Inverters, promoting the healthy development of micro-inverters and the photovoltaic industry as a whole.

In 2024, the Company actively participated in various exhibitions and hosted industry exchange meetings, introducing and promoting its products globally to accelerate industry development.

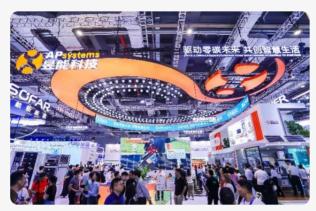


Case

Participation in the SNEC Exhibition and Launch of New Generation Products

In June 2024, the 17th SNEC International Photovoltaic Power Generation and Smart Energy (Shanghai) Conference & Exhibition was held at the National Exhibition and Convention Center (Shanghai). APsystems presented its comprehensive photovoltaic + energy storage + charging smart solutions and launched the new generation of hybrid micro-inverters for photovoltaic + energy storage, EZHI, showcasing its notable advantages in easy installation, extreme safety, and intelligent flexibility.

During the exhibition, APsystems held several technical sharing sessions at its booth, introducing micro-inverters, energy storage, and other complete photovoltaic + energy storage + charging solutions, aiming to discuss the development of photovoltaic + energy storage + charging with the industry and advance toward a zero-carbon future.



APsystems Participated in the 2024 SNEC Exhibition

Case

Successfully Hosting the 2024 China First Balcony Photovoltaic Inception Exchange Conference

In December 2024, the Company hosted the 2024 China First Balcony Photovoltaic Inception Exchange Conference in Dezhou, Shandong, with the theme "Balcony Photovoltaics: The Future is Here." Representatives from photovoltaic companies, distributors, industry media, and other sectors gathered to discuss cutting-edge technologies, market trends, and policy directions, and to explore the development prospects and practical applications of balcony photovoltaics.



 2024 China First Balcony Photovoltaic Inception Exchange Conference

Product Quality Management

To adapt to the fierce competition in the market economy, build a good corporate image, enhance product credibility, and continually meet customer demands, the Company strictly adheres to laws and regulations such as the *Product Quality Law* of the *People's Republic of China*. In combination with customer requirements and the Company's actual situation, a quality management system has been established. During the reporting period, the Company did not experience any major safety or quality incidents related to products and services.

APsystems Product Quality Management System

Governance

- **System:** The Company has developed internal management systems, including the *Quality Management Manual*, the *Quality Assurance Management Procedures*, the *Corrective and Preventive Action Control Procedures*, the *Non-Conforming Product Control Procedures*, and the *Product Recall Management Procedures*.
- Governance Structure: The Company has established a quality management governance structure. The Quality Supervisor is directly responsible for product quality, supervised by the top management CEO and monitored by the Vice President of Operations to oversee quality management work.

Strategy

- · Impacts, Risks, and Opportunities:
- Impact: The Company strictly controls product quality to ensure the stability and reliability of core products, effectively
 maintaining grid stability and ensuring user safety.
- Risk:

Product Quality Dispute Risk: The Company's micro-inverters, intelligent disconnectors, and other module-level power electronic products directly impact user safety and experience. If large-scale product quality issues arise due to uncertain or uncontrollable factors, the Company may face legal, reputational, and financial risks.

- Opportunity:
- Product and Service Opportunity: As global demand for renewable energy devices continues to increase, the Company can gain a competitive advantage in the market by producing high-quality products.
- Response Strategy: The Company upholds the quality policy of "technological innovation, continuous improvement, excellent quality and customer satisfaction", closely collaborating with outsourcing facilities to control both quality and processes. It ensures full monitoring of key processes in each step of outsourcing production, providing exceptional products and services to customers.

Impacts, Risks, and Opportunities Management

• The Company has established a comprehensive product lifecycle management process and strictly enforces product quality management measures to ensure product responsibility.

Indicators and Targets

- Targets: The Company aims to achieve a finished product qualification rate of over 99% and a timely delivery rate of 100%.
- **Indicators:** In 2024, the Company's finished product qualification rate reached 99.99%, and the timely delivery rate reached 100%, achieving the set targets.



During the reporting period, the management system for the design, manufacturing, and sales of the Company's new energy generation equipment and key equipment was certified under the ISO 9001 Quality Management System Certification.



Quality Management System Certification

Product Quality Management Governance Structure

In an effort to ensure the smooth implementation and effective operation of the quality management system, the Company has established a robust governance structure for quality management. At the top of this structure is the CEO, who serves as the highest management authority overseeing the quality management system. The Vice President of Operations is designated as the primary representative of the quality management system, responsible for coordinating, monitoring and driving quality management initiatives across the organization. Additionally, the Quality Supervisor plays a crucial role in providing in-depth management and guidance in key areas such as quality assurance, supplier quality, process quality and quality control.

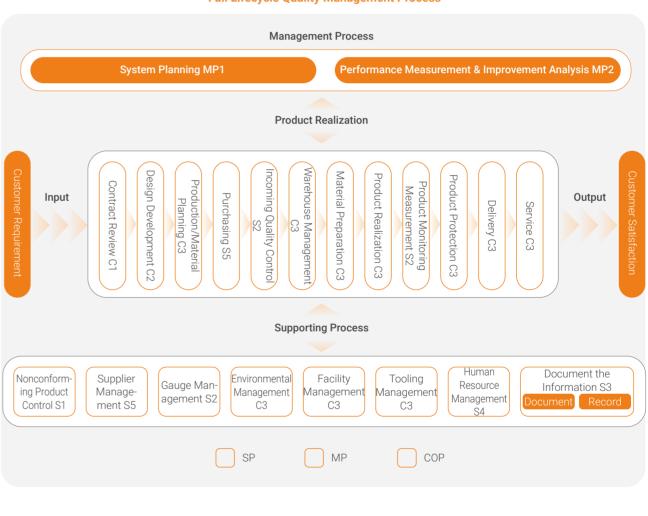
APsystems Quality Management Governance Structure



• Product Lifecycle Management

The Company upholds the principle of "zero-defect production, zero-acceptance of defects and zero-delivery of defects." To achieve this, the Company has strictly implemented the *Quality Assurance Management Procedures*, the *Corrective and Preventive Action Control Procedures*, and other internal management systems. A quality inspection process has been established, with dedicated quality inspection personnel. These procedures ensure that every micro-inverter product undergoes stringent quality inspection processes, including Automated Optical Inspection (AOI), Functional Testing (FCT), and Aging Testing. Additionally, management methodologies such as "Kanban Management," "5S Principles" and "Six Sigma Principles" are employed to further enhance product quality and reliability.

