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2023 Environmental, Social and Governance (ESG) Report

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About This Report

This report represents the inaugural Environmental, Social and Governance report (hereinafter referred to as "ESG report") released by Yuneng Technology Co., Ltd. (hereinafter referred to as "APsystems", "the company" or "we"). Upholding principles of objectivity, standardization, transparency and comprehensiveness, this report provides a detailed disclosure of the company's practices and performance in environmental, social and governance aspects for the fiscal year 2023.



Scope of the Report

This report centers on "APsystems" as the principal entity, encompassing its subsidiary companies. Unless otherwise specified, the scope of this report remains aligned with that of the company's annual report.

Timeframe

From January 1, 2023, to December 31, 2023 (referred to as the "reporting period"). To enhance comparability and forward-looking insights, certain sections of this report appropriately reference historical years or contain forward-looking descriptions. The release frequency of this report is annual, synchronized with the financial year.

Preparation Basis

Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies of Sci-Tech Innovation Board No. 1 - Standardized Operation (December 2023 Revision)

Chinese Academy of Social Sciences Guide to Corporate Social Responsibility Reporting in China (CASS-ESG 5.0)

Global Reporting Initiative GRI Sustainability Reporting Standards (GRI Standards) (2021 Edition)

UN Sustainable Development Goals (SDGs)

Sustainability Accounting Standards Board (SASB) Standards

Data Description

The data used in this report is sourced from various channels, including raw operational data from the company's actual operations, publicly available data from government departments, annual financial data, internal relevant statistical reports, and third-party evaluation interviews. Financial data in this report is presented in Chinese Yuan (CNY). Any discrepancies with the financial report will defer to the financial report for accuracy.

Term Definition

Term	Definition
"APsystems", "the company" or "we"	Yuneng Technology Co., Ltd.

Confirmation and Approval

This report was approved by the company's board of directors on April 22, 2024, and is released simultaneously with the annual report. The board of directors ensures the supervision of the report's content, guaranteeing the absence of any false or misleading statements and taking responsibility for the content's truthfulness, accuracy and completeness.

This report is published in Chinese, and the English version is a translation of the Chinese version. In the event of any discrepancies between the two versions, the Chinese version shall prevail.

Report Access

This report is accessible for viewing and downloading on the company's website (www.apsystems.cn) and the Shanghai Stock Exchange website (<http://www.sse.com.cn>).

Chairman's Message



Driven by the urgent global demand for environmental protection and climate change mitigation, the wave of global low-carbon transformation is sweeping across nations. Countries worldwide are setting emission reduction targets and increasing support for renewable energy, thus contributing to the construction of a global community with a shared future for all life on Earth.

APsystems, as a company focused on the new energy sector, has always regarded green, low-carbon and sustainability as the core principles guiding our corporate development. With technological innovation as our backbone, we are committed to our unchanging mission of "Driving Towards a Zero-Carbon Future, Co-Creating an Intelligent Life".

Having deep-rooted experience in the photovoltaic industry for over 13 years, APsystems is dedicated to the research and industrialization of MLPE module-level technology. Through generations of "pioneering technologies and products", we empower the industry for high-quality development. As the company advances standardized management operations, APsystems actively promotes the concept of green and stable operations, enhancing internal management standards and efficiency to ensure the compliance and sustainable development of all business activities. During the reporting period, the company's operating income increased steadily, creating greater value for our customers, shareholders, suppliers and employees. In 2022, the company officially listed on the A-share Sci-Tech Innovation Board, leveraging the capital market to boost the company's substantial development.

Yuneng Technology Co., Ltd.

Chairman

The board of directors places high importance on ESG matters, namely Environmental, Social and Governance aspects. We manage the company with integrity and responsibility, actively promoting the implementation of sustainable development strategies. We will gradually establish and improve the ESG system, implementing a series of measures and policies to effectively realize environmental and resource protection, and promote green long-term development.

Aligned with the trends of the times, APsystems values research and development innovation, continuously introducing new technologies and products to provide users with safer, more efficient green energy solutions. In 2023, APsystems completed its latest corporate strategic footprint, defining the three major energy storage industry ecosystems centered around micro-inverters: DIY micro-storage, residential energy storage, industrial and commercial energy storage. This positions us as a comprehensive distributed photovoltaic + energy storage solution provider. APsystems is expanding its technological and product footprint comprehensively to meet the green energy needs in different distributed scenarios.

Additionally, APsystems places great emphasis on customer service, adhering to a customer-centric philosophy, constantly improving service quality and satisfaction, and building long-term and cooperative relationships with numerous clients. Leveraging a localized distribution and service network, APsystems provides 24/7 year-round service to meet the needs of local customers. Through collaborative efforts with partners, APsystems' products are now present in over 110 countries and regions worldwide, covering residential, industrial and commercial, public buildings and BIPV sectors, accelerating the global transition to green energy.

While promoting the development of photovoltaic energy storage technology and serving our customers well, APsystems actively fulfills its social responsibilities, contributing to the development of public welfare projects. We focus on environmental protection, education, poverty alleviation, and support specific projects through donations, volunteer activities and other means, driving tangible impact in these areas. Through philanthropic endeavors, we not only provide convenience to those in need but also give more meaning to our efforts.

APsystems' current development is the result of the hard work and wisdom of every APsystems employee. As a people-oriented enterprise, APsystems always cares about the development and well-being of its employees. We provide a good working environment and benefits, emphasize employee training and career development. We encourage innovative thinking and teamwork, and offer broad development opportunities to our employees.

In the future, APsystems will further solidify its ESG system construction and, with a fresh perspective, embark on a new chapter of high-quality development. While striving for our own development, APsystems also aspires to be the "most efficient, safe and clean energy converter". We actively collaborate with various sectors of society to drive the ongoing global transition to green energy and create a better future together.

A Close Glimpse at APsystems

Company Overview

Yuneng Technology Co., Ltd. (Stock Code: 688348.SH) was established in 2010, specializing in the research and industrialization of MLPE module-level power electronic technology. We have launched or are in the process of developing a series of highly competitive MLPE products, providing distributed photovoltaic + energy storage solutions centered around micro-inverters. Our product portfolio includes micro-inverters, module-level disconnectors, energy storage systems, EMA databases and intelligent operation platforms and more.

The company has been recognized as a "National High-tech Enterprise" from 2013 to 2022 and has been consecutively named one of the "50 Growth-Oriented and Characteristic Enterprises in Zhejiang Province's Electronic Information Industry" for nine years from 2014 to 2022. Additionally, from 2020 to 2022, APsystems was awarded the title as "Top Inverter Brand" from EUPD Research for three consecutive years. In 2021, the company was honored as a "Specialized and New" Small and Medium-sized Enterprises in Zhejiang Province and recognized as a leader in per-acre efficiency in specific sectors and industries in Zhejiang Province. Our products have been selected as "Zhejiang Manufacturing Excellence". APsystems is the first drafting entity for the *PV grid-connected microinverter* under the "Zhejiang Manufacturing" group standard, filling a gap in this field domestically.

We adhere to the principle of independent research and development, focusing on quality and steady progress, making us one of the earliest companies in China engaged in the research, development and sales of photovoltaic micro-inverters. We persist in product and service orientation based on market demand, making continuous efforts since 2011 to expand globally. We have successively established subsidiaries or branches in major international photovoltaic markets such as the United States, Australia, France, the Netherlands and Mexico. This has formed a global sales and service network, propelling us to become the world's second-largest supplier of micro-inverter products. As of the end of the reporting period, more than 360,000 sets of APsystems micro-inverter photovoltaic power generation systems are running seamlessly in over 100 countries and regions worldwide, including Australia, North America, South America, Europe and more. With stable product quality and excellent performance, the company enjoys high brand awareness and reputation in the industry.

In the future, APsystems will continue to refine itself, keep pace with the times, and create a broader landscape for its future development, aiming to become the "most efficient, safe and clean energy converter" and actively contribute to the ongoing global transition to green energy, thereby co-creating an intelligent life.



Development Milestones

2009

Founded in Silicon Valley, USA.

2010

Established the headquarters in Jiaxing, focusing on research and operations.

2011

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

2017

- 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.

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"



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*

2014

- Established a subsidiary in Rotterdam, Netherlands
- The world's first multi-unit single-phase micro-inverter 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"

2013

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

2012

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

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*

2019

- Established the APsmart brand and launched the RSD-S module-level disconnecter with ASIC specialized chips developed independently
- Continuously recognized as a "National High-Tech Enterprise"
- The third-generation dual-unit single-phase micro-inverter YC600 received the honor of "Zhejiang Manufacturing Excellence"
- Cumulative global shipments of micro-inverters exceeded 1GW

2020

- Received the honor of "Top Photovoltaic Brand" from EUPD Research, France



2021

- Released the world's first fourth-generation 20A high-current multi-unit micro-inverter DS3 and QT2 series products
- Launched the world's first dual-unit module-level disconnecter RSD-D with input current up to 20A
- Again honored with the "Top Photovoltaic Brand" award from EUPD Research, France
- Cumulative global sales of MLPE module-level power electronic products exceeded 2GW

2022

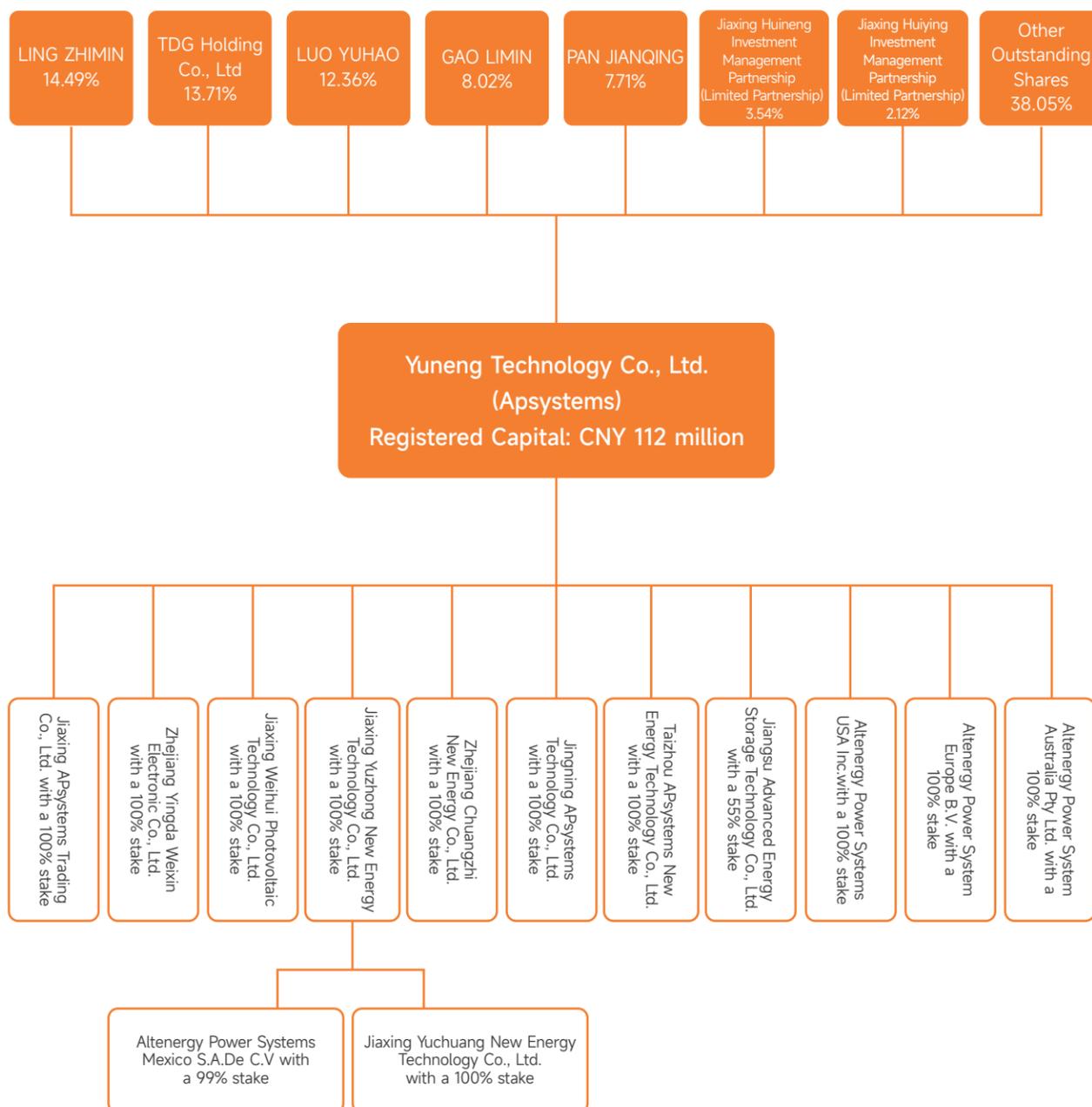
- Honored with the "Top Photovoltaic Brand" award from EUPD Research, France, Netherlands and Brazil
- Successfully listed on the A-share Sci-Tech Innovation Board, entering a new development platform
- Continuously recognized as a "National High-Tech Enterprise"

2023

- Cumulative global sales of MLPE module-level power electronic products exceeded 5GW
- Launch of 215kWh Air-Cooled Energy Storage System and 215kWh/400kWh Liquid-Cooled Energy Storage Systems
- Released the EZ1 series micro-inverter with Wi-Fi + Bluetooth dual communication modes



Ownership Structure



Ownership Structure Chart

APsystems' Global Footprint



Number of Subsidiaries or Branches Worldwide

9

Number of Local Warehouses Worldwide

5



APsystems' Three Key Scenarios: Micro-Storage, Residential Energy Storage, Industrial and Commercial Energy Storage

»» Application Scenarios

Photovoltaic	DIY Residential Use	Residential Use	Industry and Commerce
	Single-phase: EZ1	Single-phase: DS3, DS3D 3-phase: QT2, QT2D	3-phase: QT2, QT2D RSD series
+	Cloud Interconnectivity AP EasyPower	Cloud Interconnectivity EMA Portal	
Energy Storage	Lake series Lake 1000 River 1600	Sea series APstorage ELS-3/5K; ELS-7.6/9.6/11.4 ELT-6/8/10/12 APbattery	Ocean series Ocean 200L Ocean 400L
		Residential/Commercial Charging Stations	

»» Product Footprint



Corporate Culture



Our Mission

Driving a Zero-Carbon Future
Co-creating Intelligent Living



Our Vision

To Be the Most Efficient
Safe and Clean Energy Converter



Our Purpose

Delivering Optimal Products and
Exceptional Services to Our Customers

Key Performance

Cumulative Global Sales of MLP
Module-Level Power Electronic Products

5_{GW}

Cumulative
Generated Power

4,800_{GWh+}

Cumulative Carbon Dioxide
Emission Reductions

4.81_{million tons+}

Number of
Systems

365,000+

Invention
Patents

84_{Items}

Intellectual Property
Rights

166_{Items}

Countries and
Regions

130+

2023 Major Events

Feb.

APsystems signed strategic cooperation agreements with DBG Technology and TDG Technology, who will supply APsystems with inverters compatible with 8 million modules in 2023.

Mar.

APsystems celebrated its 13th anniversary. With thirteen years of industry expertise, APsystems has been dedicated to the research and industrialization of MLPE module-level power electronics, undergoing its own transformation while growing in tandem with the times.

APsystems signed a global distribution cooperation agreement with OSW, a photovoltaic storage and distribution service provider, both parties will embark on a comprehensive and mutually beneficial collaboration in the future, leveraging their respective advantages to achieve cooperative success.

Apr.

APsystems released its 2022 annual report and Q1 2023 report.

May.

APsystems signed a strategic cooperation agreement with partner Xiamen Ampace Technology Co., Ltd. Both parties will deepen their technical cooperation in the field of residential energy storage system battery packs, using this as an opportunity to promote the long-term development and strategic deployment of related businesses.

APsystems participated in the SNEC Shanghai exhibition, held the EZ1 new product launch event, and laid out the ecological landscape of the three major photovoltaic storage industries.

APsystems, in collaboration with multiple charitable organizations, donated 1,666 solar reading lights to more than ten primary and secondary schools in remote mountainous areas in Sichuan and Guizhou provinces, China.

Aug.

The *APsystems' Social Responsibility Report 2022* was officially released.

The industry's first micro-inverter technology video column, *APsystems Micro Lecture Hall* was launched.

APsystems, together with GoodWe Technology Co., Ltd. and several other units and institutions, jointly initiated the Distributed Photovoltaic Storage Safety and Quality Improvement Initiative and signed the *Distributed Photovoltaic Storage Safety and Quality Improvement Initiative Proposal*.

Sep.

Senior executives from Stäubli visited APsystems, engaging in in-depth discussions on future cooperation strategies, aiming to empower mutual development.

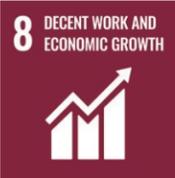
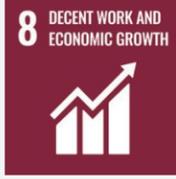
Accolades in 2023



Leading China's Renewable Energy "Photovoltaic Top 100" 2022-Excellent Photovoltaic inverter Enterprise	Asian Photovoltaic Innovation Enterprise, 2022	China Distributed Photovoltaic Innovation Brand 2022
APVIA Technology Achievement Award - Enterprise Category	GREENPV Technology Innovation Award in 2023	Most Influential PV Inverter Company in 2022
China Good Photovoltaic - 2022 Annual Photovoltaic Inverter Technology Breakthrough Award	2022 Annual China High-Quality Residential/Commercial Inverter Brand	PVBL Top 100 PV Brands in the World 2023
PVBL Most Innovative PV Solar Enterprise Award 2023	Top 15 Chinese Solar Inverter Listed Companies on PV Power Plants 2023	2023 New Energy Pioneer Award
Top Brand PV Inverters France 2023	Top Brand PV Inverters Latam 2023	Top Brand PV Inverters Mexico 2023
Top Brand PV Inverters Brazil 2023	Specialized and New Enterprises	
Micro-inverter AQM Excellence Award 2023	SNEC Megawatt-level Jade Award	

Sustainable Prosperity, Perpetual Development

Sustainable Development Goals

Management Dimension	Management Philosophy	SDGs
Corporate Governance (G)	Robust Supervision Governance as Priority	  
Environmental Protection (E)	Environmental Conservation for Future Collaboration	  
Industry Value (S)	Industrial Prosperity and Value Co-Creation	  
Employee Rights and Interests (S)	Employee Well-being with Boundless Rights and Interests	  
Social Responsibility (S)	Promoting Social Harmony Through Philanthropy Initiatives	  

Sustainable Development Initiatives

Stakeholder Communication

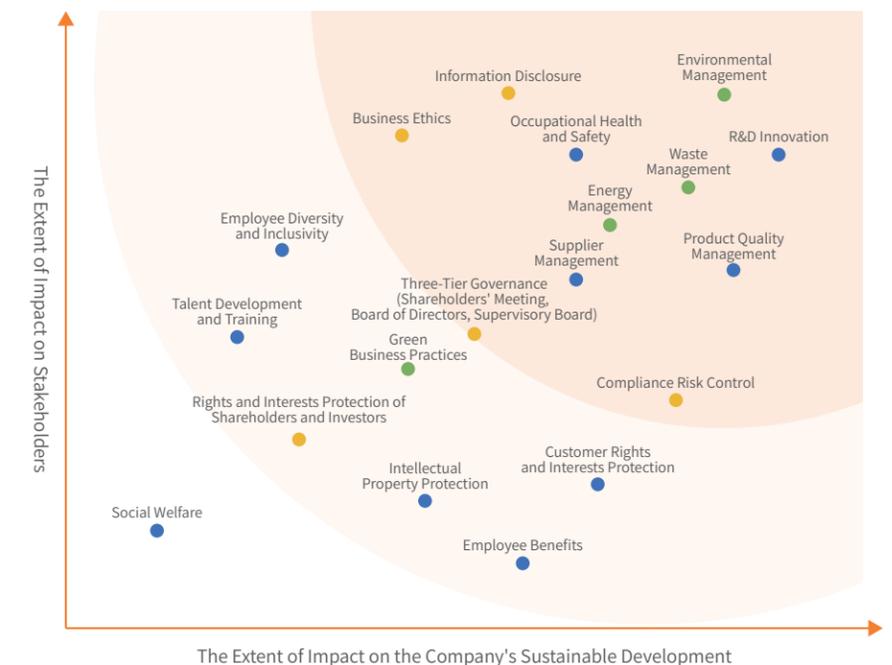
The company prioritizes effective communication with stakeholders by identifying them, outlining their key concerns and specifying communication channels to ensure accurate and timely information dissemination. Moreover, the company adopts a responsive approach, addressing stakeholders' concerns promptly and effectively to foster mutual trust and achieve mutually beneficial outcomes.

Stakeholders	Key Concerns	Communication Methods
Government and Regulatory Agencies	Fair Competition Anti-Corruption Business Ethics	Institutional Inspections Policy Implementation Information Disclosure
Shareholders/ Investors	Operational Performance Information Disclosure and Communication Mechanisms Corporate Governance R&D Innovation	Shareholders' Meeting Regular and Temporary Reports Investor Hotline
Customers	Ethical Business Practices Product Quality Customer Service Information Security and Privacy Protection	Customer Satisfaction Surveys Customer communication Channels Information Security Risk Assessments
Employees	Occupational Health and Safety Compulsive and Forced Labor Compensation and Benefits Employee Training and Development	Employee satisfaction Employee activities Occupational Health Monitoring Safety Production Management
Suppliers	Fair Trade Sustainable Supply Chain	Signing the "Supplier Corporate Social Responsibility Commitment"
Community	Health and Safety Social Welfare	Safety Training Social Welfare Activities

Substantive Issue Analysis

The company has identified and assessed the importance of substantive ESG issues based on two dimensions: "importance to the company" and "importance to stakeholders". These issues have been prioritized and confirmed, guiding the company in setting goals and focusing on advancing ESG work effectively.

- Environmental Aspects
- Social Aspects
- Governance Aspects



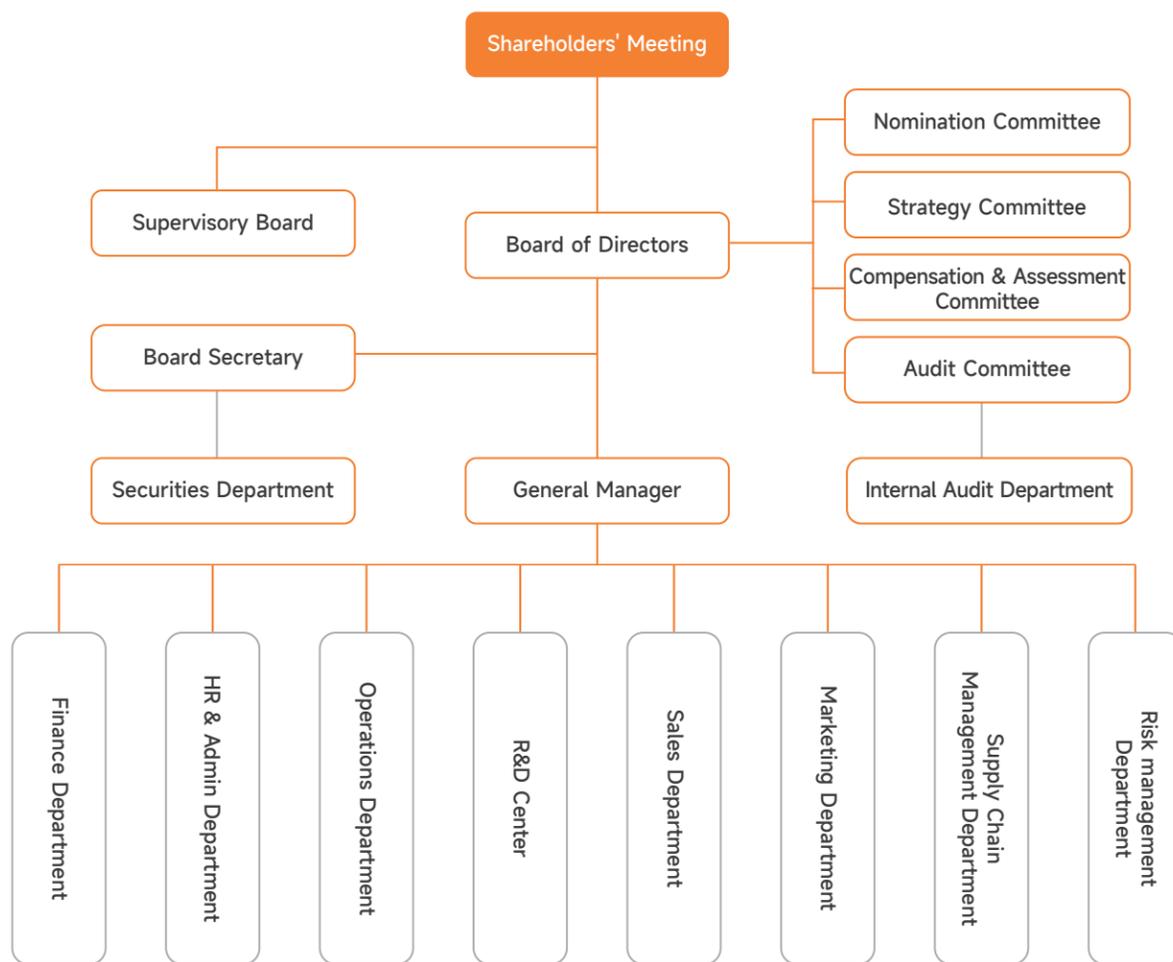
Robust Supervision, Governance as Priority



Governance Framework

Company Organizational Structure and Responsibilities

APsystems places a paramount emphasis on standardized corporate operations and has meticulously crafted a robust corporate governance system, ensuring an appropriate separation of ownership and operational rights. Throughout the reporting period, the company strictly adhered to pertinent laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Governance Code for Listed Companies*. Concurrently, it complied with directives from regulatory bodies such as the China Securities Regulatory Commission and the Shanghai Stock Exchange concerning corporate governance practices by establishing a governance structure 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.



Company Organizational Chart

Shareholders' Meeting, Board of Directors, Supervisory Board

Shareholders and Shareholders' Meeting

The Shareholders' Meeting serves as the company's governing body responsible for formulating and deciding on major strategic, policy and management matters. Adhering to the *Company Law of the People's Republic of China*, the *Rules on Shareholders' General Meetings of Listed Companies*, the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange* and the *Articles of Association*, APsystems has established the *Rules of Procedure for Shareholders' Meeting*. The company diligently organizes and convenes the Shareholders' Meeting in compliance with regulations to safeguard shareholders' rights to information, participation and voting. During the reporting period, the company convened **1** annual Shareholders' Meeting and **4** extraordinary Shareholders' Meetings, approving a total of **17** resolutions.

Directors and Board of Directors

In an effort to further standardize the deliberation and decision-making processes of the Board of Directors, and enhance the scientific and forward-thinking nature of board decisions, APsystems has formulated the *Rules of Procedure for Board Meetings*, *Independent Director Work System and Board Secretary Work Rules* in accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*. The Board of Directors comprises 7 directors, thereby meeting the legal requirements for board composition.

The Board of Directors has established four specialized committees: Audit, Nomination, Strategy and Compensation & Assessment. All members of these specialized committees are directors who perform their respective functions in compliance with the company's relevant systems, thereby regulating the company's operations, ensuring the rationality and feasibility of decisions, and promoting the company's sustainable development.

During the reporting period	The Board of Directors Meetings	The Board of Directors Resolutions	The Specialized Committee Meetings	The Collectively Reviewing Proposals
	9 Times	40 Items	11 Times	22 Items
	Audit Committee: 4 meetings, reviewing 11 proposals Strategy Committee: 3 meetings, reviewing 5 proposals		Nomination Committee: 3 meetings, reviewing 4 proposals Compensation & Assessment Committee: 1 meeting reviewing 2 proposals	

Performance

Supervisors and Supervisory Board

APsystems, guided by the stipulations set forth in the *Rules of Procedure for the Supervisory Board* has elevated its governance standards to safeguard the lawful rights and interests of the company and its shareholders. The Supervisory Board comprises 3 supervisors, including 1 employee representative supervisor. Each supervisor upholds a strong sense of accountability to shareholders and carries out their responsibilities in strict adherence to legal statutes, regulatory frameworks, and the *Articles of Association*. Functioning as the company's oversight mechanism, the Supervisory Board conducts effective legal and compliance supervision over the company's financial affairs and the performance of its directors and senior management. Throughout the reporting period, the company convened a total of **8** meetings of the Supervisory Board, during which **21** proposals were reviewed.

Board Composition Diversity

APsystems places a strong emphasis on and actively promotes diversity within its Board of Directors. The current board comprises 7 directors, of which 3 are independent directors, constituting **42.86%** of the board, and 1 is a female director, representing **14.29%**. 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.

Name	Type/Position	Gender	Tenure	Age	Education	Area of Expertise
Ling Zhimin	Director	Male	2020.9.16	62	Post-doctorate	Electronic Information
Luo Yuhao	Director	Male	2020.9.16	50	Doctorate	Electronic Information
Qiu Zhihua	Director	Male	2020.9.16	58	Bachelor's degree	Economics and Management
Pan Zhengqiang	Director	Male	2020.9.16	36	Master's degree	Management
Gu Jianru	Independent Director	Female	2020.9.16	50	Bachelor's degree	Accounting
Zhou Yuan	Independent Director	Male	2020.9.16	57	Bachelor's degree	Economics and Management
Shen Fuxin	Independent Director	Male	2023.9.16	59	Master's degree	Industry Management



Risk Control Management

Risk Management and Internal Controls

Adhering to the standards set by the *Company Law of the People's Republic of China*, the *Audit Law of the People's Republic of China* and the *Articles of Association*, along with its associated guidelines, APsystems has established an *Internal Audit System* to strengthen internal audit supervision of the company and its subsidiaries. Continuously, in accordance with various laws, regulations and regulatory requirements, the company enhances its corporate governance mechanism, revises and optimizes risk control management systems and internal control systems in a timely manner, effectively strengthening the normativity of corporate governance and safeguarding the legitimate rights and interests of the company and its shareholders.

The company's Audit Committee is responsible for leading and supervising internal and external audits. 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 have been in good condition, with no major internal control defects reported.

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 shareholders, 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 External Audit Firm Annual Audit

The company entrusts professional accounting firms for its annual financial audit. These audit firms are selected based on their qualifications, expertise and lack of conflicts of interest with the company. The audit results from 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 guidelines 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 financial leader is undertaken by the company's Board of Directors and requires shareholder approval, ensuring the independence and integrity of financial operations. The financial leader 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.



Financial and Tax Training

During the reporting period, the company conducted training activities focused on financial and tax-related knowledge and skills. Through methods such as explanations, demonstrations and discussions, employees gained in-depth understanding of tax-related knowledge and skills, thereby enhancing their ability to apply this knowledge effectively and improving their practical operational proficiency. These training efforts were aimed at boosting the efficiency and quality of tax-related work, providing better services and support for the company's tax activities.



Related-Party Transactions

To ensure the fairness, reasonableness and transparency of related party transactions, as well as to standardize the company's practice in related party transactions, and to effectively mitigate related transaction risks, APsystems has developed the Related Party Transactions Management System. This system is established in accordance with the relevant provisions of the *Company Law of the People's Republic of China*, the *Articles of Association* and the specific circumstances of the company. It aims to standardize the conduct of related party transactions by regulating the entities involved and the approval procedures. By implementing this system, the company seeks to uphold the fairness and reasonableness of its business activities, enhance its corporate governance structure, and protect the lawful rights and interests of the company and its stakeholders effectively.



Investor Relations

Shareholder Returns

APsystems is committed to a business philosophy of integrity and mutual benefit, prioritizing sustainable corporate development. Complying with the *Company Law of the People's Republic of China* and other relevant regulations, the company continuously strengthens its credit system and proactively safeguards the interests of all stakeholders.

The company places significant emphasis on delivering returns to its shareholders, strictly adhering to the profit distribution decision-making procedures outlined in the Articles of Association. To ensure equitable returns for both new and existing shareholders, APsystems has formulated the *Three-Year Dividend Plan for Shareholders After Initial Public Offering and Listing on the STAR Market*. This plan not only enhances transparency and operational feasibility in profit distribution decision-making but also empowers shareholders to effectively oversee and evaluate the company's operations and profit allocation.