Full Lifecycle Quality Management Process



Quality Control Process for New Product Production

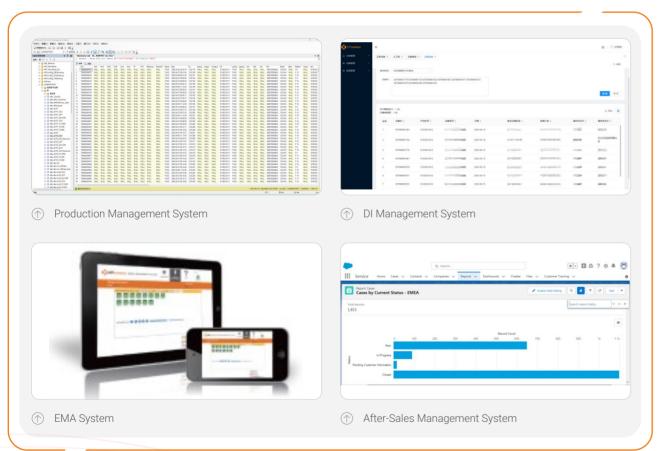




The Company focuses on core areas such as research and development, design, and market sales. Except for some self-manufactured products, most of the production is conducted through outsourcing. The Company follows a rigorous process to control the product quality in outsourcing production. It provides outsourcing partners with part drawings and proprietary control algorithm software that is encrypted. Outsourcing partners then proceed with hardware assembly and processing based on the provided part drawings, followed by transferring the control algorithm software into the hardware through IC programming.

At the same time, the Company utilizes advanced production management technologies. In line with the *Product Identification and Traceability Management Procedure*, through automated Shop Floor systems control and unique UID numbers, every product's production records are traced from production to warehousing, ensuring complete traceability throughout the process. All testing data is automatically uploaded to the database, and critical processes are conducted using automated testing equipment, allowing real-time monitoring by management personnel and effectively mitigating the risk of missed tests and reducing the impact of human factors on quality.

APsystems Traceability System



• Product Quality Management Measures

The Company monitors and measures the product characteristics based on the *Product Monitoring Measurement Control Procedures* to verify that the product quality meets the specified requirements.

For purchased products, upon arrival at the factory, the products are subject to incoming quality control standards. For outsourced products, the outsourcing party conducts non-destructive 100% routine inspections of the finished products. For non-outsourced products, the production team conducts non-destructive 100% routine inspections of the finished products. For products that fail inspections, the quality personnel confirm them and process them according to the relevant provisions of the *Non-Conforming Product Control Procedures*.

The Company's testing personnel perform confirmation inspections on at least two units of certified products based on batch production. The inspection items are carried out according to the confirmation inspection standards. Unless approved by the customer, products and services shall not be released or delivered before all specified activities are completed.

Product Recall Mechanism

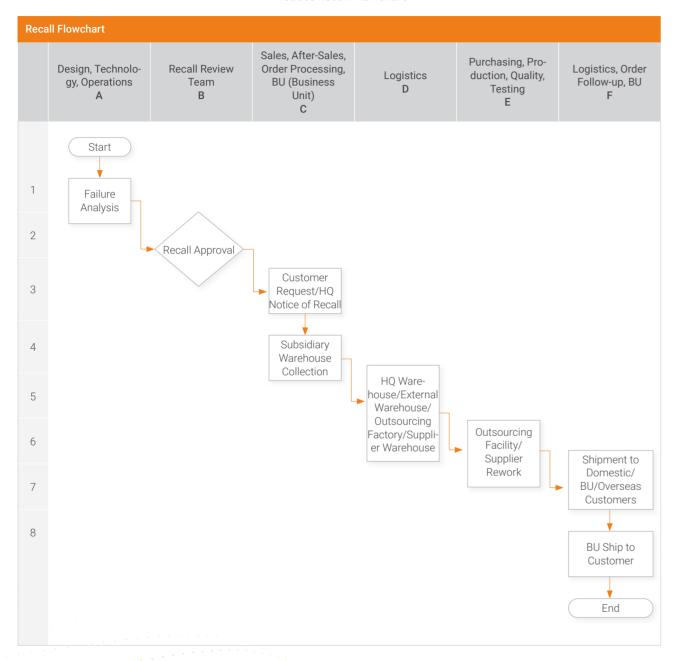
The Company has established a complete product recall process based on the *Product Recall Management Procedures* and the *Non-Conforming Product Control Procedures* to recall products with batch quality issues, ensuring that affected finished products are fully controlled. In 2024, the Company did not experience any product recall incidents.

Products that may trigger the product recall procedure include the following situations

- Internal testing by the Company finds that batches of products affected by non-conforming products have been delivered, and the non-conformance is irreversible;
- · Major customer complaints;
- Non-conforming products discovered by government or other regulatory inspections;
- Other changes (including technical, legal, regulatory, and emergency incidents) that affect the quality or safety of delivered products.



Product Recall Flowchart



Customer Relationship Management

The Company is guided by the mission of "delivering optimal products and exceptional services to our customers." It strives to win customers' trust and support while building a comprehensive customer relationship management system that promotes long-term, stable development.

APsystems Customer Relationship Management System

Governance

- System: Internal systems such as the After-Sales Operations Management Standards are established.
- **Governance Structure:** A three-tier technical service governance structure involving "R&D Center/Technical Department Technical Support System Application Testing, After-Sales Technical Support, Pre-Sales Technical Support" is created.

Strategy

- · Impacts, Risks, and Opportunities:
- Impact: The Company provides high-quality services to customers, ensuring their rights and increasing customer trust.
- Risk:

Market Risk: If the Company neglects customer relationship management, it may lead to reduced customer trust, customer loss, and a decline in market competitiveness.

- Opportunity:
- Product and Service Opportunities: If after-sales service is handled properly, with fewer complaints, it can promote long-term cooperation between customers and the Company.
- **Response Strategy:** The Company focuses on product technological innovation and market demand, establishing and improving a global sales and service network.

Impacts, Risks, and Opportunities Management

• The Company actively practices responsible marketing, establishes an after-sales service response mechanism, regularly conducts customer service training, and assesses the effectiveness of these efforts through customer satisfaction surveys to implement customer relationship management.

Indicators and Targets

- Targets: The Company aims to maintain good customer relationships, ensuring its products and services consistently
 meet customer needs, improve service quality and customer satisfaction, and achieve an annual comprehensive customer
 satisfaction rate of 80%.
- Indicators: In 2024, the Company's regional customer satisfaction has met the target.



• Customer Service Governance Structure

Upholding the ethos of genuine customer care, the Company prioritizes enhancing customer satisfaction and fostering close collaboration. This effort is guided by cultivating a dedicated service team spanning marketing, sales, order tracking and technical support. Furthermore, the Company's priorities on product technological innovation driven by market demands has enabled us to establish a globalized sales and service network.

APsystems Technical Service Governance Structure R&D Center/Technical Department Technical Support System Application Testing After-Sales Technical Support Pre-Sales Technical Support Provide Technical Support to Product System Application Customer Requirement Analysis Testing Customers Technical Solution Design • Software Release Testing System Fault Diagnosis and Pre-Sales Feasibility Evaluation Troubleshooting Issue Recording, Feedback, and • Training for International Col- Issue Collection, Recording, Tracking leagues and Customers and Feedback · Preparation of Product and Pre-· On-Site Training Sales Materials · Writing Training Materials and **Technical Documents**

• After-Sales Service Response Mechanism

In order to provide efficient and professional complaint handling services and ensure timely responses and satisfactory solutions when customers encounter issues, the Company standardizes the after-sales service process, actively addresses inquiries related to our products, and provides reasonable solutions for the issues raised through the After-Sales Operations Management Standards.

After receiving customer feedback regarding product-related issues or complaints, the after-sales team determines the type of service required, and the designated after-sales responsible person follows up. The customer will be responded to within 24 hours, and a solution will be provided. If on-site support is needed, after approval, the designated specialist will immediately provide after-sales service, ensure the implementation of the solution and continue to track the issue until it is fully resolved. Should the issue still persist, we conduct a reassessment and develop successive solutions until achieving a closed-loop resolution.

• Customer Service Training

The Company places great importance on customer service quality. To diverse customer needs and establish long-term stable partnerships with clients, the Company regularly conducts specialized customer service training programs. These programs are delivered through both in-person and remote training formats, aimed at deepening employees' understanding of service principles.

In 2024, the Company conducted 285 customer service training sessions, with a total duration of 672 hours, covering all employees. These trainings are aimed at encouraging every employee to internalize customer satisfaction as part of their actions, improving service efficiency and customer satisfaction, while jointly building an exceptional service brand.

APsystems Customer Relationship Training Formats

In-person Training

 Conducted offline training through exhibitions, presentations, and other events based on customer needs and sales requirements.

Remote Training

Conducted official website registration - periodic training, and remote training through live streaming, public account and other channels.



♠ Conducting Customer Service-Related Training

Responsible Marketing

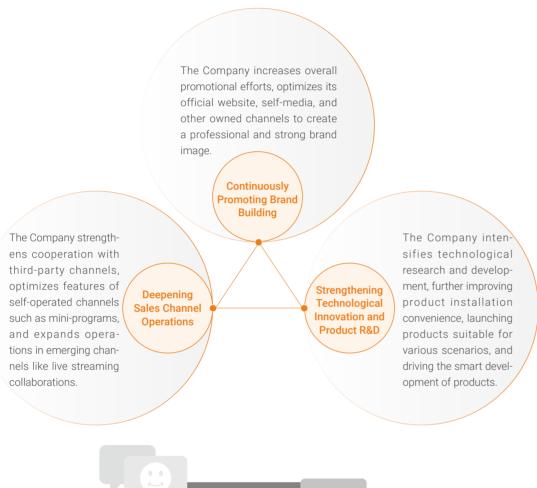
The Company strictly monitors the product promotion and sales process, complying with laws and regulations such as the *Advertising Law of the People's Republic of China* to ensure the accuracy, timeliness, safety, and effectiveness of marketing content.

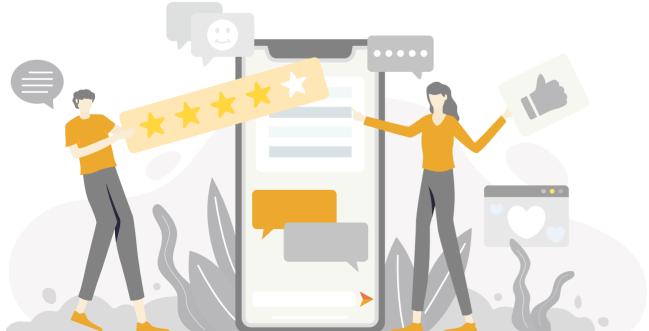
The Company is dedicated to providing consumers with accurate and efficient product information to assist them in making informed choices. In its promotional strategies, the Company steadfastly upholds principles of authenticity and fairness. Every marketing slogan and advertisement content undergoes thorough compliance review to ensure the authenticity and legality of information. The exaggeration or deceptive information to mislead consumers is strictly prohibited.



Customer Satisfaction

The Company always adheres to a customer-oriented approach and has established internal management systems such as the *Customer Satisfaction Measurement and Control Procedures*. Based on satisfaction survey results, targeted improvement measures are developed.





Data Security and Customer Privacy Protection

The Company places great emphasis on information security and protection, strictly complying with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*. It rigorously supervises the collection, storage, and use of user data to ensure that users' privacy rights are fully respected and protected. During the reporting period, the Company did not experience any data security incidents or customer privacy breaches.

APsystems Data Security and Customer Privacy Protection Management System

Governanc

- System: The Company has established internal management systems such as the Information Security Management Manual, the Information Security Risk Management Procedures, and the Information Asset Classification Management Procedures.
- Governance Structure: The Company appoints an information security manager to oversee and guide the construction of the information security management system. An ISO working group has been established, composed of the management representative and heads of each department.

Strategy

- · Impacts, Risks, and Opportunities:
- Risk:

Data Breach Risk: Theft or accidental loss or damage of the Company's intellectual assets may have significant impacts on it.

Response Strategy: The Company continuously standardizes information management through regular backups of technical
documents, strengthening internal access control over Company documents, and providing confidentiality training to design
team members to ensure information security.

Impacts, Risks, and Opportunities Management

The Company conducts annual risk assessments to identify new threats and weaknesses. The Information Security Risk
 Management Procedures clearly outline the risk management process, including risk assessment preparation, information asset
 identification, risk assessment, risk control, and risk acceptance steps.

Indicators and Targets

- Targets: By establishing and continuously improving the ISO/IEC 27001:2022 Information Security Management System,
 the Company aims to raise the information security awareness of all employees, actively perform corrective and preventive
 actions, and ensure the confidentiality, integrity, and availability of information in all business operations. This ensures the
 Company's sustainable business operations, prevents information security incidents, strengthens public trust in the enterprise,
 and enhances the Company's competitiveness.
- Indicators: In 2024, the Company experienced 0 incidents of customer confidentiality complaints, 0 incidents of important information device loss incidents, and 0 incidents of large-scale virus outbreaks (60% of computers infected). Additionally, the Company conducted information security training for 100% of its employees.



During the reporting period, the Company's information security management related to the design, manufacturing, and computer software development of new energy generation equipment and key devices was certified under the ISO 27001 Information Security Management System Certification, ensuring the effective operation of the Company's information security management system.



Information Security Management System Certification

• Data Security and Customer Privacy Protection Measures

In addition, the Company has developed a powerful network protection system, deploying devices and software systems such as firewalls, WAF and antivirus systems. These measures play an effective role in preventing external intrusions and internal virus propagation. Regular updates to our network security devices and software versions are conducted to promptly address known vulnerabilities and maintain a stable and secure network environment.

To protect customer privacy information, the Company has established the *Privacy Policy*, which clearly specifies how customer personal information is collected, stored, used, and shared. The Company ensures customers' rights to access, correct, and delete their personal information and takes measures such as controlling access permissions to prevent data loss, illegal use, unauthorized access or leakage, alteration, or destruction.

• Information Security Training

The Company regularly organizes information security training sessions. The training curriculum covers regular backup procedures for technical documents, strict management of internal file access permissions, dissemination of confidentiality knowledge and establishment of regulations for the design team, as well as the regular review and implementation of confidentiality policies with appropriate rewards and penalties. The Company believes that employee participation is key to the implementation of information security and requires all employees to have security awareness and clear responsibilities. In 2024, the Company provided information security training for all employees, collectively strengthening its information security defenses.

Case

APsystems Conducting Information Security Training

In June 2024, the Company provided information security training for all employees, covering various dimensions of information security protection skills such as physical security, computer security, network security, application security, and data security. Topics included encrypting and storing sensitive data, regular backups, data destruction of discarded data, and preventing privacy leaks from second-hand devices.