The Company's Cash Dividend Payout

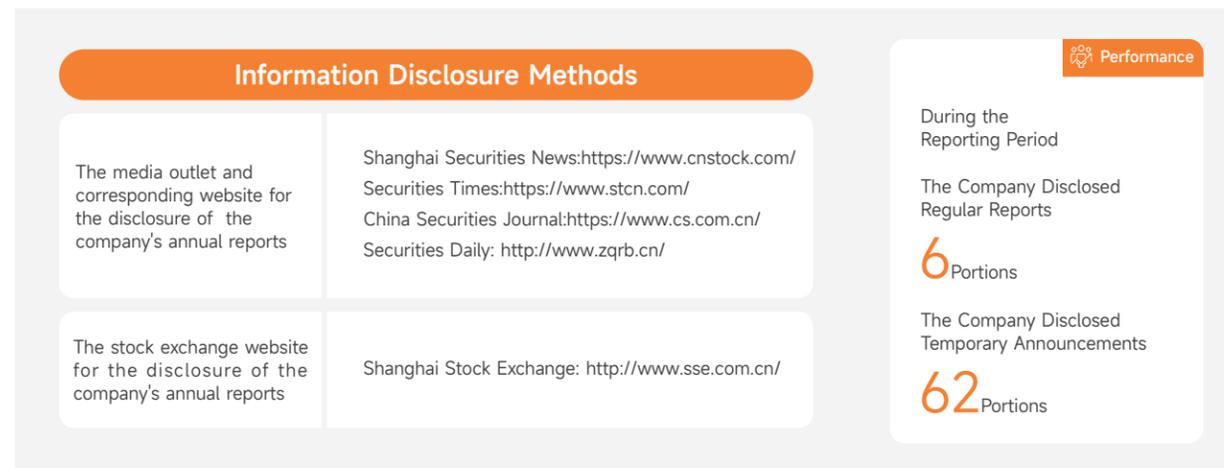
Key Performance	2023
Dividends Per Share (CNY)	2.2
Total Cash Dividends Paid (CNY 10,000)	1,760
Proportion of Net Income Attributable to Shareholders of the Listed Company in the Consolidated Financial Statements (%)	48.82

Note: The annual equity distribution for the year 2022 implemented in 2023 includes a capital reserve transfer of 4 shares for every 10 shares held by all shareholders, in addition to cash dividends.

Information Disclosure

APsystems rigorously upholds its obligations for information disclosure, as mandated by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Administrative Measures for Information Disclosure of Listed Companies*, and the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange*. In alignment with these legal frameworks, the company 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, timeliness and comprehensiveness of information disclosure, thereby reinforcing the management proficiency in information disclosure affairs and ensuring equal access to information for all shareholders.

Adhering strictly to the requirements of the information disclosure system, the company regularly reports financial changes, operational status and relevant information to its executive directors and shareholders. Additionally, it publicly discloses information to all investors, continually enhancing transparency and maintaining the openness of the company's operations. During the reporting period, the company did not face any penalties resulting from violations related to information disclosure.



Investor Communication

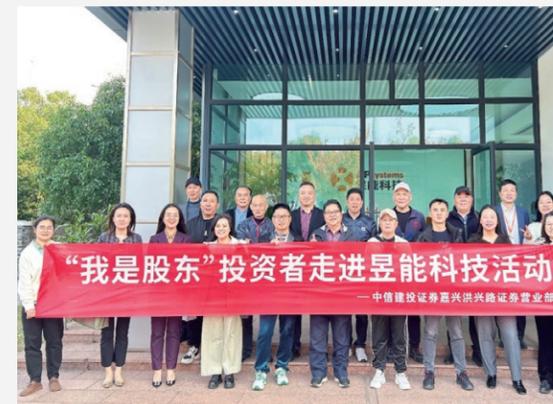
APsystems continually advances its investor relations management through the formulation of the *Investor Relations Management System*, which standardizes the company's investor relations practices. This system facilitates ongoing deepening of communication channels with investors, fostering a better understanding and alignment with the company's vision. Such efforts lay the groundwork for establishing a long-term, stable and mutually beneficial partnership, thereby maximizing corporate value and shareholder returns.

The company places significant emphasis on investor relations management, continually strengthening 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 hosted **4** investor forums, conducted **1** on-site investor survey, received and responded to **400** investor calls, and provided answers to investor queries **52** times through the Shanghai Stock Exchange e-Interaction platform, achieving a **100%** response rate to investor inquiries.

Investor Communication Event

In efforts to sustain continuous engagement with the capital market and facilitate investor understanding of the company's operations and development, as well as showcase the inherent value of the listed company, APsystems collaborated with China Securities to organize the "I Am a Shareholder" Investor Visit to APsystems on November 23, 2023. Investors were invited to visit the company for in-depth tours and research. During the visit, several executives engaged in candid discussions and exchanges with investors, providing insights into the company's developmental journey, significant milestones, product showcases and business framework.

In the interactive session, the board of directors, board secretary and chief financial officer addressed investors' concerns in detail, providing comprehensive insights into the company's operations, strategic roadmap, and future development. This event aimed to enhance investors' understanding of the company's overall situation, promote rational investment concepts, and contribute to the continuous healthy development of the capital market.



Performance Briefing

During the reporting period, the company hosted a total of 3 Performance Briefings. Attendees included the Chairman of the Board, Chief Financial Officer, and Board Secretary, etc. The briefing utilized interactive teleconferencing to present the company's operational performance for the first half of the year and engage in detailed discussions with investors. This event aimed to booster investor confidence in the company and foster the establishment of enduring collaborative relationships.

Business Ethics



The company places utmost importance on ethical business practices, strictly adhering to national laws and regulations concerning anti-bribery, anti-fraud and anti-extortion measures. In critical areas like procurement, specialized personnel are assigned to conduct rigorous monitoring, establishing a transparent operational framework that invites public oversight and safeguards the company's ethical reputation.



Furthermore, the company upholds principles of fair competition, strictly complying with pertinent regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Monopoly Law of the People's Republic of China*. By participating in market competition under equitable conditions, the company contributes to fostering a fair and equitable business environment.



The company prioritizes anti-money laundering efforts as a vital task in upholding its corporate reputation and ensuring financial security. Implementing a comprehensive anti-money laundering strategy not only benefits the company's long-term sustainability but also makes a positive impact on broader societal efforts to combat money laundering, thereby promoting the stability and integrity of financial markets.



In addressing corruption, the company adopts tangible measures to reinforce its anti-corruption initiatives. This includes disseminating anti-corruption knowledge through various channels, enhancing employees' anti-corruption awareness, and preventing corrupt practices at their root. Specific measures undertaken include:



Leveraging Mechanisms for Ethical Practices

Party members and cadres actively promote a culture of integrity, embedding clean governance practices into every aspect of grassroots management activities and market operations. We diligently protect employees' right to information, encouraging their wider participation to ensure that our efforts in Party discipline and clean governance yield substantial results in practical terms.



Promoting Ethical Conduct in Job Roles

We emphasize the concept of "dual responsibilities for one position" where employees are expected not only to fulfill their job duties but also to uphold ethical self-discipline. Specific integrity education programs are implemented for each job role, and a dynamic, multi-faceted system of preventive measures is established and enhanced to prevent and eradicate instances of non-compliance and misconduct. This cultivates a work environment characterized by integrity and diligence, integrating ethical principles into the core of our corporate culture.

During the reporting period, the company rigorously upheld its integrity standards in personnel selection and employment, facilitating the effective implementation of an evolving integrity and compliance framework. Notably, there were no litigation incidents associated with corruption. Furthermore, the company achieved a signing rate of **93.55%** for anti-commercial bribery and integrity agreements with suppliers.



Environmental Conservation for Future Collaboration



Emphasizing Green Management

Environmental Protection

Since its establishment, APsystems has been actively responding to global climate change and advancing the goals of "3060" carbon peaking and carbon neutrality. Upholding the mission of "Driving Towards a Zero-Carbon Future, Co-Creating an Intelligent Life", the company has identified and collected relevant environmental compliance obligations while conducting regular assessments of compliance status.

APsystems is committed to a sustainable development path focusing on environmental protection, low-carbon strategies and energy efficiency. Aligned with the principles of green development, the company adheres to national environmental protection policies, guidelines and legal regulations. Environmental protection is a core consideration across its production outsourcing model and research and operational management locations, ensuring minimal environmental impact.

The company places significant emphasis on environmental protection and strictly adheres to regulatory frameworks such as the *Environmental Protection Law of the People's Republic of China* and *Law of the People's Republic of China on Environmental Impact Assessment*, thereby enhancing its environmental management capabilities. The company's main production outsourcing facilities have achieved ISO 14001 certification for environmental management systems. During the reporting period, the company has not incurred any environmental regulatory penalties.

Certificate of Environmental Management System for Manufacturing Outsourcing Facilities



The company actively responds to the national green initiative by conducting regular monitoring of pollutant emissions. Since its establishment, the company has not encountered any environmental pollution incidents.

During the reporting period

The Company's Total Electricity Consumption
726,922 kilowatt-hours

The Total Water Usage
487 tons



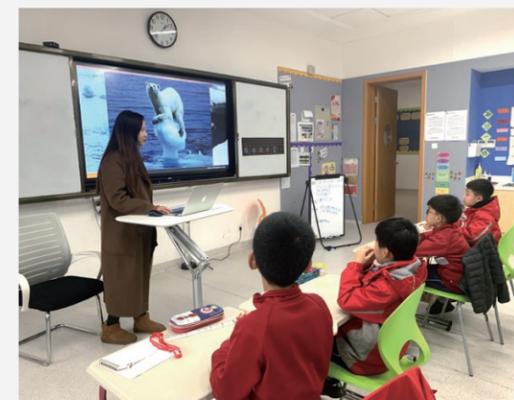
Green Social Initiatives

APsystems is dedicated to environmental conservation and actively conducts activities to promote green awareness and advocate for low-carbon environmental principles. With over a decade of experience in the solar energy industry, the company upholds its corporate social responsibility and shows a strong commitment to public welfare endeavors.

Lecture on Clean Energy in Photovoltaic Power Generation

APsystems was invited to deliver an engaging and informative lecture titled *Clean Energy in Photovoltaic Power Generation* to fourth-grade students at the international department of Peking University Experimental School (Jiaxing). The lecture aimed to deepen the students' understanding of solar energy's mysteries and the importance of energy conservation and environmental protection. Through interactive activities such as hands-on crafts, the lecture also sought to nurture the students' ability to think critically and innovate.

During the interactive sessions, APsystems conveyed the principles of green, low-carbon environmental protection and ignited the students' curiosity and interest in scientific knowledge. This enjoyable and educational approach aimed to foster the students' sense of belonging to environmental protection and science, encouraging them to become a visionary, ambitious and responsible new generation.



Expanding Green Business Initiatives

APsystems is advancing the expansion of its green business initiatives through a multifaceted approach. This includes the implementation of cutting-edge green technologies and the acceleration of intelligent green upgrades. These strategic measures illuminate a transformative path characterized by enhanced quality, power and efficiency, thereby facilitating the company's sustainable and high-quality development.

Advancing the Establishment of a Controllable Intelligent Energy System



Integrated Energy

Distributed Photovoltaics
Distributed Wind Power



Intelligent Energy

Integrated Photovoltaic Energy Storage and Charging
Hydrogen Storage, Fuel Cells



Digital Energy

Big Data, Blockchain
Advanced Metering

Energy Storage Systems

Integrated photovoltaic energy storage represent a significant market trend. By incorporating storage modules into the inverter system, it becomes possible to integrate functionalities such as grid-connected photovoltaic power generation and energy storage stations. The company is strategically focusing on the research and development of core technologies in energy storage transformation equipment, aligning with industry technological advancements. This effort is aimed at expanding the company's business scope and identifying new avenues for profit growth. The company is actively researching and developing energy storage products to meet the market demand for integrated photovoltaic energy storage. Key product developments include AC-coupled energy storage inverters designed for low-voltage battery input. Notable projects already developed include "Smart Energy Storage Systems Based on Microgrids", "AC Battery Multi-Function Inverter", "Mobile Power Photovoltaic Energy Storage System" and "Three-Phase Grid-Connected and Off-Grid Inverter Charger", at the same time, Successful Development and Market Deployment of 100kW/215kWh and 200kW/402kWh Energy Storage Products for Industrial and Commercial Systems.

Intelligent Disconnectors

Regarding intelligent disconnectors products, the company has developed expertise in 3 core technologies: high-integration photovoltaic module disconnecter control chip design, high-power dual-unit photovoltaic module disconnecter control technology and large-scale disconnecter system application technology. Leveraging these core strengths, the company became the second global manufacturer to introduce intelligent disconnectors compliant with Sunspec industry standards for the U.S. market by the end of 2019. This achievement was made possible by the incorporation of independently developed intelligent disconnecter ASIC specialized chips, resulting in higher levels of integration and reliability.

Micro Inverters

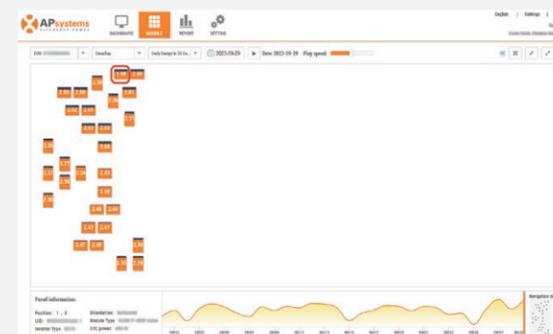
The photovoltaic industry, a major propelling force in achieving global zero-carbon goals, holds immense value in energy deployment strategies. In this landscape, a new type of PV application has emerged - the DIY small-scale PV system. Leveraging the extensive expertise and seizing market opportunities, APsystems has introduced the "EZ1 Series Micro Inverter with Wi-Fi and Bluetooth dual communication modes". These systems no longer require professional installers to conduct on-site surveys, propose solutions, or handle installation and construction. Instead, end-users can independently carry out DIY installation of the power station.

The launch of the EZ1 series marks another significant breakthrough in the micro-inverter field, simplifying the installation and application of photovoltaic systems and transforming them into "smart homes", thereby promoting the penetration of photovoltaics as a household appliance. This launch holds strategic importance for APsystems as it expands its product portfolio, providing a novel solution for DIY small-scale PV applications. It also complements its comprehensive ecosystem strategy centered around "distributed PV + energy storage", with micro inverters serving as the core technology.

From "Multiple Orientations" to "More Power Outputs" with APsystems Micro Inverters

In contrast to conventional photovoltaic systems, the APsystems micro inverter system utilizes a parallel circuit design with independent Maximum Power Point Tracking (MPPT) capability. This approach eliminates the "weakest link" issue, significantly enhancing the effective roof area utilization. Even when PV modules are installed on roof surfaces with different orientations, the system optimizes each module's output near the maximum power point, resulting in increased overall power generation. This technology resolves the challenge of balancing "multiple orientations" and "multiple installations", leading to improved power generation efficiency.

As shown in the figure below, the number displayed on each module represents the daily electricity generation. On a particular day, the entire PV system generates 67.32 kWh of electricity. In contrast, if the system were using a traditional string inverter, the power output of the six roof-mounted modules would be constrained by the lowest-performing module in the string, generating only 1.98 kWh. Consequently, the system's daily power generation would be reduced to 59.4 kWh, nearly 8 kWh less than the micro inverter system. This represents a loss of over 13% in electricity generation. The exceptional performance of the APsystems micro inverter has gained significant market recognition, positioning the project as a pivotal example of local low-carbon development.



Photovoltaic Project Construction

Building-integrated photovoltaics represent a significant form of distributed photovoltaics with substantial growth prospects. APsystems remains committed to innovation-driven empowerment, striving to deliver environmentally safe technical solutions. The company actively advances its technological innovation framework, tackling core technological challenges and transitioning towards industrial applications. In alignment with the digitalization and intelligence trends, APsystems constructs an open ecosystem, focuses on addressing industry challenges, enhances innovation efficiency, and upgrades its offerings to create safer and more intelligent distributed photovoltaic solutions.

"PV Curtain Wall Adaptability Research" Symposium

On July 24th, a joint announcement from seven Chinese ministries introduced the *Green Building Creation Action Plan*, which targets a green building share of over 70% in urban new constructions by 2022. The plan mandates local governments to draft action plans and set objectives within the stipulated timeline. Given that China's building sector accounts for one-third of the nation's total energy consumption, Building-integrated Photovoltaics (BIPV) emerges as a pivotal approach to meet green building standards, positioning it as a key market segment for photovoltaic applications in the future.

In response, APsystems convened a symposium focusing on the dissemination and promotion of BIPV, with a specific emphasis on PV curtain walls. During the event, the presenter provided an extensive overview of APsystems' research and industrialization efforts in MLPE module-level power electronics technology. They also discussed the company's overseas expansion strategy, highlighting the establishment of subsidiaries in regions like the United States, Europe, Australia, and South America. This global presence has positioned APsystems as the world's second-largest supplier of micro-inverter products, contributing to a sales and service network across the globe.

APsystems' Photovoltaic Project Construction Status

KinCony

KinCony's 277.2 kW industrial and commercial photovoltaic project was grid-connected in June 2023. This project ingeniously integrates various areas such as factory carports and roofs, including concrete roofs, colored steel tile roofs and BIPV photovoltaic carports, maximizing the available installation area and achieving full utilization of space. The project exclusively employs APsystems' QT2D micro-inverters with an output power of 3,520W, seamlessly integrating green energy into its development and realizing low-carbon goals through technological innovation.



Yanguan Town

The 250.8kW Yanguan Rural Cluster Residential Photovoltaic Project, which was connected to the grid in June 2023, features the exclusive use of APsystems' latest generation 20A high-current, high-power micro-inverter QT2D. This project spans multiple areas and encompasses various types of housing constructions, with a total of 57 installations. APsystems' QT2D micro-inverter possesses a modular design that is plug-and-play, ensuring ease of installation and optimal space utilization while accommodating different installation orientations and angles. Its one-to-eight connection method allows for simultaneous connection to 8 high-power modules, significantly reducing the per-watt cost and delivering outstanding cost-effectiveness.



Haining

The 495kW BIPV Carport Photovoltaic Project in Haining was connected to the grid in December 2022. The project primarily involves installations on the roofs of carports within the park. It operates in a mode of self-consumption with surplus electricity being fed back into the grid. The industrial park consists of numerous office and production buildings with high electricity demand. Therefore, the green electricity generated by the photovoltaic carport not only powers charging stations but also helps mitigate the overall electricity demand of the park. Compared to traditional string inverter systems under similar conditions, the QT2D can generate an additional 5% to 25% of electricity, resulting in clear financial benefits and a continuous supply of green electricity for the park.

Lian Guan Textile

Lian Guan Textile's 1.1MW industrial and commercial photovoltaic project was grid-connected in December 2022. Lian Guan Textile is a renowned local textile factory with multiple production workshops and a significant amount of machinery and equipment, resulting in high energy consumption due to its high load density and substantial electricity usage. This project exclusively employs APsystems' QT2D micro-inverters, providing an output power of up to 3,520W, making it the highest power micro-inverter in the industry. Furthermore, the QT2D supports three-phase balanced AC output, further enhancing power quality, lowering system costs, and offering a highly cost-effective advantage.

Shenzhen

The 233kW Photovoltaic Charging Station Project in Shenzhen, connected to the grid in June 2023, is a collaborative effort between APsystems and Shell Group. The project encompasses various applications such as rooftop photovoltaics and BIPV carport photovoltaics, all of which utilize APsystems' 20A high-current high-power micro-inverter QT2D.

The photovoltaic system provides a continuous supply of green electricity for the daily operations, vehicle charging and nighttime lighting of the charging station. It effectively offsets the station's electricity consumption through photovoltaic power generation, thereby contributing to the development of integrated photovoltaic energy storage and charging systems. This initiative serves as an exemplary demonstration for the region's pursuit of the "dual-carbon" goal and upholds the principles for green development.



Philippines

The 200kW commercial and industrial photovoltaic project in the Philippines was connected to the grid in 2022. This project exclusively utilizes APsystems' latest generation 20A high-current micro-inverter DS3. All photovoltaic modules are installed on the rooftops of the enterprise. The micro-inverter boasts a unique feature of naturally lacking high DC voltage, which effectively tackles fire hazards associated with the DC side of photovoltaic systems. It complies with the safety standards specified in the Philippine Electrical Code 2017 for distributed photovoltaics, particularly in terms of rapid shutdown functionality for rooftop photovoltaic stations. This ensures utmost safety in rooftop photovoltaic installations. With its emphasis on safety-centric product design, the micro-inverter is exceptionally well-suited for distributed photovoltaic applications in commercial and industrial settings with stringent safety requirements.

Seattle

Relying on the architectural features of the apartment building, the 229kW residential photovoltaic project. Utilizes over 300 APsystems micro-inverters and 622 photovoltaic modules, installed on various areas such as walls, balconies and rooftops. Since its operation, the power station has been able to generate approximately 210,000 kWh of electricity annually, providing a continuous source of clean energy. Furthermore, the APsystems micro-inverter system, designed with a full parallel circuit, stands out for its inherent advantages, including no direct current high voltage, ensuring compliance with American NEC standards 2017, 2020 and 2023 (690.12). This design effectively prevents potential fire hazards and other safety accidents, thereby contributing to security for apartment buildings located in the bustling city.

Canada

The 122kW commercial and industrial photovoltaic project in Canada was connected to the grid in 2016. The entire project utilizes APsystems' micro-inverters. The Cheese facility consists of a multitude of machinery and equipment with a high load density and substantial electricity consumption. APsystems' micro-inverters are designed with a full parallel circuit, boasting the inherent advantage of being free from high DC voltage, thus ensuring ultimate safety in power station operations. Furthermore, they feature Maximum Power Point Tracking (MPPT) functionality, eliminating the "weak link" effect in system operation and reducing power generation losses. These attributes empower the processing of dairy products like cheese, contributing to the enterprise's green and sustainable development.

Brazil

The 22.62 kW residential photovoltaic project in Brazil was connected to the grid in December 2022. During the design and construction phases of the project, measures were taken to maximize the utilization of the rooftop area. This involved installing the photovoltaic system across roofs facing seven different orientations, employing exclusively micro-inverter products from APsystems. In actual operation, the micro-inverters played a crucial role in mitigating the "weak link" effect within the system, thereby reducing the degraded performance of multi-orientation setups and enabling efficient power generation across all roof surfaces.

Mexico

The 19.62kW commercial and industrial photovoltaic project in Jalisco, Mexico, was connected to the grid in 2022. The project was installed and constructed by a local experienced partner of APsystems and utilizes APsystems' micro-inverters DS3D. With its robust product capabilities, DS3D provides a high-quality green solution for the low-carbon transformation and development of high-energy-consuming enterprises. Taking into account safety, power generation capacity and intelligent operation and maintenance, DS3D ensures that the photovoltaic power station becomes a valuable asset for the enterprise, bringing continuous economic benefits. This power station also serves as a typical green project combining photovoltaics with the commercial and industrial sectors in the local area, demonstrating and promoting the development of commercial and industrial photovoltaics in the region.

New Jersey, USA

The 108 kW photovoltaic project at the WaWa gas station in the United States was connected to the grid in 2019. WaWa, a renowned fuel service provider in the US, maintains stringent safety standards at its gas stations. The decision to opt for APsystems micro-inverters by both WaWa and the project's construction entity was driven by their inherent safety advantages, notably the absence of high DC voltages during system operation. This feature effectively eradicates the fire risk associated with high DC voltages in photovoltaic installations. Moreover, the green electricity generated by the photovoltaic system continuously powers various electrical facilities at the gas station, leading to not only energy conservation and emission reduction but also substantial savings in electricity costs. This project exemplifies a harmonious blend of ecological, social, and economic benefits. The successful commissioning and reliable operation of this project have instilled confidence in WaWa regarding future photovoltaic gas station projects. It serves as a pivotal reference point for the development of nearly 100 photovoltaic gas stations with a combined capacity of approximately 10 MW in the forthcoming phases.



Philippines



Canada



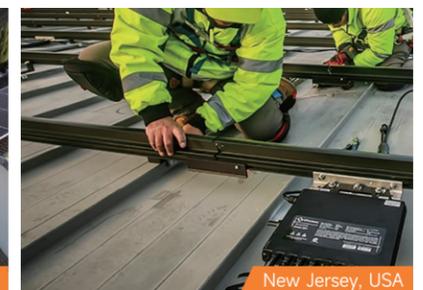
Mexico



Seattle



Brazil



New Jersey, USA

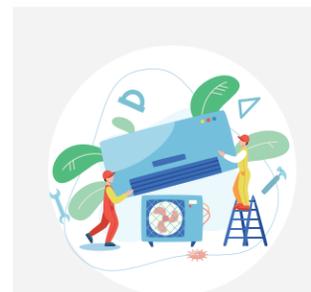
Sustaining Green Operations

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 is dedicated to the harmonious development of the enterprise and the environment, adhering strictly to laws and regulations such as the *Environmental Protection Law of the People's Republic of China*. Utilizing the ISO14001 environmental management system standard as a foundation, the company has advanced its environmental management work that seamlessly integrates green development into its daily office practices.

Green Office Practices

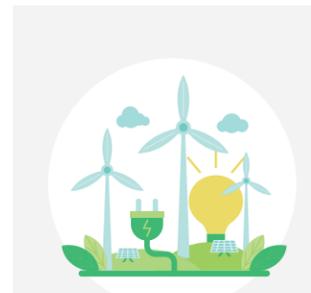
Ensuring the quality of daily work while minimizing the consumption of disposable office supplies is integral to our commitment to environmental protection. We strive to make "green" the predominant theme in our company's operations, demonstrating our dedication to environmental awareness and sustainable development. Through strategies such as double-sided printing, transitioning to electronic documents whenever possible, and formulating a thoughtful consumables procurement plan, we actively reduce material consumption and conserve resources.

Energy Conservation



Green Air Conditioning Practices

- Optimal Temperature Settings: Set cooling temperatures not lower than 26°C during summer and heating temperatures not higher than 20°C in winter.
- Sealed Environment with Air Conditioning: Keep office doors and windows closed while using air conditioning to maximize its efficiency. If ventilation is necessary, turn off the air conditioning system to prevent wasteful practices of using air conditioning with windows and doors opened.
- Efficient Usage by Shutting Down When Unoccupied: Adhere to the "user responsibility principle", where individuals are accountable for turning off the air conditioning system when leaving the premises, ensuring a "stop when vacant" policy.



Green Lighting Practices

- Optimal Lighting Layout Design: Implement a well-thought-out lighting layout that maximizes the use of natural light and complements it with artificial lighting, reducing the overall need for artificial illumination.
- Turn the lights off when leaving. avoid leaving lights on during daylight hours, using long-lasting or permanent lights unnecessarily, or leaving lights on in unoccupied areas. Minimize both the duration and quantity of lighting usage, and remember to turn off lights when leaving a room.
- Adoption of Energy-Efficient Lighting Fixtures: When choosing lighting equipment, prioritize factors such as luminous efficiency, lifespan, color rendering index and energy consumption. Strive to reduce energy usage while maintaining optimal lighting quality.

Waste Disposal Practices

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 of obsolete equipment and electronic devices, efforts are made to minimize waste generation, promote resource circulation, protect the environment, and achieve sustainable development.

Additionally, the sanitation company conducts daily scheduled waste collection in the park area and employs either landfilling or incineration methods to dispose of the waste appropriately.



Waste Segregation



Recycling and Disposal of Obsolete Equipment and Electronic Devices



Disposal Procedure

The applicant completing the OA equipment scrapping form. Approval from the finance department is required before the equipment can be scrapped. The applicant then coordinates with the warehouse and finance department to jointly manage the scrapping process.



Disposal Solution

Engage professional and certified third-party services for centralized recycling.



Waste Disposal

Metal (iron, aluminum, and copper-containing waste circuit boards): Segregate and classify accordingly.
Circuit boards: Subject to physical crushing.

Industrial Prosperity and Value Co-Creation



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	17 PARTNERSHIPS FOR THE GOALS 
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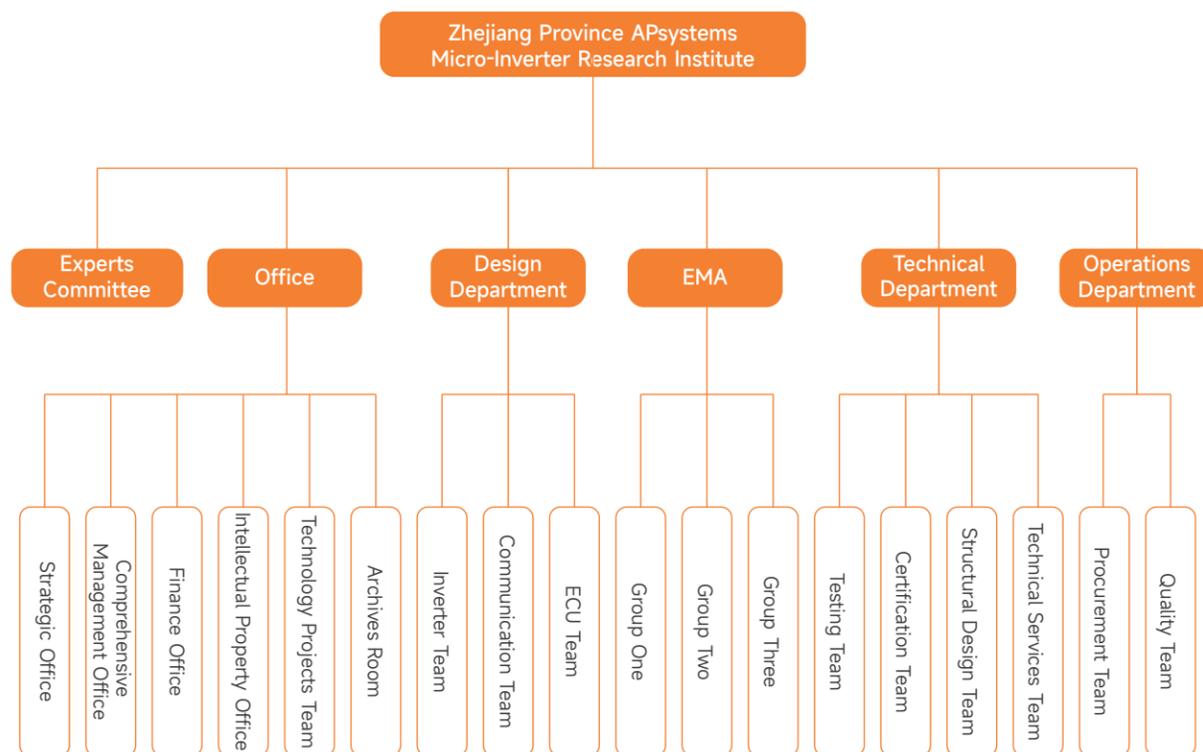
Research and Development (R&D) Innovation

R&D innovation serves as a pivotal engine for enterprises to consistently maintain market competitiveness. This process encompasses the entire course from fundamental theoretical exploration to tangible product development. Amidst swiftly evolving market landscapes, companies persistently allocate resources towards research & development and innovation initiatives to align with market demands and sustain their leadership position.

Research and Development (R&D) and Innovation Management System

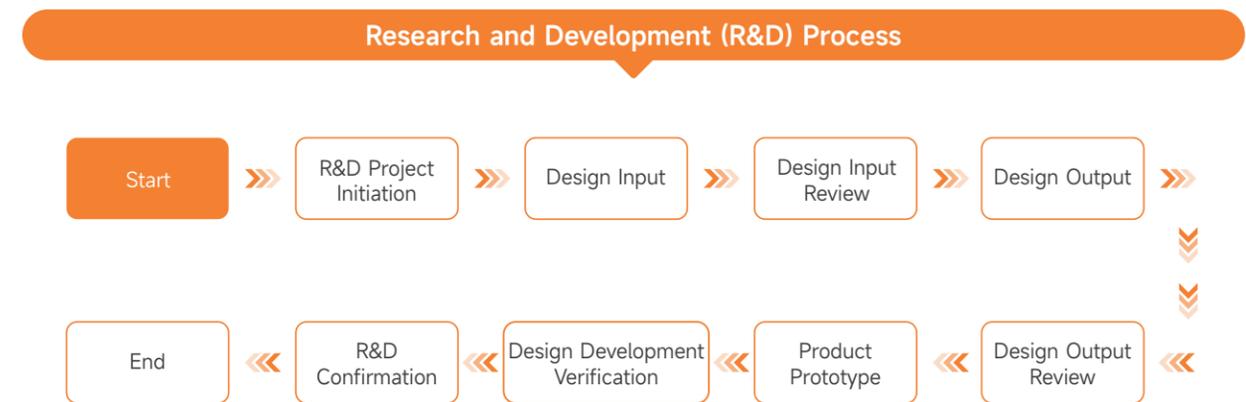
The company deeply understands that technological innovation is the key driving force shaping the future. It remains steadfast in its core principle of innovation-driven development and is dedicated to establishing a robust, systematic and efficient R&D innovation system. By attracting industry elites, cultivating top-tier teams and unlocking innovative potential, the company aims to significantly enhance its innovation capabilities and core competitiveness.