This training helped employees deepen their understanding of the information security system, enhance the Company's overall information security protection level, mitigate risks such as data leakage and virus invasions, and ensure the secure and stable operation of business activities.





Supplier Management

To meet the Company's expanding needs in both domestic and international markets, the Company has intensified collaboration with partners and fortified supply chain management efforts. Moreover, the Company strictly adheres to relevant laws and regulations such as the Law of the People's Republic of China on Tendering and Bidding and the Regulations on the Implementation of the Tendering and Bidding Law of the People's Republic of China, ensuring that all supply chain activities comply with legal requirements.

APsystems' Occupational Health and Safety Management System

Governance

- **System:** The Company has established internal management systems such as the Supplier Management Procedures, the Procurement Control Procedures, and the Supplier Management Measures.
- Governance Structure: The Supply Chain and Risk Control Management Department is responsible for developing new suppliers, collecting relevant supplier data, and evaluating suppliers on aspects such as price, service, and delivery. The Operations Department is responsible for evaluating supplier quality on an annual and quarterly basis, collecting data related to supplier evaluations, and cooperating with purchasing on new supplier evaluations. The Technical Department is responsible for evaluating qualified suppliers on an annual and quarterly basis in terms of technical scope and collaborating with purchasing for new supplier evaluations.

Strategy

- · Impact, Risk, and Opportunity:
- Impact: Strengthened supply chain security management ensures suppliers' supply capacity, improves purchasing efficiency, reduces procurement risks, and enhances the Company's competitiveness.
- Risk:

Supply Chain Stability Risk: Geopolitical conflicts can cause supply disruptions. If the Company fails to establish a cross-regional supplier coordination mechanism, procurement costs may rise due to differences in market rules.

• Opportunity:

Market Opportunities: By adopting strategies such as supplier tiered management, the Company enhances the stability of its supply chain and boosts its market competitiveness.

• **Response Strategy:** The Company builds and improves the supplier management system, ensuring supply chain security and stability by strengthening sustainable supply chain management.

Impacts, Risks, and Opportunities Management

• The Company strengthens the full lifecycle management of suppliers, standardizes its supplier management system, and systematically manages procurement processes to ensure supplier rights are protected.

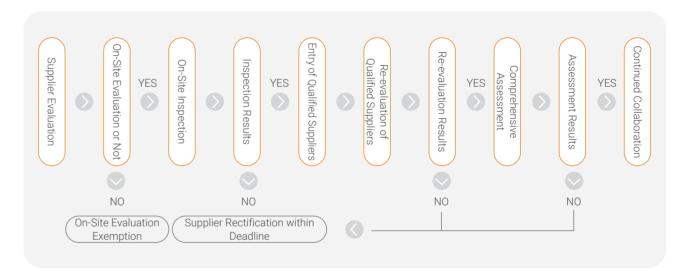
Indicators and Targets

- Targets: The Company aims to achieve a 100% contract signing rate for supply chain management.
- Indicators: In 2024, the Company achieved a 100% signing rate for the Supplier Corporate Social Responsibility Commitment.

Supplier Full Lifecycle Management

The Company has established the *Supplier Management Procedures and the Procurement Control Procedures*. These protocols standardize and refine supplier investigation, selection, delivery management and price management, ensuring supply chain security and stability. Additionally, in order to ensure the standardized and systematic management of suppliers, the Company has implemented the Supplier Management Measures, imposing rigorous controls over entry, approvals and evaluations to achieve full lifecycle management of suppliers, and standardizing and refining supplier investigation, selection, delivery management and price management. The Company also implements a multi-source procurement strategy, requiring at least 2-3 qualified suppliers for each critical raw material, effectively avoiding the risks of a single supplier and ensuring supply chain security and stability.

APsystems' Supplier Full Lifecycle Management Process







New Supplier Onboarding

The Company has established a comprehensive new supplier onboarding process. When introducing new suppliers, the Company conducts thorough assessments on areas such as design and manufacturing capabilities, quality systems, business conditions and production validation outcomes. Only after passing these evaluations are suppliers recognized as qualified partners. The qualified suppliers are required to sign *Confidentiality Agreements, Procurement Agreements, and Quality Agreements.*

Case

Internal Training on Supply Chain Management

In December 2024, the Company conducted internal training focusing on "Supplier Audit Operating Standards" and "Supplier Sourcing Sharing." This training clarified the mechanisms for supplier entry, evaluation, and exit, while standardizing the supplier audit processes and methods. Additionally, to enhance supply chain stability, the Company introduced new OA forms for supplier backup and certification.



Supplier Evaluation

For suppliers that pass the audit, the Company conducts regular or ad hoc reviews. The SQE develops a supplier audit plan annually to assess whether their quality systems are maintained and improved, ensuring they meet the Company's and customers' requirements.

During the audit process, any issues identified by the SQE are confirmed on-site with the supplier and formally communicated via email, along with a request for the supplier to provide written improvement measures. During re-assessment, the Company focuses on monitoring the improvements made by suppliers with previous non-compliance or incoming material quality issues observed during the last assessment. If a supplier fails to make effective improvements within the specified time frame or remains unqualified upon re-assessment, the quality team will draft a formal notification. After approval by the Operations Supervisor and CTO, the supplier's qualified status will be revoked.

Supplier Classification

For significant manufacturing-oriented key suppliers, the SQE conducts quarterly reviews of their capabilities to ensure they meet the Company's requirements. The Company evaluates these suppliers based on the *Key Supplier Assessment Scorecard*, focusing on five elements: quality, price, delivery, service, and technology.

• Sustainable Supply Chain Management

Adhering to principles of fairness, equity and transparency, the Company has established a comprehensive supplier, distributor, and service partner selection and evaluation mechanism. Performance indicators related to quality, the environment, and occupational health and safety are included in the evaluation dimensions to select high-quality partners. Through regular performance evaluations, the supply chain management is dynamically optimized, achieving win-win development for both the Company and its partners.

Meanwhile, the Company signs a *Supplier Corporate Social Responsibility Commitment* with suppliers and strictly adheres to the stipulations outlined in the *APsystems Supplier Code of Conduct*, integrating the concept of social responsibility into all aspects of supply chain management to ensure the sustainability of supply chain operations.

APsystems' Supplier Code of Conduct

Labor

Suppliers are required to uphold the human rights of their employees in accordance with globally recognized standards, demonstrating full respect for their workforce and preserving their dignity.

Health and Safety

Suppliers should acknowledge that a safe and healthy work environment not only reduces work-related injuries and illnesses but also enhances product and service quality. It contributes to increased productivity, higher employee retention rates and improved morale. Suppliers should also recognize the critical role of continuous employee investment and education in identifying and addressing health and safety issues in the workplace.

Environment

Suppliers are expected to minimize adverse impacts on society, the environment and natural resources during their manufacturing operations, while protecting public health and safety.

Business Ethics

Suppliers must adhere to the highest ethical standards in all aspects of their business activities.



Cultivating Human Resources and Practicing Responsibility

- → Employee Employment and Rights
- ightarrow Employee Training and Development
- ightarrow Occupational Health and Safety
- ightarrow Contributions to the Society





Employee Employment and Rights

APsystems attaches great importance to the value and rights of our employees. The Company adheres strictly to the principle of lawful employment, following all relevant laws and regulations such as the *Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China*. We have established internal management systems, including the *Human Resources Management Procedures* to ensure the full protection of employees' legal rights and interests in areas such as recruitment, promotion, working hours, compensation and benefits as well as employee development.

APsystems Human Resources Organizational Structure General Manager/CEO Vice President of HR HR Director Compensation and Organization and Talent Recruitment Employee Relations Development Demand Analysis and Performance System Design Organizational Design and Labor Relations and Management Optimization Planning Management Compensation System Talent Training and Employee Communication Talent Selection and Hiring Development Design Management Channel Expansion and Compensation Accounting Training and Knowledge Employee Welfare and Management Development Management Management **Employer Branding** Incentive Policies Data Analysis and Support Corporate Culture

• Employee Recruitment and Employment

APsystems consistently upholds principles of fairness and impartiality in its recruitment processes, assessing candidates based solely on job requirements without prejudice regarding nationality, ethnicity, place of origin, gender, language, religious beliefs or qualifications. The Company ensures that employees have equal rights to employment, training, compensation and career promotion, fostering an environment of equality and inclusion in the workplace.

APsystems Employee Recruitment Performance in 2024



In order to continuously enhance the Company's workforce composition and talent pool, the Company has established internal systems such as the *Recruitment Management Process*, which includes a demand assessment and analysis for recruitment positions, and clarifies the recruitment implementation process from the recruitment request to the hiring notice. In addition, the Company has diversified its recruitment channels and actively works on talent acquisition. In social recruitment, our primary focus is on online platforms, complemented by on-site hiring events and leveraging headhunting services. We have established partnerships with 5 recruitment platforms to ensure coverage of job opportunities for local and national candidates. For campus recruitment, the Company primarily participates in university presentations independently, with informational sessions as a supplement. During the reporting period, we participated in 15 career fair events and held 5 informational sessions.





In accordance with national regulations such as the Regulations on Prohibiting the Use of Child Labor and local legal requirements, the Company verifies the age of applicants during the recruitment process. It is explicitly stated in the *Human Resources Management Procedures* that all employees must be at least 18 years old, and the employment of child labor is strictly prohibited. In 2024, the Company did not experience any incidents involving the employment of child labor or forced labor.

? Employee Compensation and Benefits

Upholding the principle of "internal equity, external competitiveness", the Company signs contracts with employees in accordance with the law, clearly defining the compensation management system in the *Human Resources Management Procedures*. The Company manages employee salaries, bonuses, and benefits in a standardized way, building a dynamic compensation system based on employee growth and contributions.

APsystems Compensation Structure

Positional Salary	Performance-based Salary	Various Allowances	Bonuses
Determined based on the employee's position importance and individual qualifications and paid monthly.	Paid according to the employee's job performance and company performance. It is variable and paid monthly, quarterly, or annually.	Provided as benefits to employees based on the Company's operational conditions and regional standards and paid monthly.	Offered as incentives in accordance with the Company's or department's performance, as well as the Company's reward policies after assessments and approvals. These are irregular and special.

In addition, the Company has established a complete performance management system, conducting performance evaluations every six months. Performance is linked to compensation to fully motivate employees' enthusiasm and creativity. If an employee disagrees with the evaluation results, they may submit a written appeal, which will be handled by the Human Resources Department and feedback will be provided to the relevant department.

APsystems Performance Appeal Handling Process

If the evaluated employee is unclear about or disagrees with the assessment results, they can submit a written appeal to the Human Resources Department.

Upon receiving the employee's appeal, the Human Resources Department must respond within three working days regarding whether the appeal will be accepted. Appeals that lack objective factual basis or are based solely on subjective assumptions will not be accepted.

After the appeal is accepted, the responsible department head will first investigate the content of the employee's appeal, then coordinate and communicate with the employee's direct supervisor and department leadership.

The department handling the appeal must provide a final response to the applicant within 10 working days after receiving the appeal application, clarifying the outcome of the appeal.

The Company places a strong emphasis on employees' working hours and holiday arrangements, adhering strictly to the attendance management system. In addition to national statutory holidays, employees are entitled to various welfare leave periods, including annual leave, marriage leave, maternity leave, nursing leave, breastfeeding leave, sick leave, work-related injury leave, bereavement leave and personal leave. Depending on job roles and different work stages, departments may adjust work schedules appropriately after receiving approval from leadership and considering practical circumstances. In addition, the Company ensures punctual payment of the five social insurances and one housing fund for employees. It also provides other benefits such as commercial insurance, employee housing facilities, heatstroke subsidies, medical checkups, holiday gifts and more to employees to care for their physical and mental health, creating a positive work environment.

• Employee Satisfaction Survey

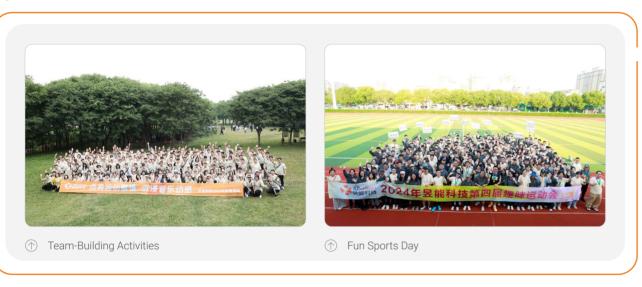
To gain deeper insights into employees' truthful perspectives and the objective realities of the Company, senior leadership utilizes various channels such as SMS/WeChat platforms, rationalization proposals, employee satisfaction surveys, forums, department meetings at grassroots levels, recreational activities and luncheons. These initiatives aim to gather feedback and suggestions, and assess employee satisfaction.

Additionally, the Company conducts regular employee satisfaction surveys by distributing the *Employee Satisfaction Questionnaire online*. This questionnaire covers key areas such as job satisfaction, work environment, compensation and benefits perceptions, and opinions on personal development and leadership. Gathering employee feedback allows the Company to further optimize its management practices and work environment and create a satisfying work atmosphere for employees. In 2024, the employee satisfaction survey participation rate was 91.13%, and employee satisfaction exceeded 90%



At APsystems, we recognize that the recognition and satisfaction of our employees are fundamental to the Company's sustainable development. Therefore, we not only prioritize employees' career growth but also dedicate ourselves to enriching their lives and enhancing their overall well-being. Through a variety of cultural and recreational activities, as well as team-building initiatives, the Company aims to help employees find enjoyment in their work, stimulate vitality, and become more engaged in their jobs.

Moreover, we encourage employees to pursue their personal interests and hobbies outside of work, promoting a healthy work-life balance and maintaining their physical and mental health. The Company is committed to continuously improving and creating a vibrant and fulfilling experience for our employees, fostering a sense of care and warmth within our organization.



The Company holds a steadfast belief in the indispensable role of female employees in our development, dedicating to cultivating an inclusive, equitable and supportive work environment where every female employee can fully unleash her potential. During International Women's Day, the Company set up holiday benefits, distributed gifts to all female employees to enhance their sense of belonging. This has increased the happiness and cohesion of female employees, and promoted the harmonious development of the team.



Employee Training and Development

APsystems places great emphasis on talent development and accumulation, stimulating employee potential through training and incentives. The Company views the creation of a high-quality talent team as a core competitive advantage for its sustainable development. In a highly competitive market environment, continuous employee training has become a necessary condition for businesses to maintain competitive advantage and achieve sustainable growth.