Leveraging its expertise in semiconductor and chip technologies, the company is advancing its R&D efforts in module-level power electronics and chips, thereby enhancing business independence and product competitiveness. Simultaneously, it is focusing on upgrading distributed photovoltaic power generation system technologies to reduce micro-inverter costs and improve market acceptance. The company's inverter products are already leading the industry by 2-3 years, with the 20A high-current product setting an industry benchmark. In the realm of intelligent disconnectors, the company has independently developed dedicated control and algorithm ASIC chips, enhancing product integration and reliability, and leading in domestic shipments. The company's comprehensive energy storage offerings include mass-produced single-phase residential energy storage series sold in Europe and America.



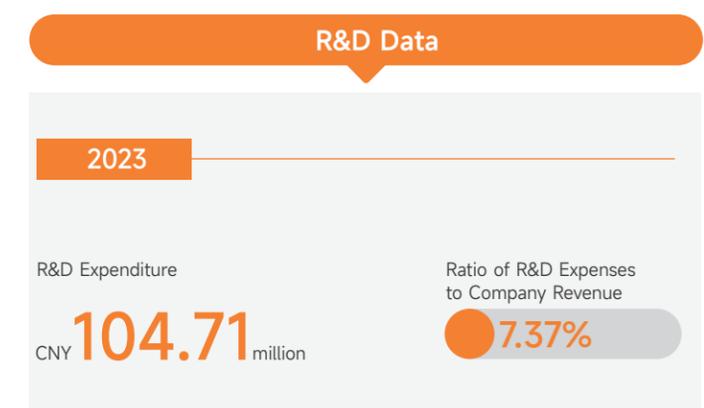
Research and Development (R&D) Organizational Chart

The company has established a market-driven independent research and development model, focusing on innovative advancements 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.



The company possesses an internationally acclaimed R&D team that is anchored in advanced research principles and is dedicated to independent research and innovation. This team comprises individuals with robust professional backgrounds and extensive industry experience, providing a solid talent foundation for the company's R&D innovations in technology and product development. In 2014, they were recognized as the "Key Enterprise Technology Innovation Team" by Jiaying City. As of the end of the reporting period, the team comprises **210** R&D professionals, constituting **51.98%** of the total workforce, among which **190** have bachelor's degrees or higher, representing **90.78%** of the technical staff.

To streamline R&D project management and inspire proactive engagement among R&D personnel, the company has established the *R&D Center Project Assessment and Reward System*. This system ensures the high-quality, efficient and cost-effective completion of the company's R&D tasks. Annually, the company conducts a comprehensive performance evaluation encompassing three main areas: goal management (40%), project execution (20%) and individual behavior and functions (40%). This comprehensive and impartial evaluation process assesses the contributions of each R&D professional and offers corresponding rewards, thereby promoting R&D innovation and advancement within the company.



R&D Achievements and Honors

With a focus on MLPE module-level power electronics technology for over a decade, the company remains steadfast in its commitment to technological innovation as its core development strategy. We never cease in our efforts for evolving, starting from pioneering multi-unit micro-inverter architectures to developing micro-inverter products tailored to the needs of intelligent grid dispatch. We have also introduced 20A high-current and high-power micro-inverter products, consistently positioning ourselves at the forefront of technology. These groundbreaking advancements provide our users with safer, more efficient and intelligent photovoltaic products, contributing positively to the transformation and sustainable development of the global energy structure.

During the reporting period, the company increased its R&D investment and successfully introduced six new core technologies. This expansion further enhances our technical capabilities and widens our application domains, providing robust support for ongoing product innovation and enhancing our competitiveness in the market.

Self-Application Scenario Control Technology	Microgrid installation encompasses complex procedures that can be challenging for users to self-install. The company harnesses novel technology to simplify this process, enabling seamless device control through smartphone applications, thereby streamlining operations. Additionally, it offers self-installation configuration capabilities to promote the integration of solar energy storage products into smart homes.
Low-Voltage Hybrid Inverter Control Technology	Hybrid inverter systems pose risks with high-voltage inputs, while their low-voltage versions suffer from reduced efficiency and reliability. The company employs third-generation wide-bandgap semiconductor technology alongside advanced control algorithms to elevate efficiency at lower voltages, optimize operational modes and enhance system reliability.
Single-Stage Series-Resonant Micro Inverter Control Technology	Conventional micro inverters often adopt a two-stage topology, resulting in high costs and decreased power density. Leveraging resonance technology for soft-switching capabilities, the company achieves heightened efficiency and power density. This innovative approach facilitates the development of a more compact single-stage micro inverter, effectively addressing the challenges associated with two-stage micro inverters.
Design and Simulation Technology for Integrated Photovoltaic Power Stations	Prior to the construction of a photovoltaic power station, there is a need for professional design and evaluation, a process that is both complex and costly. The company employs image processing, simulation and virtualization technologies to enable rapid online design and virtual presentation of power stations, resulting in the generation of simulation evaluation reports.
Integration Technology for String Energy Storage Cabinets	The integration technology for string energy storage cabinet features a diverse range of functional modules, offering flexible design options suitable for various operational scenarios. Through the adoption of specialized connection methods, we enhance the discharge capacity of battery cells and optimize economic viability of the system. This integrated system ensures cluster-wide management, ensuring consistency and facilitating scalability or supplementary charging.
String Inverter Control Technology	The string energy storage solutions offer flexible configuration options and streamlined installation procedures, reducing construction complexity and land usage. By avoiding the performance degradation associated with battery parallel connections, the system reliability has been strengthened.

The company is recognized as a high-tech enterprise and was officially accredited by the Ministry of Industry and Information Technology in May 2016 as meeting the *Photovoltaic Manufacturing Industry Standard Conditions* (Fifth Batch). It has also been honored with prestigious titles such as "National Electronic Information Industry Enterprise with the Greatest Development Potential" and "Zhejiang Province Patent Demonstration Enterprise". Furthermore, the company has established institutions including the Zhejiang Province APsystems Micro-Inverter Research Institute, Zhejiang Province Enterprise Technology Center and Zhejiang Province High-Tech Enterprise Research and Development Center.



Certificate of Honor

Industry-Academia-Research Collaboration

Through a strategic partnership with Southern Airlines, the company has jointly developed "High-Frequency Planar Transformers and Planar Power Inductors for Photovoltaic Micro Inverters". This collaborative effort has resulted in a significant technological breakthrough for the company's inverter products, particularly in terms of achieving high energy density and efficiency. Furthermore, both parties have successfully addressed challenges in "Design and Control Technology of Three-Phase Energy Storage Systems", thereby enhancing the completeness of the company's energy storage machine product line.

The company is steadfast in its commitment to maintaining and elevating product market competitiveness to meet the evolving demands of the market. Moving forward, the company will actively seek strategic collaborations with domestic and international research institutions, higher education establishments and global enterprises. Through continuous exploration and the integration of cutting-edge technologies and research outcomes, the company aims to reinforce its technical capabilities.

Intellectual Property Protection

The company rigorously complies with intellectual property laws and regulations and has implemented a comprehensive intellectual property management system. Internally, the company continually educates its employees on intellectual property knowledge to enhance their awareness of the intellectual property protection. Furthermore, the company actively engages with the market by advocating the importance of intellectual property protection to clients and partners through various channels such as seminars and discussions. The company is committed to playing a positive role in advancing intellectual property protection processes and aims to contribute to fostering an environment that respects and safeguards intellectual property.

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.

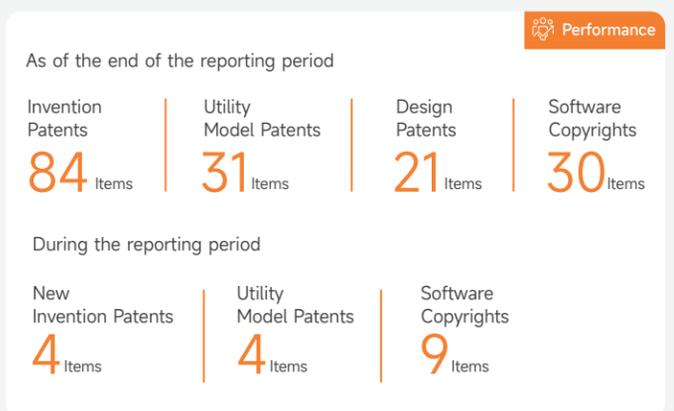
Vigorous opposition to illegal activities that infringe upon others' property rights, actively reporting any infringements involving property rights, and cooperating actively with governmental efforts to restrain, investigate and combat property rights violations.

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 stimulate innovation vitality, propel technological advancement, and strengthen the cultivation, maintenance and application of proprietary intellectual property, while harnessing the pivotal role of the patent system in driving enterprise development, and to clarify the rights and interests relationship between employees' inventive achievements in research and other innovative activities and the company, the company has formulated the Patent Application and Reward/Penalty Measures. This framework is based on relevant provisions of the *Law of the People's Republic of China on Science and Technology Progress*, the *Patent Law of the People's Republic of China* and the *Civil Code of the People's Republic of China*, combined with the company's specific circumstances. It aims to incentivize and safeguard innovative achievements, injecting a steady stream of innovation-driven dynamics into the company's long-term development.



Propelling Industry Development

APsystems not only prioritizes its own growth but also strives to collaboratively advance the industry with upstream and downstream enterprises. The company actively engages in formulating **3** certification technical specifications and **16** national, industry, or group standards. Notably, the company took the lead in drafting the *PV grid-connected microinverter* group standard. These standards not only standardize industry practices and drive technological progress but also offer robust support for industry upgrading and international competitiveness. Serving as a pivotal force for industry development, the company has made substantial contributions to the flourishing of the sector.

No.	Standard Name	Standard No.	Standard Type
1	Technical Requirement and Test Method of Grid-connected PV Micro Inverter	CGC/GF027:2013	Certification Technical Specification
2	Technical Requirements for Electrical Safety Design of Residential Photovoltaic Grid-Connected Power System	CGC /GF 093:2017	Certification Technical Specification
3	Testing and Evaluation for Grid Connected Residential PV System	CTS 13001-2018	Certification Technical Specification
4	Technical Specifications for Photovoltaic Grid-Connected Micro Inverter	NB/T 42142-2018	Industry Standard
5	Technical Specification of Photovoltaic Module Power Optimizer	NB/T 42143-2018	Industry Standard
6	Distributed Photovoltaic Power Grid-Connected Inverters	T/JX 009—2018	Group Standard
7	Technical Specification of Residential Distributed Photovoltaic Grid-Connected Power System	T/JX 012—2018	Group Standard
8	Residential String-Type Photovoltaic Grid-Connected Inverters	T/ZZB 0854—2018	Group Standard
9	Technical Specifications for Documentation, Inspection and Testing of Grid-Connected Photovoltaic (PV) System	T/CPIA 0010—2019	Group Standard
10	Acceptance Specification of Building Integrated Photovoltaic Systems	GB/T 37655-2019	National Standard
11	Commercial and Industrial String-Type Photovoltaic Grid-Connected Inverters	T/ZZB 1425—2019	Group Standard
12	Application Procedures for Photovoltaic Building Technology	T/CBDA 39-2020	Group Standard
13	Photovoltaic Grid-Connected Micro Inverter	T/ZZB 0229—2022	Group Standard
14	Guide for PV Curtain Wall Application	T/CCMSA 70228—2022	Group Standard
15	Assessment Requirements for Green Factory in Photovoltaic Inverter Manufacturing Industry	T/CSTM 00501—2022	Group Standard
16	Components and Equipment of Photovoltaic Building	T/CBDA 1004—2023	Group Standard
17	Determination of Power Generation System for Photovoltaic Building	T/CBDA 1005—2023	Group Standard
18	Green and Low-Carbon Product Evaluation Specifications for Photovoltaic Grid-Connected Micro-Inverters	T/CIET 280—2023	Group Standard
19	Photovoltaic Power Generation System Inverter Product Testing Specifications	T/CIET 279—2023	Group Standard

In a effort to enhance communication and collaboration with industry counterparts, the company has gained membership with **13** industry associations spanning diverse sectors. These associations focus on areas such as technical exchange, market promotion, and policy research. Through these partnerships, the company remains abreast of industry dynamics and regulatory shifts, engages in meaningful exchanges and partnerships with fellow industry players, and collectively fosters industry development. Simultaneously, leveraging these association platforms enables the company to broaden its influence, increase visibility, and further elevate its position within the industry.

No.	Association Name	Association Level	Position
1	Clean Energy Council	International	Member Entity
2	Asian Photovoltaic Industry Association	International	Member Entity
3	China Photovoltaic Industry Association	National	Director Entity
4	New Energy Chamber of Commerce of All China Federation of Industry and Commerce	National	Member Entity
5	Zhejiang Solar Energy Industry Association	Provincial	Vice Chairman Entity
6	Guangdong Solar Energy Industry Association	Provincial	Member Entity
7	Henan New Energy Industry Development Alliance	Provincial	Member Entity
8	Hebei Photovoltaic New Energy Chamber of Commerce	Provincial	Member Entity
9	Jiangsu Renewable Energy Industry Association	Provincial	Member Entity
10	Jiangxi Energy Association Photovoltaic Branch	Provincial	Member Entity
11	Jiaxing Photovoltaic Industry Association	Municipal	Vice Chairman Entity
12	Hangzhou Solar Photovoltaic Industry Association	Municipal	Member Entity
13	PGO - Photovoltaic Green-ecosystem Organization	Industry	Member Entity



Product Liability

Enhancing product liability awareness and ensuring product quality are indispensable responsibilities of the company. Product liability not only impacts the company's integrity and reputation but also plays a critical role in maintaining market order and safeguarding consumer rights. A responsible enterprise should consistently prioritize product quality to ensure consumer safety and protection of their rights.

Quality Management System

APsystems upholds the quality policy of "technological innovation, continuous improvement, excellent quality and customer satisfaction", striving to deliver exceptional products and services to its customers. The company focuses on core areas such as research and development, design and market sales, while product manufacturing is conducted through outsourcing. To ensure the quality and consistent supply of outsourced products, the company meticulously selects outsourcing partners, taking into account their qualifications, credibility and technical capabilities.

Furthermore, the company has established a comprehensive quality management system, including protocols such as *Outsourcing Management Procedure* and *Process Inspection Specifications* to standardize the outsourcing process, personnel allocation, testing procedures, packaging and other aspects. Through close collaboration with outsourcing partners and stringent control over quality and processes, the company achieves complete monitoring of critical processes throughout the outsourcing chain. As of the end of the reporting period, the company has obtained ISO9001 quality management system certification.



Quality Management System Certification

In an effort to ensure the smooth implementation and effective operation of the quality management system, the company has established a robust organizational 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 operating officer 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.