• Employee Training System

The Company continuously improves its training mechanism, building a matrix-style training system that covers all employees, with clear levels, empowering both business and talent development. From basic quality training to enhance employees' overall competence, to management skills training that focuses on core abilities for managerial positions, and to in-depth professional training in various fields, the Company comprehensively and systematically helps employees achieve capability leaps.

The Company, based on the *Employee Training Needs Form, has formulated the APsystems Training Plan in 2024*, aiming to provide better growth opportunities and development space for employees. The Company combines internal and external training with online training to ensure that all employees can participate in courses and apply the knowledge learned in practice.

APsystems Training Plan in 2024

Management Skills Improvement

Effectively improve the comprehensive management level of company managers.

New Employee Training

Held periodically based on new employee onboarding. Includes company culture, rules and regulations, product introduction, production process overview, and company tours.

Safety Information Training

Covers information security, network security, etc.

Professional Ethics Improvement

Help employees improve their ability to cooperate with others and their professional ethics.

Safety Production Training

Covers company safety production documents, systems, processes, hazard factors, prevention measures, accident cases, and occupational disease prevention knowledge. Conducted 4 times a year.

Departmental Training

Professional technical training, internal product training, external training, etc.

In 2024, the Company conducted 5 company-level training sessions with a completion rate of 100%. The total investment for company-level training was CNY 210,660.

81



? Talent Development

The Company understands that talent team construction is the foundation for its sustainable development. It has established internal systems such as the *Position Level System Management System of APsystems*, the *Employee Promotion Management Measures*, and the *Employee Rewards and Penalties Management Regulations (Interim)*, to standardize position level system management, achieve efficient talent management and development goals, and guide employees in their career development paths.

Regarding horizontal development, we encourage employees to engage in internal transfers or competitive applications across departments and roles, aligning with the Company's business growth and individual interests. This approach not only enhances employees' overall competencies and adaptability but also optimizes the allocation of human resources within the Company, maximizing the realization of talent value. Conversely, vertical development primarily focuses on employees' growth within their current roles, providing opportunities for promotion as their capabilities continue to improve.

APsystems Position Level Promotion Process

APSystems Position Level Promotion Process			
Promotion Process	Role	Job Responsibilities	
Start	Human Resources Department.	On an annual cycle, the Human Resources Department initiates the employee promotion process every March.	
Plan Determination	Human Resources Department.	The Human Resources Department drafts the annual promotion plan, which includes basic promotion criteria, procedures, and more.	
Department Submission	Each Department	Each department organizes an internal preliminary review for candidates who meet the criteria and submits them for approval by the respective department leaders, then reports to the Human Resources Department.	
Condition Review	Human Resources Department.	The Human Resources Department reviews the candidates submitted by the departments and provides feedback to the departments.	
Promotion Evaluation Approval	Human Resources Department. Each Department	The Human Resources Department organizes the relevant evaluation for candidates who pass the condition review (such as value assessment, performance presentation, etc.).	
	Human Resources Department.	The promotion process is approved based on the evaluation results.	
Results Announcement Records Update	Human Resources Department.	The promotion results are announced and made public within a specified scope.	
Job Responsibilities Adjustment	Human Resources Department.	The Employee Roster and related system information for promoted employees are updated, and job responsibilities and work requirements are adjusted accordingly.	
End			

Case

Carry out the "Rise Up" training for all employees to promote the common growth of individuals and organizations.

In June 2024, the Company launched a training course titled "Rise Up - Be a Climber in the Organization". This training focuses on the collaborative development of individuals and the organization. Based on breaking fixed mindsets and cultivating a growth mindset, it deeply analyzes the symbiotic relationship between personal value and organizational development. By teaching goal decomposition, stress - resistance training, and efficient execution strategies, it forges employees' practical abilities to overcome difficulties. At the same time, it strengthens cross - departmental collaboration and upward management skills to build a healthy organizational ecosystem. Finally, through case review and scenario simulation, the knowledge learned is transformed into reusable action plans, comprehensively driving individuals and the organization to break through growth boundaries and enabling employees to climb upward.



To further enhance employees' professional skills and overall competencies, the Company encourages employees to pursue relevant professional certifications. During the reporting period, a total of 20 technical professionals participated in continuing education training covering public required subject training and professional subject training. The objective was to comprehensively elevate employees' knowledge and skills. The Company and employees shared the training costs equally, thereby relieving individual financial burdens and showcasing the Company's commitment to employee growth and support. In 2024, the Company had 25 individuals acquire junior-level certificate, 15 acquire intermediate-level certificate, and 3 acquire advanced certificate.



Occupational Health and Safety

APsystems considers ensuring the life safety and health of employees as a top priority. It strictly complies with laws and regulations such as the Law of the People's Republic of China on Work Safety and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. Though scientific preventive measures and strict training mechanisms, the Company aims to safeguard employees' health and safety.

APsystems Occupational Health and Safety Management System

Governance

- System: The Company has established internal management systems such as the Safety Production Responsibility System.
- Governance Structure: The Company has set up a work safety leadership team, composed of relevant personnel from various functional departments who are directly responsible for work safety.

Strateg

- · Impacts, Risks, and Opportunities:
- Risk:

Policy and Regulatory Risk: If the Company fails to promptly identify updates to laws and regulations, safety accidents may

• Response Strategy: The Company implements the safety production responsibilities of each functional department, applies the "three managements and three musts" principle, and actively promotes the construction of the safety management system and safety production standardization.

Impacts, Risks, and Opportunities Management

• The Company actively implements relevant safety production policies, provides safety education and training, promptly handles safety incidents, and regularly conducts occupational disease hazard factor testing, taking timely measures for identified risks.

Indicators and Targets

- Targets: 100% coverage for occupational disease hazard testing and employee health check-ups, and zero confirmed cases of occupational diseases.
- Indicators: 100% of employees who have completed one year of employment have undergone health checks. 100% of new employees undergo pre-employment health checks.

Safety Production

The Company consistently upholds the principles of "safety first, prevention-oriented, comprehensive governance". It follows the policies of "safety management must accompany production management" and "whoever is in charge is responsible", establishing the *Safety Production Responsibility System*. This system clearly defines the safety production responsibilities of each unit, management personnel at all levels, and employees in various positions, thereby strengthening the safety awareness of all employees. In 2024, the Company did not experience any major work safety accidents.

During the reporting period, the Chairman, General Manager and relevant departmental leaders have jointly signed *Annual Safety Production Target Responsibility Agreements in 2024*, ensuring the implementation of safety targets across all functional departments. Additionally, the Company signed 314 safety commitment letters with front-line employees, with a signing rate of 100%, fully implementing safety responsibilities.

In terms of emergency response, the Company implements a comprehensive three-level safety education program to equip employees with fundamental safety awareness and skills to effectively handle unforeseen incidents. To enhance efficiency in responding to sudden environmental and safety incidents, the Company conducts regular environmental and safety emergency response drills. These drills serve to enhance employees' emergency response capabilities, ensuring swift and accurate response measures in unexpected scenarios.