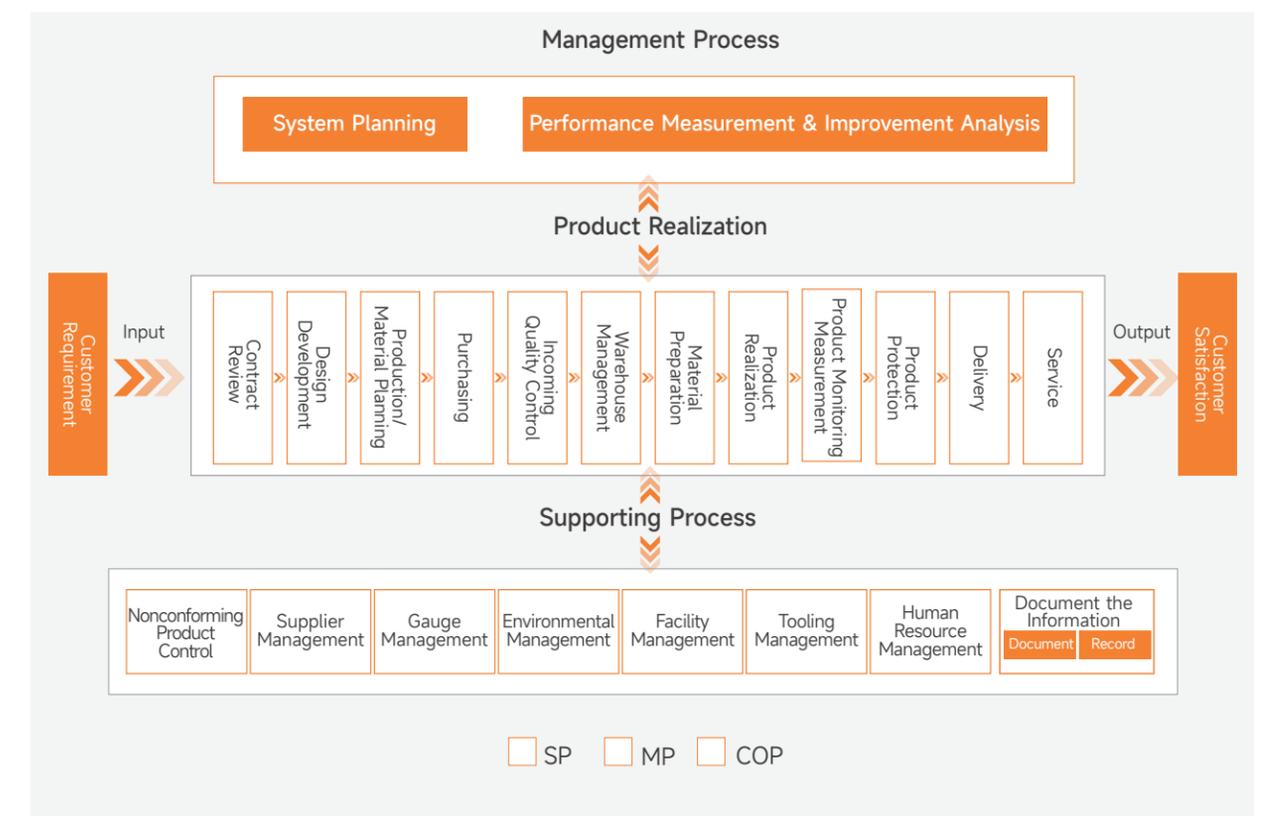


Organizational Structure for Quality Management

Product Lifecycle Management

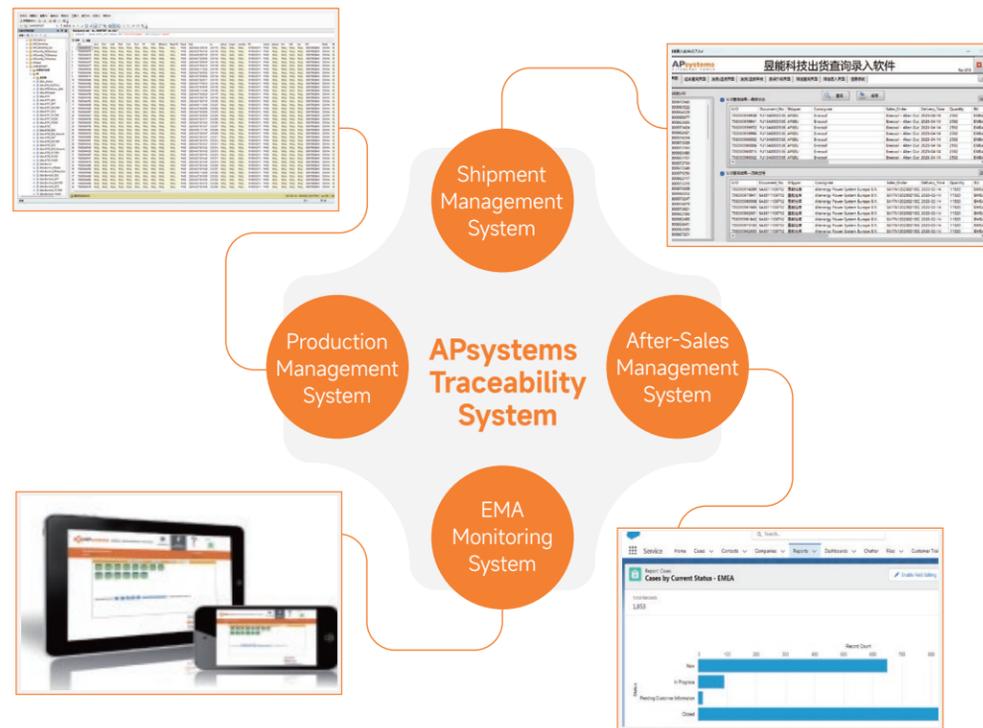
APsystems upholds the principle of "zero-defect production, zero-acceptance of defects and zero-delivery of defects". To achieve this, the company has established and implemented *Quality Assurance Management Procedures* and *Corrective and Preventive Action Control Procedures*. A stringent quality inspection 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), Aging Testing. Additionally, advanced 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



In terms of outsourcing management, the company employs a stringent process to control product quality. 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.

The company utilizes advanced production management technologies and has established 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.



SMT Production Line



DIP Production Line



FA Production Line

Non-Conforming Product Management

The company has implemented rigorous procedures for *Non-Conforming Product Control* and *Product Recall Management* to ensure product quality. In case of any potential non-conforming products, the company promptly follows the prescribed procedures and notifies relevant parties of the product information promptly. Should a batch of delivered products be found non-conforming in quality, we will promptly initiate the product recall procedure to comprehensively and swiftly control the affected finished products, thereby mitigating or preventing losses for the company and stakeholders.

Responsibilities of Each Department



General Manager

Responsible for making decisions regarding the initiation of the product recall procedure and approving the recall plan.



Operations Department

The Quality Supervisor leads the product recall process and is responsible for organizing relevant personnel to implement the recall, as well as gaining an understanding of the product recall status.

Warehousing and logistics team is responsible for tracking the status of products in transit and conducts inspections of inventory for identified problematic batches.

Quality team tracks the quantity, customer information, batch numbers and other relevant information related to problematic batches; organizes departments to develop and implement emergency measures as necessary; tracks and oversees the progress of the product recall work.



Sales Department

Responsible for conveying customer complaints and promptly informing relevant personnel. Handles communication and liaison with customers during the recall process.



Risk Management Department

Responsible for transmitting customer information relevant to the recall process.



Other Departments

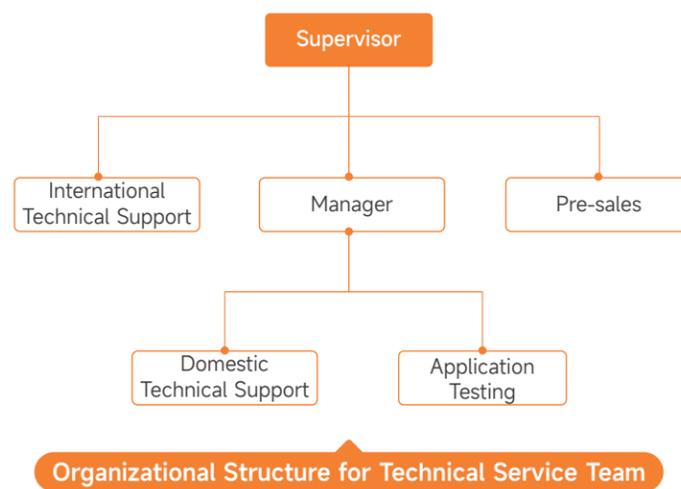
Participates in and collaborates to ensure the successful completion of the product recall process.

Customer Rights and Interests

Customer trust and satisfaction are foundational to sustainable development for the enterprise. Safeguarding customer rights and interests isn't just a legal mandate but a critical aspect of earning market share and fostering a positive reputation. With a customer-centric approach, the company ensures that customer rights remain inviolable, aiming to cultivate long-term trust and support for sustained growth.

Customer Service System

The company's mission revolves around "delivering optimal products and exceptional services to our customers", leading to the establishment of a comprehensive after-sales service system. To guarantee a comprehensive and attentive service experience, we delve deep into understanding our customers' specific needs and offer precise, reliable solutions. Upholding the ethos of genuine customer care, we prioritize 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.



Supervisor	Responsible for domestic and international technical support, system technical support, system research and technical support team management.
International Technical Support	Responsible for technical support work in various overseas regions, providing technical training, and conducting system-level research on photovoltaic systems.
Manager	Responsible for domestic technical support, system technical support, system research and management of domestic technical support/system application testing teams.
Domestic Technical Support	Provides technical support for products covered under signed warranty agreements, offering guidance on product installation and debugging to customers.
Application Testing	Based on customer feedback, proposes new design requirements to R&D; conducts application testing on new products to improve product reliability and stability; provides technical support for products covered under signed warranty agreements, offering guidance on product installation and debugging to customers.
Pre-sales	Assists in customer support with relevant regional sales and marketing teams; communicates with customers to design and plan system projects and develop implementation plans based on customer requirements; compiles technical, product, and training materials; organizes technical work and corresponding training.

Digital Management System

Salesforce is an exceptional Customer Relationship Management solution that effectively facilitates communication between enterprises and customers. The company primarily utilizes Salesforce for customer service management. By leveraging Salesforce, the customer service team gains a comprehensive understanding of customer needs, enabling them to deliver precise and efficient services. Furthermore, Salesforce's powerful data analytics capabilities allow the company to gain in-depth insights into customer behavior, thus providing robust support for future business strategies and decisions.



After-Sales Service Response

In order to provide efficient and professional complaint handling services, standardize the process for handling customer complaints, and ensure timely responses and satisfactory solutions when customers encounter issues, the company strictly adheres to legal regulations and has established the *After-Sales Operations Management Standards* to actively address inquiries related to our products, providing comprehensive and expert responses. Furthermore, both the Sales and Marketing Departments are responsible for gathering and documenting feedback and suggestions, offering practical solutions to address any identified issues.

Customer satisfaction remains our top priority. In cases where return or exchange requests arise due to product issues, the company responds promptly to ensure that consumer concerns are effectively resolved. Regarding after-sales services, we commit to actively contacting customers within 24 hours of identifying the service type, with designated after-sales personnel offering viable solutions. Should on-site support be necessary, our proficient personnel will promptly deliver services following approval by the after-sales department leadership. Our after-sales team ensures solution implementation and maintains ongoing monitoring until the issue is completely resolved. Should the issue still persist, we conduct a reassessment and develop successive solutions until achieving a closed-loop resolution.

Customer Satisfaction

In pursuit of consistent optimization and elevated customer satisfaction, the company has implemented the *Customer Satisfaction Measurement and Control Procedures*. This framework employs scientific and systematic methods to gather, analyze, and respond to customer feedback comprehensively. Through this approach, we gain insights into customer demands and expectations across multiple aspects including products, brands, services, logistics and pricing. We leverage these insights to implement targeted improvements and enhancements, thereby maximizing customer satisfaction.

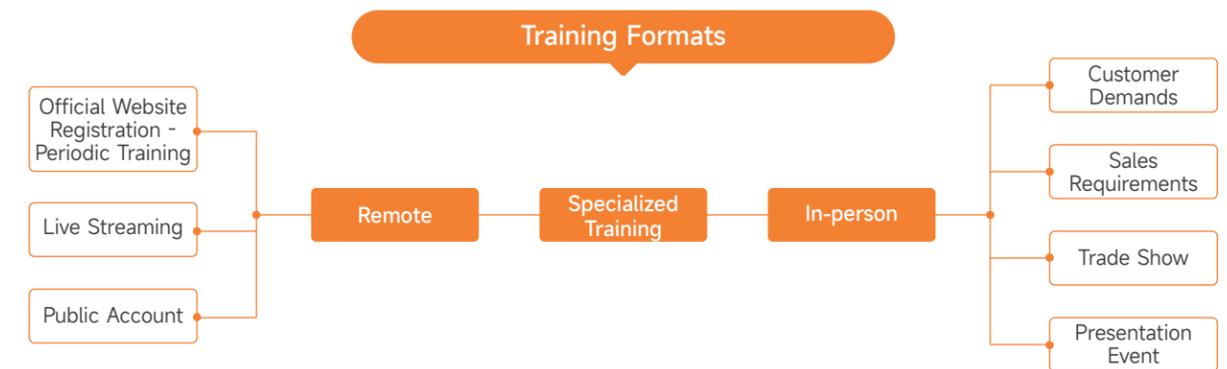
Performance

During the reporting period
the company customer
satisfaction rate
74%



Customer Service Training

Customer service has become a pivotal factor for enterprises in winning market share and attaining customer loyalty. To continuously elevate the company's service quality, cater 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, enhancing service efficiency and customer satisfaction. Through these training programs, each employee is expected to internalize customer satisfaction as a fundamental aspect of their work ethic, contributing collectively to the creation of an outstanding service brand. This effort propels the company towards achieving elevated service excellence and broader prospect for development.



On-site Training



Live Streaming Training

Responsible Marketing

APsystems strictly adheres to the *Advertising Law of the People's Republic of China* and rigorously monitors the promotion and sales processes of its products. Every marketing slogan and advertisement content undergoes thorough compliance review to ensure the authenticity and legality of information.

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. Through continuous innovation and flexible responses to market changes, the company strives to meet diverse customer needs without employing hyperbole or deceptive practices. It is this commitment to authenticity and principled conduct that has granted the company a favorable reputation and credibility in the market.

Sustainable Supply Chain Management

With the acceleration of globalization and the increasing exposure of environmental issues, enterprises are facing growing social responsibility and environmental pressures. Sustainable supply chain management not only helps companies reduce operational risks and improve efficiency but also enhances brand image and social influence. Through proper sustainable supply chain management practices, companies achieve a win-win situation between economic benefits and social benefits, contributing to global sustainable development.

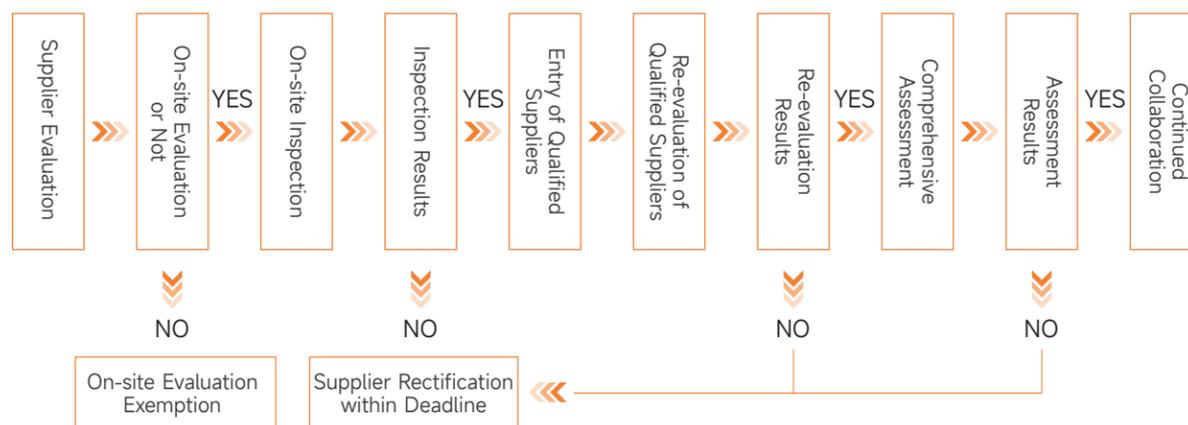
Supply Chain Management System

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 *Regulations on the Implementation of the Tendering and Bidding Law of the People's Republic of China*. Leveraging actual operational circumstances, the company has established the *Supplier Management Procedures and Procurement Control Procedures*. These protocols standardize and refine supplier investigation, selection, delivery management and price management, ensuring supply chain security and stability.

Full Lifecycle Management

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. Furthermore, the company has established the Procurement and Payment Management Procedures to evaluate the effectiveness of the internal control system, ensuring the procurement department can accurately anticipate upcoming payments. This assists the finance department in making informed fund projections and preparations, thereby safeguarding the legitimate rights and interests of suppliers.

Suppliers Full Lifecycle Management Process



Supplier Selection and Evaluation

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 company then carries out periodic or random audits and investigations on these qualified suppliers. If any supplier fails to meet the company's standards in terms of technical capabilities, quality performance, pricing considerations or service alignment, appropriate procedures for improvement, alteration or disqualification will be initiated.

Score	Scoring Criteria and Results
70% and above	Evaluation deemed as qualified
60%-70%	Placed on observation list; re-evaluation after improvement within one month
Below 60%	Evaluation deemed as unqualified

Supplier Evaluation

For established partners who have become qualified suppliers, the SQE develops an annual supplier audit plan at the beginning of each year 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. Each element carries a specific assessment weight: quality (40%), price (15%), delivery (15%), service (10%), and technology (20%).