To standardize employees' safety behaviors, the Company has developed the *APsystems Employee Training Plan in 2024*, actively conducting safety education for new employees and safety production training. This builds a strong safety production defense line and enhances employees' safety awareness and skills. The training covers safety production-related documents, systems, processes, hazard factors, preventive measures, accident cases, etc., and is conducted in classroom settings, with professional training records established for trainees.

Case

Conducting Fire Emergency Drill

In June 2024, the Company conducted a fire emergency drill to ensure that all personnel on-site mastered the emergency rescue procedures and the operation of firefighting equipment. This drill aimed to enhance the coordination and rapid emergency response capabilities of on-site managers and specialized teams, further raising the safety awareness of all employees.



Occupational Health

The Company places high importance on employee occupational health and consistently implements various occupational health and safety policies to ensure that employees' participation and consultation rights are fully protected in areas such as hazard identification, assessment and control, occupational health and safety goal-setting, incident investigation and handling, and occupational health and safety performance evaluation. These measures are designed to safeguard employees' physical health and life safety.

The Company conducts regular workplace occupational hazard assessments. Utilizing professional detection equipment and advanced technological methods, the Company thoroughly examines hazardous substances in the workplace.



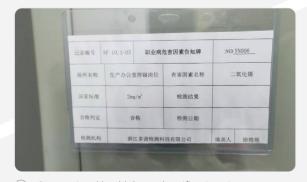
Targeted protective measures are implemented based on the *Workplace Occupational Disease Hazard Factor Testing Report to ensure the health and safety of employees' working* environments. Additionally, the Company cooperates with professional medical institutions to regularly conduct occupational disease testing, providing comprehensive health protection for employees. In 2024, no occupational diseases were found during employee health check-ups.

Furthermore, the Company conducts regular promotional activities and educational campaigns on occupational health, including observances dedicated to promotion of Occupational Disease Prevention Day. Additionally, occupational health hazard notification signs and occupational health safety warning signs are displayed in areas where occupational hazards are present, such as factory zones and work sites. These measures effectively strengthen employees' awareness and understanding of occupational hazards associated with their respective roles.











① Occupational health hazard notification signs

Contributions to the Society

APsystems has consistently remained committed to its mission of "Driving a Zero-Carbon Future, Co-Creating Intelligent Living". We place great importance on philanthropy, continuously deepening our partnerships with various charitable organizations and sectors, actively fulfilling our social responsibilities, and contributing our strength to the thriving development of philanthropic endeavors.

In recent years, the Company has leveraged its strengths to collaborate closely with numerous domestic and international charitable organizations, making significant contributions to the harmonious development of society. During the reporting period, it donated 8,266 solar reading lights to children in impoverished regions through charitable organizations and education foundations, and donated 970 PPS mobile power supplies to emergency departments at various levels, totaling CNY 3,777.800.

Case

Donation of Solar Lights and Other Supplies to Charitable Organizations

In 2024, the Company made multiple donations of solar lights and other supplies to charitable organizations, including the Baiyin District Charity Association in Baiyin City and the Longquan City Charity Federation. The solar lights donated were designed specifically by APsystems' engineers to address the electricity access issues faced by students in impoverished areas. These compact, portable lights can be charged directly through sunlight and provide up to 5 hours of continuous use with one charge. With strong cost-performance, they are ideal for children in remote areas as supplementary lighting sources. The Company donated a total of 970 units, worth CNY 3,596,000, covering multiple regions, improving local lighting conditions, and contributing to rural development and community building.



APsystems Charity Donation Ceremony

n addition, the Company adheres to a global public welfare philosophy. From 2020 to 2024, it has made multiple donations of solar lights to the "The Extend the Day" organization, mainly distributed to regions in Bangladesh, Africa, and other areas. A total of 8,266 lights were donated, helping local residents solve lighting issues (mainly for children to study and read), improving lighting quality.

In the future, the Company will continue to strengthen cooperation with other public welfare organizations and sectors, enrich the forms of public welfare activities, and empower initiatives such as photovoltaic poverty alleviation, solar light donations, and children's photovoltaic knowledge popularization. The Company will actively engage in public welfare, contributing even more to the harmonious development of society.



ESG Data Tables and Notes

Corporate Governance Performance Table

Indicator	Unit	2024
Number of Shareholders' Meetings	Times	4
Number of Proposals Reviewed at Shareholders' Meetings	Piece	27
Number of Board Members	Person	7
Number of Female Directors	Person	1
Proportion of Female Directors on the Board	%	14.29
Number of Independent Directors	Person	3
Proportion of Independent Directors on the Board	%	42.86
Number of Board Meetings	Times	10
Number of Proposals Reviewed at Board Meetings	Piece	59
Number of Supervisory Board Members	Person	3
Number of Supervisory Board Meetings Held	Times	9
Number of Proposals Reviewed at Supervisory Board Meetings	Piece	23

Commercial Behavior Performance Table

Indicator	Unit	2024
Number of Directors Trained on Anti-Bribery and Anti-Corruption	Person	7
Percentage of Directors Covered by Anti-Bribery and Anti-Corruption Training	%	100.00
Number of Management Personnel Trained on Anti-Bribery and Anti- Corruption	Person	103
Percentage of Management Personnel Covered by Anti-Bribery and Anti- Corruption Training ¹	%	90.35
Amount Involved in Lawsuits or Major Administrative Penalties Due to the Company's Unfair Competition Practices	CNY10,000	0.00

Note 1: Some overseas management personnel are not subject to domestic anti-bribery and anti-corruption training requirements; therefore, the coverage ratio did not reach 100%.

Environmental Compliance Management Performance Table

Indicator	Unit	2024
Amount of Major Administrative Penalties Imposed by Environmental Authorities Due to Environmental Incidents	CNY10,000	0.00

Tackling Climate Change Performance Table¹

Indicator	Unit	2024
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	t CO ₂ e	932.19
Greenhouse Gas Emissions per CNY 10,000 Revenue (Scope 1 and Scope 2)	t CO ₂ e/CNY10,000	0.0053
Scope 1 Greenhouse Gas Emissions ²	t CO ₂ e	41.01
Scope 2 Greenhouse Gas Emissions ³	t CO₂e	891.19
Scope 3 Greenhouse Gas Emissions ⁴	t CO ₂ e	677.36

Note1: [Statistical Scope] The climate-related indicators cover the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD.

Note2: Scope 1 greenhouse gas emissions refer to direct greenhouse gas emissions generated by gasoline consumption of official vehicles. The emission factors refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises, the China Energy Statistical Yearbook, etc.

Note3: Scope 2 greenhouse gas emissions refer to indirect greenhouse gas emissions generated by the consumption of purchased electricity. In 2024, the Company calculated greenhouse gas emissions from electricity using the location-based method. The emission factor for purchased electricity refers to the Announcement on the Release of 2022 Carbon Dioxide Emission Factors for Electricity Generation.