Grade	Score	Category	Recommendation	Risk Level	On-Site Assessment Frequency
A	90 or above (Including 90)	Excellent Supplier	Consider increasing procurement volume reasonably	Low Risk	Once every two years
B	90-80 (Including 80)	Good Supplier	Continue procurement with enhanced scrutiny		
C	80-60 (Including 60)	Qualified Supplier	Consider reducing procurement or temporary suspension, or utilize as an emergency backup	Medium Risk	Once a year
D	Below 60 Deemed Unqualified	Unqualified Supplier	Immediately terminate procurement	High Risk	Terminate cooperation

Responsible Procurement

The company rigorously upholds the criteria for selecting and evaluating suppliers, distributors and service partners, giving fair consideration to their performance and management capabilities in areas such as quality, environmental impact and occupational health and safety. Partners are chosen based on their suitability for collaboration. Adhering to principles of fairness, equity and transparency, the company conducts regular performance assessments of its partners to enhance supply chain management optimization and improve overall value chain performance.

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*. As of the end of the reporting period, the signing rate of the Supplier Corporate Social Responsibility Commitment stands at **100%**.

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.

Information Security and Privacy Protection

In the digital era, the security of personal information and sensitive data is directly impacting individuals' interests. Confronting increasingly severe cyber threats, the company continuously enhances its information security construction by employing cutting-edge encryption technologies and robust security measures to safeguard data confidentiality and integrity. Moreover, the company places significant emphasis on safeguarding user privacy, strictly monitoring the collection, storage and utilization of user data to ensure comprehensive respect for and protection of user privacy rights.

Information Security Management System

APsystems places a strong emphasis on information security and protection, strictly adhering to the requirements of the *Personal Information Protection Law of the People's Republic of China* and relevant regulatory frameworks. The company has established internal management systems such as the *Information Security Management Manual*, *Information Security Risk Management Procedures* and *Information Asset Classification Management Procedures* to respect and safeguard customer privacy, contributing significantly to promoting network and information security.

To ensure the effective functioning of the company's information security management system, an ISO working group has been established to foster a robust information security culture within the company, further enhancing the company's information security management capabilities and levels. The ISO group consists of representatives from management and department leaders.

As of the end of the reporting period, the company has obtained ISO 27001 information security management system certification.

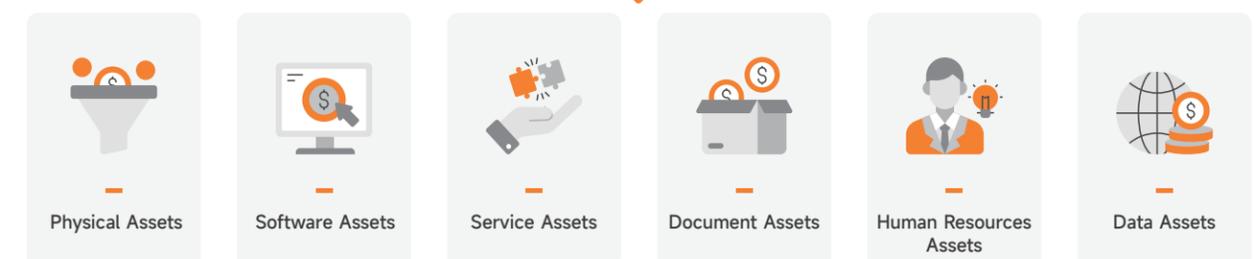


Information Security Management System Certification

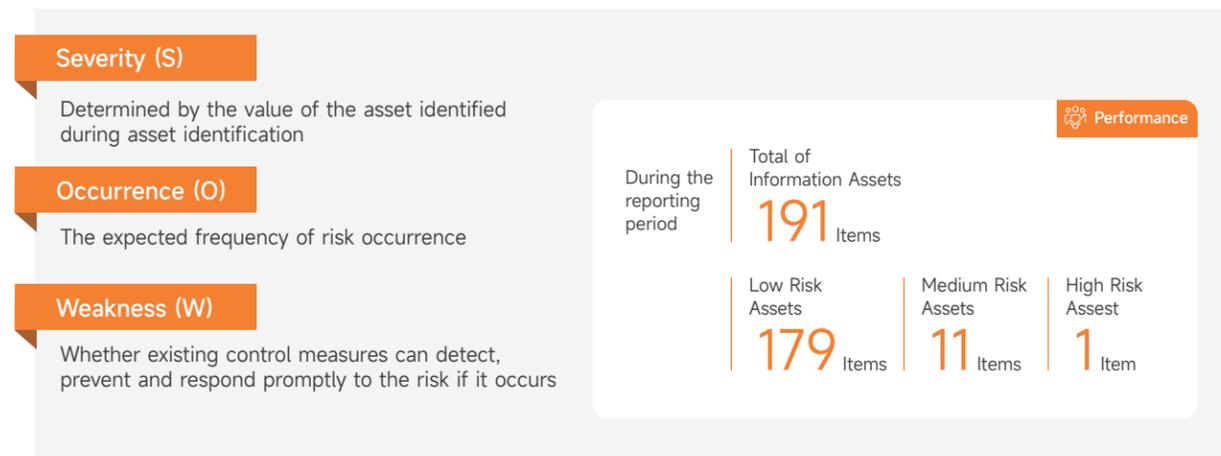
Information Security Risk Assessment

In order to safeguard information assets, the company has established an *Information Asset Identification and Risk Assessment Form*. This form is designed to identify internal information assets within the organization and assess the risks associated with them. Through this approach, the company gains insights into the value of information assets and potential security hazards, allowing for the implementation of appropriate measures to ensure data security.

Categories of Information Assets



During risk assessment, our company adheres to the fundamental principles of confidentiality, integrity and availability. We assess risks based on severity, occurrence and weakness, categorizing them into four levels: low, medium, high and very high. This systematic approach helps us gain a comprehensive understanding of the risk profile of our information assets and allows us to implement specific measures to mitigate risks at different levels.



Data Security Measures

The company places utmost importance on data security and has implemented a comprehensive set of measures to safeguard data. Leveraging the ISO 27001 information security management system certification, we have established a robust information security management framework that governs data from generation, utilization, storage, transmission and other aspects to ensure data integrity and confidentiality. In addition, we have 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 further fortify data security, the company regularly backs up business system data and conducts recovery drills to ensure rapid data restoration in emergencies, thereby ensuring seamless business continuity. Furthermore, we have implemented a file encryption system to encrypt sensitive files, coupled with stringent data access controls based on departmental and personnel responsibilities, to ensure controlled access and secure handling, transmission and storage of data.



Information Security Training

As the digital transformation progresses, the significance of information security for enterprises is increasingly emphasized. To guarantee the security of core information and assets, the company regularly organizes information security training sessions. The training curriculum not only covers regular backup procedures for technical documents and strict management of internal file access permissions but also includes 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. Additionally, the company promotes and enforces its confidentiality control system, combined with confidentiality agreements, providing dual protection. Security protocols for operations and laboratory equipment usage have been established, along with enhanced monitoring facilities. These trainings foster close collaboration across departments, fortifying the company's information security defenses and ensuring seamless operations and continuous innovation.

During the reporting period, information security training was provided to all employees, resulting in 20 individuals obtaining ISO 27001 information security management system internal auditor certification.

Information Security Training

The company has conducted information security training to elevate employees' awareness and enhance their self-protection capabilities regarding data security. The training program aims to foster a profound understanding of the importance of data security among employees, empowering them with practical knowledge and skills. This equips them to effectively prevent data breaches and uphold the integrity of company information security in their practical work.



Employee Well-being with Boundless Rights and Interests



Labor Relations Management

At APsystems, we place a great emphasis on the value, rights and interests of our employees, providing them with comprehensive support and development opportunities. We strive to cultivate a fair and inclusive work environment where every employee can fully unleash their potential, contributing to the sustainable growth of the company. Through a robust compensation and benefits system, we ensure that employees' rights and interests are fully protected. Moreover, we prioritize addressing employees' concerns and promoting their physical and mental health, fostering a sense of care and respect within the workplace. We are committed to creating a diverse, equitable and harmonious work environment that encourages creativity and teamwork among employees, thereby driving greater value for the company.

Employee Recruitment and Employment

Our company adheres strictly to the principle of lawful employment, following all relevant laws and regulations such as the *Company Law of the People's Republic of China* and the *Civil Code of the People's Republic of China*. We have established and implemented employment management systems, including the *Human Resources Management Procedures* to ensure the legality and compliance of our recruitment and employment practices. This ensures 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.



In order to continuously enhance the company's workforce composition and talent pool, we actively engage in talent acquisition through a refined recruitment process and diversified channels, including social recruitment, campus recruitment and internal promotions. 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 six 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 **21** career fair events and held **3** informational sessions.



Campus Recruitment

2023

New Hires(persons)



New Hires(persons)

171 Persons

New Hires by Gender



Male

128 Persons



Female

43 Persons

New Hires by Recruitment Channel



Social Recruitment

134 Persons



Campus Recruitment

37 Persons

Workforce Diversity and Inclusion

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 diversity in the workplace.

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.

As of the end of the reporting period

Female Managers

8 Persons

Female Managers Accounted

1.98%

Performance

2023

Total Workforce

 **404** Persons

Employees with Disabilities

 **1** Persons

Minority Ethnicity Employees

 **8** Persons

Employees Count by Gender



Male Employees
285 Persons

Female Employees
119 Persons

Employees Count by Region



China (including Hong Kong, Macau and Taiwan)
332 Persons

Overseas Countries or Regions
72 Persons

Employees Count by Position Level



Senior Management
9 Persons

Mid-level Management
18 Persons

Junior Management
46 Persons

Regular Employees
331 Persons

Employees Count by Age



Below 30 Years Old (Excluding 30)
134 Persons

30-40 Years Old (Including 30, Excluding 40)
175 Persons

40-50 Years Old (Including 40, Excluding 50)
66 Persons

50-60 Years Old (Including 50, Excluding 60)
21 Persons

60 Years Old and Above
8 Persons

Employees Count by Educational Qualifications



Doctorate Degree
4 Persons

Master's Degree
65 Persons

Bachelor's Degree
276 Persons

College Degree
47 Persons

Below College Degree
12 Persons

Employees Count by Specialization



Production
11 Persons

Sales
62 Persons

Technology
212 Persons

Finance
18 Persons

Administration
101 Persons

Compensation and Benefits

We recognize that compensation and benefits are robust drivers for unlocking employee potential, unleashing their value, and powering the company's steady progress and market leadership. As such, we uphold the principle of "internal equity, external competitiveness", establishing a refined compensation management framework that enhances employee satisfaction, productivity and overall engagement.

The company keeps encouraging employees to deliver value by conducting biannual performance evaluations, including mid-year and year-end assessments. These evaluations are directly tied to compensation, serving as a catalyst for unlocking employee potential. We employ a comprehensive, fair and objective dual-dimensional assessment method based on job responsibilities and performance achievements during these evaluations, ensuring an accurate evaluation of each employee's performance.

Compensation Structure

Positional Salary	Determined based on the employee's position importance and individual qualifications
Performance-based Salary	Paid according to the employee's job performance and company performance
Various Allowances	Provided as benefits to employees based on the company's operational conditions and regional standards
Bonuses	Offered as incentives in accordance with the company's or department's performance, following specified reward policies after assessments

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.

Furthermore, the company rigorously follows the requirements stipulated in the *Social Insurance Law of the People's Republic of China*, ensuring punctual payment of the five social insurances and one housing fund for employees. Additionally, the company provides other benefits such as commercial insurance, employee housing facilities, heatstroke subsidies, medical check-ups, holiday gifts and more to employees.

During the reporting period	Signing Rate of The Labor Contract	Employee Turnover Rate
	100 %	13.6 %
	Coverage Rate for The Social Insurance	
	100 %	

Democratic Management

The company actively upholds democratic management principles, strictly adhering to the *Trade Union Law of the People's Republic of China* and the *Constitution of the All-China Federation of Trade Unions*. It fulfills its legal obligations by establishing a robust system of workers' congresses and trade unions. This system ensures employees' rights to information, participation, expression, election and oversight, thus safeguarding their democratic rights comprehensively. Furthermore, the company regularly convenes workers' congresses to solicit and carefully consider employee feedback and suggestions, thereby promoting sustainable development and fulfilling social responsibilities effectively.



Employee Satisfaction

The company places a strong emphasis on protecting and respecting employees' freedom of expression, considering it a vital aspect of democratic management within the organization. We are dedicated to fostering an open and inclusive work environment that allows employees to freely voice their opinions and suggestions.

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 using a *Employee Satisfaction Questionnaire*. 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 us to actively identify and address potential issues, further optimizing the company's management practices and work environment.

Moreover, for probationary employees, direct leaders will conduct face-to-face discussions, centered around adaptability, job-related skills and overall impressions. These conversations facilitate a smooth integration of new employees into the team and ensure they receive the necessary guidance and support.

We continuously enhance the channels and response processes for employees to provide feedback and voice their concerns. These channels include phone calls, WeChat and other communication methods, with which employees can express their concerns and expose potential risks. Employee appeals receive the highest level of attention, ensuring fair and transparent handling processes that protect employees' legitimate rights and interests effectively.



Employee Care

At APsystems, we recognize that the happiness 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. Our goal is to cultivate a relaxed and enjoyable work environment through a variety of cultural and recreational activities, as well as team-building initiatives. These efforts are aimed at helping employees find fulfillment and enjoyment in their work, leading to increased motivation and productivity. 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.



Fun Sports Day



Basketball Activities



Badminton Activities



Team Building Activities

The company holds a steadfast belief in the indispensable role of female employees in our development, as their talents, intelligence and strength add a unique dimension to our organization. Therefore, we are dedicated to cultivating an inclusive, equitable and supportive work environment where every female employee can fully unleash her potential. We understand that by providing care and support to our female employees, they will gain the confidence and determination needed to navigate their career paths, fostering mutual growth and creating a brighter future together with the company.

Celebrating International Women's Day

In celebration of International Women's Day, the company delivered its appreciation for female employees by gifting them with warm spring gifts. These gifts were not just material offerings but also served as symbols of encouragement, inspiring female employees to maintain confidence and courage in constantly challenging themselves and striving for greater achievements in the future work endeavors.



During the reporting period

Performance

Employees Initiated Maternity Leave
2 Persons

Return-to-Work Rate Afterward
100 %

Employees Took Parental Leave
7 Persons

Return-to-Work Rate Afterward
100 %

Employee Training and Development

APsystems considers employee training as a fundamental driver of our corporate competitiveness and future growth. It not only facilitates the enhancement of employees' professional skills and knowledge but also cultivates a stronger sense of belonging and loyalty among them. In today's intensely competitive market landscape, continuous employee training has become an essential prerequisite for enterprises to sustain competitive edge and achieving sustainable development.

Training System and Policies

The company steadfastly upholds the belief that employees represent our most valuable asset, and their growth and development are pivotal to the company's future. As such, we have established and continually refined a system for employee recruitment, training and incentives, aimed at encouraging employees to continuously elevate their inherent value. We recognize the unique potential and talents possessed by each employee, and through targeted training and guidance, we empower them to harness their strengths effectively, fostering mutual growth for both individuals and the organization. Our commitment lies in providing employees with a growth platform characterized by challenges and opportunities, cultivating their innovative mindset and practical capabilities, thereby enabling them to stand out from others in the industry through continuous learning and practice.

Our company boasts an exceptional internal training team comprising individuals with profound expertise and extensive teaching experience. They deliver a wide array of professional knowledge courses to employees, fostering a culture of knowledge accumulation and sharing within the company. As of the end of the reporting period, our internal training team consists of **10** trainers.

Company Hierarchical Training

New Employee Training

In order to facilitate a swift integration into the company culture and familiarization with work processes for new employees, the company has provided essential guidance and support. This initiative empowers new employees to unleash their potential effectively. During the reporting period, a total of **84** individuals participated in **5** new employee training sessions, accumulating **15** hours of training duration.



Expertise Training

Focused on enhancing practical operational capabilities and theoretical knowledge among our workforce, the company prioritizes professional skills development. The company conducted targeted training programs on "Safety Management of Lithium Batteries" and "Analysis, Testing and Application of Power Converter Magnetic Technology" to elevate employees' specialized skill levels. The "Safety Management of Lithium Batteries" course emphasizes critical safety protocols and maintenance techniques for lithium battery usage, ensuring employees can safely and efficiently operate lithium batteries in practical operational scenarios. Conversely, the "Analysis, Testing and Application of Power Converter Magnetic Technology" course provides in-depth insights into applied technology and testing methodologies, enabling employees to grasp and utilize power converter magnetic technology effectively. During the reporting period, the company has conducted two professional skills training sessions with a total of **91** participants, accumulating **21** hours of training.



Systematic Employee Training Program Implemented by the Company

The company has implemented a comprehensive and systematic employee training program aimed at enhancing professional capabilities. This program includes department-based rotational online training, ensuring that every employee has sufficient opportunities for learning. Each training session lasts between 4 to 5 hours, with rotations occurring every three weeks. This schedule maintains learning continuity while giving employees sufficient time for assimilation. During the reporting period, the average total credits earned per person were 29, with a total participation of 252 individuals and an average of 22 courses per person.