Note4: Scope 3 greenhouse gas emissions refer to greenhouse gas emissions generated by employee business travel and company-leased public buildings. The relevant data refer to the GHG Protocol – A Corporate Accounting and Reporting Standard and the GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Energy Usage Performance Table¹

Indicator	Unit	2024
Total Comprehensive Energy Consumption	tce	225.62
Comprehensive Energy Consumption Intensity	tce/ CNY10,000	0.0013
Direct Energy Consumption	tce	28.77
Gasoline Consumption of Official Vehicles	Liter	18,513.20
Self-Generated Renewable Energy Consumption	MWh	70.00
Indirect Energy Consumption	tce	196.85
Purchased Electricity Consumption	MWh	1,600.55

Note 1: [Statistical scope] The statistical scope of energy use-related indicators covers the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD.



Waste Disposal Performance Table¹

Indicator	Unit	2024
Total Amount of Non-Hazardous Waste	Tons	386.31

Note 1: [Statistical scope] The statistical scope of waste management-related indicators covers the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD.

Usage of Water Resources Performance Table¹

Indicator	Unit	2024
Water Consumption (Office Use)	m³	2,160.42

Note 1: [Statistical scope] The statistical scope of water usage-related indicators covers the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD..

R&D Innovation Performance Table

Indicator	Unit	2024
Number of R&D Personnel	Person	266
Proportion of R&D Personnel	%	50.00
Number of Patent Applications During the Reporting Period	Piece	57
Number of Patents Granted During the Reporting Period	Piece	20
Number of Valid Patents During the Reporting Period	Piece	156
Number of Invention Patents Applied to Main Business	Piece	156
Amount of R&D Investment	CNY10,000	9,405.91
Proportion of R&D Investment to Main Business Revenue	%	5.36

Safety and Quality of Products and Services Performance Table

Indicator	Unit	2024
Amount Involved in Major Safety and Quality Liability Accidents Related to Products and Services	CNY10,000	0.00

Data Security and Customer Privacy Protection Performance Table

Indicator	Unit	2024
Amount Involved in Data Security Incidents	CNY10,000	0.00
Amount Involved in Customer Privacy Breach Incidents	CNY10,000	0.00

Supplier Management Performance Table

Indicator	Unit	2024
Total Number of Suppliers	Supplier	114
Number of Suppliers Assessed for Environmental, Labor, Ethical, and Other Aspects	Supplier	114
Proportion of Qualified Suppliers Among Those Assessed for Environmental, Labor, Ethical, and Other Aspects	%	100

Employee Employment and Rights Performance Table

Unit	2024
Person	532
Person	377
Person	155
Person	30
Person	302
Person	200
Person	4
Person	78
Person	376
Person	61
Person	13
Person	114
Person	10
	Person



Indicator	Unit	2024
Number of Middle Management Employees	Person	39
Number of Junior Management Employees	Person	65
Number of Frontline Employees	Person	418
Total Number of New Employees	Person	172
Number of New Male Employees	Person	127
Number of New Female Employees	Person	45
Number of Employees from Ethnic Minorities	Person	11
Number of Employees with Disabilities	Person	2
Number of Labor Dispute Incidents	Piece	0
Number of Employee Discrimination Incidents Piece		0

Employee Training and Development Performance Table¹

Indicator	Unit	2024
Number of Employee Training Attendances	Person-time	3,719
Total Number of Employees Receiving Training	Person	459
Number of Male Employees Receiving Training	Person	327
Number of Female Employees Receiving Training	Person	132
Employee Training Coverage Rate	%	100
Number of Employee Training Sessions	Session	35
Total Expenditure on Employee Training	CNY10,000	21.07
Total Training Hours Received by Employees	Hour	68,264.00
Average Training Hours per Employee	Hour	148.72
Average Training Hours for Male Employees	Hour	141.75
Average Training Hours for Female Employees	Hour	166.00

Note 1: [Statistical scope] The statistical scope of employee training and development-related indicators covers the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD

Occupational Health and Safety Performance Table¹

Indicator	Unit	2024
Number of Safety Production Training Sessions	Session	11
Number of Safety Production Training Attendances	Person-time	1,446
Number of Employees Receiving Occupational Safety Training	Person	459
Coverage Rate of Employees Receiving Occupational Safety Training	%	100
Investment Amount in Occupational Safety Training	CNY10,000	15.10
Number of Employees Participating in Occupational Disease Medical Examinations	Person	18
Lost Workdays Due to Work-Related Injuries	Day	0
Number of Employees Covered by Work Injury Insurance	Person	532
Coverage Rate of Employees with Work Injury Insurance	%	100
Investment Amount in Employee Work Injury Insurance	CNY10,000	35.64

Note 1: [Statistical scope] The statistical scope of occupational health and safety-related indicators covers the Company headquarters and Jiangsu Advanced Energy Storage Technology Co. LTD

Public Welfare Performance Table

Indicator	Unit	2024
Amount of Charitable Donations	CNY10,000	377.78

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Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Content Index

Disclosure	Content
Climate change tackling	Tackling Climate Change ESG Data Tables and Notes
Pollutant discharge	The Company adopts the original equipment manufacturing (OEM) production model. Its business premises are mainly for research and development, operation, and management. It has a relatively small impact on environmental pollution and does not belong to enterprises in heavily polluting industries. It has not affected the surrounding environment. Therefore, this issue has a relatively small relevance to the Company.
Waste disposal	Green Operations
Ecosystem and biodiversity protection	The daily operations of the Company are not within the ecological protection red line, and are relatively far from it. There are no nature reserves in the vicinity, nor are there other areas with important ecological functions or areas that are ecologically sensitive and fragile. Therefore, the relevance of this issue to the Company is relatively low.
Environmental compliance management	Green Operations ESG Data Tables and Notes
Energy usage	Green Operations ESG Data Tables and Notes
Usage of water resources	Green Operations ESG Data Tables and Notes
Circular economy	The Company is not involved in production and manufacturing, and has conducted few circular economy practices in daily operations. It will strengthen the management of this issue in the future.
Rural revitalization	Contributions to the Society
Contributions to the society	Contributions to the Society ESG Data Tables and Notes
Innovation-driven	R&D Innovation ESG Data Tables and Notes
Ethics of science and technology	The Company is not engaged in scientific research, technological development, or other activities in science and technology ethics-sensitive fields such as life sciences and artificial intelligence, so the Company is not involved in this issue.

Disclosure		Content
Supply chain security		Supplier Management ESG Data Tables and Notes
Equal treatment to small and medium-sized enterprises		At the end of the reporting period, the balance of accounts payable (including notes payable) of the Company did not exceed 30 billion CNY, and its proportion of total assets did not exceed 50%. It does not fall within the mandatory disclosure scope of the Guidelines, and the Company makes timely payments to small and medium-sized enterprises.
Safety and quality of particles	products and	Product Quality Management Customer Relationship Management ESG Data Tables and Notes
Data security and cus protection	tomer privacy	Data Security and Customer Privacy Protection ESG Data Tables and Notes
Employees		Employee Employment and Rights Employee Training and Development Occupational Health and Safety ESG Data Tables and Notes
Due diligence		Materiality Analysis
Communications with	stakeholders	Materiality Analysis
Anti-commercial bribe corruption	ery and anti-	Commercial Behaviors ESG Data Tables and Notes
Anti-unfair competitio	n	Commercial Behaviors
	Corporate Governance	Corporate Governance ESG Data Tables and Notes
Self-disclosed Topics	Risk Control Management	Risk Control management
	Green Business	Green Business

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