These training programs have led to improvements in employees' professional skills, promoting their competitiveness within their respective domains. Concurrently, this approach has provided robust talent support for the company's business growth.

Employee Training Performance

2023



Investment in Employee Training

CNY **351,889**



Number of Training Sessions

24 sessions



Total Number of Employees Receiving Training

2,440 persons



Employee Training Coverage Rate

100%



Total Training Duration

239,120 hours



Average Annual Training Duration per Employee

98 hours

Employee Development Pathway

To further facilitate employees' career advancement, the company has established the *Employee Promotion Management Measures* and the *Employee Rewards and Penalties Management Regulations (Interim)*, thereby instituting a dual career development pathway that integrates horizontal and vertical progression.

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.

This dual development pathway design offers employees a diversified range of career tracks, enabling them to realize their personal value while contributing to the company's constant vitality for sustained growth.

Career Development Pathway

Management Positions

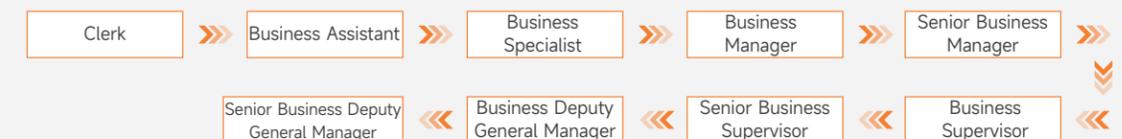


Business Titles

Engineering and Technical Roles



Marketing Roles



Economic and Clerical Roles

Job titles are determined based on specific job requirements, with corresponding benefits provided according to the designated level

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 23 technical professionals participated in continuing education training covering both "General Subjects" and "Professional Subjects". 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.



Health and Safety

Constantly maintaining a prudent and professional attitude and strictly adhering to national and local laws and regulations. APsystems highly values employee life safety and physical health as top priorities, and the company employs scientific preventive measures and rigorous training mechanisms to ensure comprehensive protection.

Occupational Health and Safety System

The company views employee health and safety as a crucial aspect of achieving sustainable development, steadfastly implementing various employee health protection policies. It strictly adheres to 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*. Manuals and procedural documents related to occupational health and safety management systems have been established to ensure full employee participation and negotiation rights in aspects such as hazard identification, assessment and control planning, occupational health and safety management goal planning, incident investigation and handling, and occupational health and safety performance evaluation. This approach ensures effective safety production within the company.

To enhance the safety production capabilities of all personnel and foster a safety culture throughout the organization, 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. As the company's top safety officer, the General Manager bears overall responsibility for safety work, ensuring the effective execution of safety measures.

During the reporting period, the Chairman, General Manager and relevant departmental leaders have jointly signed *Annual Safety Production Target Responsibility Agreements*. Additionally, front-line employees exhibited a **100%** signing rate, with **220** safety commitment letters signed, thereby fully enforcing safety responsibilities throughout the organization.



Safety Production Risk Management

The company places great importance on the health and safety of its employees, conducting regular workplace occupational hazard assessments. Utilizing professional detection equipment and advanced technological methods, the company thoroughly examines hazardous substances in the workplace to ensure a healthy and safe environment for all employees. Furthermore, the company collaborates with specialized medical institutions to conduct routine occupational disease screenings, providing comprehensive health protection for its workforce.

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.

By the end of the reporting period, the company has not experienced any occupational disease injuries or serious safety production accidents.

Safety Training and Dissemination

Safety production is everyone's responsibility. To standardize employee safety behaviors, APsystems has formulated the *APsystems 2023 Employee Training Plan*, actively conducting new employee safety education and safety production training sessions. These initiatives aim to fortify the safety defenses of employees and elevate their safety awareness and skills. Training content encompasses safety production-related documents, regulations, processes, hazard factors, preventive measures and case studies of accidents. Training is conducted through on-site lectures, with the establishment of professional training participant files.



Safety Training for New Employees

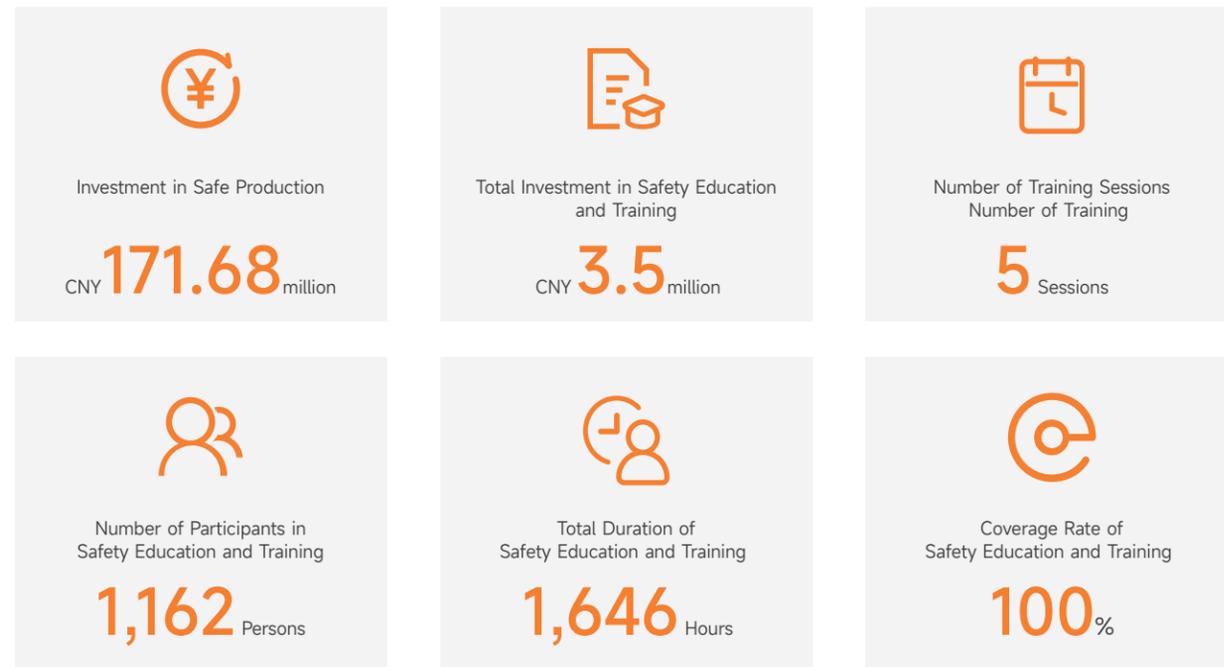
During the reporting period, the company actively engaged in the national Safe Production Month initiative, organizing a series of innovative and impactful promotional campaigns. Leveraging platforms such as live-streamed fire safety training sessions and interactive online quizzes with incentives, the company effectively disseminated crucial safety production knowledge to each member of its workforce. These endeavors not only facilitated the widespread understanding of safety production knowledge but also cultivated a positive environment emphasizing "collective vigilance towards safety production and the protection of life".



"Safe Production Month" Promotional Poster

Security Training Performance

2023



Occupational Health Protection Measures

To enhance employees' awareness of occupational disease prevention and elevate their overall health, the company conducts four annual training sessions focusing on occupational disease prevention. These sessions are designed to ensure that employees gain a comprehensive understanding and mastery of relevant knowledge. Through collaborative efforts and active participation, the company aims to foster a healthier and safer work environment, safeguarding the physical well-being and life safety of its employees.

Furthermore, the company conducts regular promotional activities and educational campaigns on occupational health, including observances dedicated to occupational disease prevention. 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.



Promotional Poster for Occupational Disease Prevention Observances



Occupational Health Hazard Notification Signs



To further elevate employees' occupational health standards, the company arranges regular health examinations at designated medical institutions. Workers engaged in tasks involving potential occupational disease hazards undergo occupational health checks before starting work and periodically during their employment.

During the reporting period, **173** employees who had completed one year of service participated in health examinations, achieving a **100%** coverage rate. Similarly, the coverage rate for new employees' health examinations upon joining the company was also **100%**.



Photo of Employees Undertaking Health Examination

Promoting Social Harmony Through Philanthropy Initiatives



As a global leader in distributed photovoltaic storage solutions, APsystems has consistently remained committed to its mission of "Driving Towards a Zero-Carbon Future, Co-Creating an Intelligent Life". 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, APsystems has leveraged its strengths to collaborate closely with numerous domestic and international charitable organizations, making significant contributions to the harmonious development of society. Since 2016, the company has donated over ten thousand solar lights to children in poverty-stricken areas, with a cumulative value exceeding CNY 320,000 ; donation CNY 100,000 to charitable organizations. Additionally, in collaboration with European partners and others, we have conducted charitable activities, raising over 23,000 Euros and donating 3,600 solar lights to the non-profit organization "Extend the Day". This initiative provides more reliable and sustainable energy solutions for residents in Africa and other regions, thereby helping improve their living conditions.

Moving forward, APsystems will continue to strengthen cooperation with other charitable organizations and sectors, diversify the forms of philanthropic activities, and empower initiatives such as photovoltaic poverty alleviation, solar light donations and children's photovoltaic knowledge promotion. We are committed to actively engaging in philanthropy and contributing even more significantly to the harmonious development of society.



Donations of Solar Reading Lights to Mountainous Regions

During the reporting period, APsystems donated 1,666 solar reading lights to more than ten primary and secondary schools in remote mountainous regions of Sichuan and Guizhou provinces, China. These solar lights were specifically designed by APsystems engineers to address the electricity needs of students in poverty-stricken areas. They are compact, portable and can be charged directly by sunlight. With a single charge, they can provide continuous usage for up to 5 hours, making them highly cost-effective and suitable as supplementary lighting sources for children in remote areas.

Throughout the donation process, APsystems collaborated with various charitable organizations and organized volunteer activities to ensure that each light was distributed to the students, bringing them the "light of hope" filled with beautiful aspirations.



Appendix

Key Performance

Dimension	Indicator	Unit	2023	
Corporate Governance	Convening of the Shareholders' Meeting	Time(s)	5	
	Deliberation of Agenda Items at the Shareholders' Meeting	Item(s)	17	
	Composition of the Board of Directors	Person(s)	7	
	Independent Directors	Person(s)	3	
	Female Directors	Person(s)	1	
	Directors with Doctoral Degrees	Person(s)	2	
	Directors with Master's Degrees	Person(s)	2	
	Directors Aged 30-50	Person(s)	1	
	Directors Aged 50-60	Person(s)	5	
	Directors Aged over 60	Person(s)	1	
	Convening of the Board of Directors	Time(s)	9	
	Deliberation of Agenda Items at the Board of Directors	Item(s)	40	
	Composition of the Supervisory Board	Person(s)	3	
	Convening of the Supervisory Board	Time(s)	8	
	Deliberation of Agenda Items at the Supervisory Board	Item(s)	21	
	Payment of Taxes	CNY 10,000	17,789	
	Regular Disclosure of Reports	Piece(s)	6	
	Disclosure of Temporary Announcements	Piece(s)	62	
	Conduct of Investor Open Forums	Time(s)	4	
	Reception of On-Site Investor Surveys	Time(s)	1	
	Addressing Investor Inquiries	Time(s)	52	
	Investor Inquiry Response Rate	%	100	
	Cash Dividend per Ten Shares	CNY	2.2	
	Total Cash Dividend (Including Other Methods)	CNY 10,000	1,760	
	Percentage of Total Cash Dividend (Including Other Methods) to Total Profit Distribution	%	48.82	
	Rate of Anti-Commercial Bribery and Integrity Agreements Signed with Suppliers	%	93.55	
	Environmental Management	Electricity Consumption	kWh	726,922
		Water Consumption	Ton(s)	487
R&D Expenditure		CNY	10,470.53	
Ratio of R&D Expenses to Company Revenue		%	7.37	
Industrial Value	Number of R&D personnel	Person(s)	210	
	Ratio of R&D Personnel to Total Company Workforce	%	51.98	
	New Invention Patents	Item(s)	4	
	New Utility Patents	Item(s)	4	
	New Software Copyrights	Item(s)	9	
	Customer Satisfaction	%	74	
	Signing Rate of Supplier CSR Commitments	%	100	
	Number of Labor Discrimination Incidents	Incident(s)	0	
	Number of New Employees	Person(s)	171	
	Number of New Male Employees	Person(s)	128	
	Number of New Female Employees	Person(s)	43	
	Number of New Employees Recruited Through Social Channels	Person(s)	134	
Number of New Employees Recruited from Campuses	Person(s)	37		
Total Number of Employees	Person(s)	404		
Number of Female Leadership	Person(s)	8		
Percentage of Female Leadership	%	1.98		

Dimension	Indicator	Unit	2023
Human Resources	Number of Disabled Employees	Person(s)	1
	Number of Minority Ethnic Employees	Person(s)	8
	Male Employees	Person(s)	285
	Female Employees	Person(s)	119
	Employees in China (including Hong Kong, Macau and Taiwan)	Person(s)	332
	Employees in Overseas Countries or Regions	Person(s)	72
	Senior Management	Person(s)	9
	Middle Management	Person(s)	18
	Junior Management	Person(s)	46
	Ordinary Employees	Person(s)	331
	Below 30 Years Old (Excluding 30)	Person(s)	134
	30-40 Years Old (Including 30, Excluding 40)	Person(s)	175
	40-50 Years Old (Including 40, Excluding 50)	Person(s)	66
	50-60 Years Old (Including 50, Excluding 60)	Person(s)	21
	Above 60 Years Old	Person(s)	8
	Doctorate	Person(s)	4
	Master's	Person(s)	65
	Bachelor's	Person(s)	276
	College Diploma	Person(s)	47
	Below College Diploma	Person(s)	12
	Production	Person(s)	11
	Sales	Person(s)	62
	Technology	Person(s)	212
	Finance	Person(s)	18
	Administration	Person(s)	101
	Return-to-Work Rate after maternity leave	%	100
	Number of Employees on Maternity Leave	Person(s)	2
	Return-to-Work Rate after Parental Leave	%	100
	Number of Employees on Parental Leave	Person(s)	7
	Labor Contract Signing Rate	%	100
	Social Security Coverage Rate	%	100
	Employee Turnover Rate	%	13.6
	Number of Agenda Items Approved by the Workers' Congress/Union	Item(s)	1
	Ratio of Active Employees to Union Members	%	100
	Employee Satisfaction	%	100
	Participation Rate in Employee Satisfaction Surveys	%	91.13
Investment in Employee Training	CNY 10,000	35.19	
Number of Training Sessions for Employees	Session(s)	24	
Total Number of Employees Trained	Person(s)	2,440	
Total Duration of Employee Training	Hour(s)	239,120	
Average Training Duration per Employee	Hour(s)	98	
Employee Training Coverage Rate	%	100	
Amount of Investment in Safety Production	CNY 10,000	17,167.77	
Total Investment in Safety Education and Training	CNY 10,000	350	
Safety Production	Number of Safety Education and Training sessions	Session(s)	5
	Number of Participants in Safety Education and Training	Person(s)	1,162
	Total Duration of Safety Education and Training	Hour(s)	1,646
	Safety Education and Training Coverage Rate	%	100
	Number of Front-line Employees Signing Safety Commitment Agreements	Agreement(s)	220
	Signing Rate of Safety Commitment Agreements by Front-line Employees	%	100
	Coverage Rate of New Employee Entry Physical Examinations	%	100

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Feedback Form

Dear Reader:

Thank you for taking the time to read this report. We highly value and look forward to hearing your voice on this report. Your opinions and suggestions are crucial for us to continuously improve our ESG information disclosure, advance ESG management and practices. Your opinions and suggestions are precious to us, and we sincerely thank you for providing them!

1.What is your overall rating on our performance in fulfilling ESG initiatives?

Excellent Good Fair Poor Very Poor

2.What is your overall rating on this ESG report?

Excellent Good Fair Poor Very Poor

3.How do you perceive our communication with stakeholders?

Excellent Good Fair Poor Very Poor

4.How do you assess our product responsibility?

Excellent Good Fair Poor Very Poor

5.How do you rate our performance in terms of environmental, safety and occupational health aspects?

Excellent Good Fair Poor Very Poor

6.What is your opinion on our employee responsibility?

Excellent Good Fair Poor Very Poor

7.How do you evaluate our overall ESG performance?

Excellent Good Fair Poor Very Poor

8.Do you have any comments or suggestions regarding our ESG performance and this report?