

Shenzhen Sinexcel Electric Co., Ltd.
2023 Environmental, Social and
Governance Report

July, 2024

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1. About the Report

This report is the second Environmental, Social, and Governance (ESG) report released by Shenzhen Sinexcel Electric Co., Ltd. This report strictly adheres to the core principles of objectivity, standardization, transparency, and comprehensiveness, with a dedicated focus on presenting stakeholders with a clear overview of Sinexcel's endeavors, practices, and accomplishments in the aspects of environmental, social, and corporate governance.

- **Reporting Period**

The reporting period is from January 1, 2023, to December 31, 2023, with some content moderately extending to the previous and subsequent years.

- **Scope of Report**

The information disclosed in this report encompasses Shenzhen Sinexcel Electric Co., Ltd. and its subsidiaries. Unless otherwise noted, it aligns with the scope outlined in the annual consolidated financial statement of Sinexcel (stock code: 300693.SZ).

- **Compiling Basis of the Report**

Global Sustainability Standards Board (GSSB) Sustainability Reporting Guidelines (GRI Standards)

China Enterprise Reform and Development Society and Chinese Academy of Social Sciences *The General Framework of China Enterprise Sustainability Reporting Guidelines* (CASS-ESG 6.0)

Shenzhen Stock Exchange *Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 17 - Sustainability Report (Trial)*

International Organization for Standardization *ISO 26000: Guidelines for Social Responsibility (2010)*

2030 UN Sustainable Development Goals (SDGs)

- **Data Source**

The data used in the report is retrieved from the official documents, statistical reports or public information.

- **Reliability Assurance**

The Company assures that there are no false records, misleading statements, or material

omissions in the content of this report.

- **Names and Designations**

For the convenience of expression and reading, "Shenzhen Sinexcel Electric Co., Ltd.", hereinafter referred to as "Sinexcel Co., Ltd.", "Sinexcel", "the Company" or "We" in this report. The abbreviations used in the report have the same meaning as those defined in the 2023 annual report.

- **Access to Report**

This report is available in both paper-based and electronic versions. The e-copy can be accessed and downloaded from the official website of Sinexcel (www.sinexcel.com) or the Shenzhen Stock Exchange website (www.szse.cn). Please do not hesitate to email us: stock@sinexcel.com or call us at 0755-88999771 to request a paper version of the report.

- **Feedback and Suggestions**

If you have any questions or suggestions about this report, please scan the below QR code or provide feedback to us through the above contact information. Thank you!



2. Message from the Chairman

2023 has been a year of both opportunities and challenges. Amidst a relentless intensification of climate change impacts, the global average temperature has soared to unprecedented levels, marking a new high since the inception of comprehensive meteorological records. The proliferation of extreme weather and climate events has significantly disrupted societal life and production processes, posing formidable hurdles. Concurrently, 2023 witnessed a marked acceleration in the global energy transition, fueled by the steadfast growth in installed capacities of solar, wind, and other renewable energy sources. COP 28 (the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change) achieved a historic milestone by forging a consensus on transitioning away from fossil fuels, issuing a clarion call for an expedited global shift towards a net-zero emission energy system.

Over the past 16 years, Sinexcel has steadfastly adhered to the principle of long-termism, prioritizing both its own and societal sustainable development. The Company has relentlessly pursued the objectives of "Improving the Energy Efficiency and Achieving Energy Freedom", establishing diverse business segments centered on new energy charging, storage, testing, and industrial power supply. Through resilient growth and harnessing the transformative power of technology, Sinexcel has catalyzed the evolution of the entire new energy industry, providing a robust impetus for green development. In 2023, the diligent cultivation has yielded abundant and fruitful accomplishments.

Strengthening the Foundation for Growth. Over the past year, under the steadfast guidance of the corporate culture, we have sustained stable operational excellence. We have continuously standardized the operations of the general meeting of shareholders, the board of directors and the supervisory board, and strengthened the risk management system. We have intensified investor engagement, outlining a strategic roadmap for "dual improvement of quality and returns", increasing cash dividends and share repurchases, and reinforcing investor confidence. Adhering to the highest standards of business ethics, we have nurtured a culture of integrity. Furthermore, we have relentlessly pursued digital transformation and bolstered information security management, cultivating a comprehensive and intelligent Sinexcel ecosystem that seamlessly integrates hardware

and software capabilities. During the reporting period, with the remarkable financial achievements and corporate governance practices, Sinexcel was honored as one of the "Top 50 Listed Companies on the ChiNext Board in the 17th China Listed Company Value Awards".

Catalyzing Energy Transition. Throughout the past year, we have embraced a technology-driven strategy, harnessing the power of innovation and aligning with market demands to expand the global footprint, offering exceptional products and services tailored to the customers' needs. We are dedicated to R&D and invested RMB 231 million in R&D expenses, accounting for 8.71% of the revenue. In the realm of charging and swapping, we pioneered the V7 800kW flexible shared ultra-fast charging solution, initiating the era of "instantaneous" charging and proactively aligning with policies like "Ultra-Fast Charging Infrastructure Advancement" and "New Energy Vehicles Penetration in Rural Areas". In energy storage, we introduced the groundbreaking SiC-based modular energy storage inverter, PWS1-125M, tailored for industrial and commercial use, achieving 1% increase of average efficiency and a substantial 25%+ increase in module power density. We supplied 3,029,251.27kW of smart grid industry products, marking a steady 13.06% YoY growth, and 206.23% YoY surge in new energy industry products at 7,317,058.86kW, significantly accelerating the green transformation momentum across diverse industries.

Embracing Green and Low-Carbon Practices. Over the past year, we have seamlessly integrated the green development philosophy into every aspect of the operations and governance. In product design, we uphold eco-design principles, striving to minimize material consumption, curtail power usage, incorporate climate-resilient designs, and prolong product lifespan. Within production and operational frameworks, we have optimized the environmental management system, proactively constructed green factories, established energy and water conservation targets, standardized waste management practices encompassing wastewater, waste gas, and solid waste, and significantly reduced the operational environmental footprint.

Orchestrating a Harmonious Symphony. Over the past year, we have remained people-oriented and open-minded, striving to become a socially impactful enterprise. We offer the employees market-competitive compensation and benefits, foster a diverse and inclusive

organizational culture, intensify employee training, cultivate an organically evolving learning organization, and implement rigorous safety management to safeguard employees' physical and mental well-being. Amidst challenging domestic economic conditions, we bucked the trend by conducting the largest-ever campus recruitment drive, warmly embracing fresh talent. In addition, we collaborate with partners to actively contribute insights and strategies for industry development, jointly fostering a vibrant industry ecosystem. Furthermore, we remain steadfast in our commitment to public welfare, providing financial support for projects aimed at protecting minors, fostering technological innovation, and assisting education, deeply caring for societal well-being.

Disregard patter of raindrops piercing through the forest canopy, Sinexcel maintains a leisurely pace, serenely singing and chanting along the way. In the future, Sinexcel remains committed to embracing transformations and confronting challenges, steadfastly adhering to the principles of high-quality development. The aspiration is to emerge as a robust and influential catalyst in the new energy transition, collaborating closely with all stakeholders in a collective endeavor towards a sustainable and prosperous future.

Shenzhen Sinexcel Electric Co., Ltd. Chairman of the Board

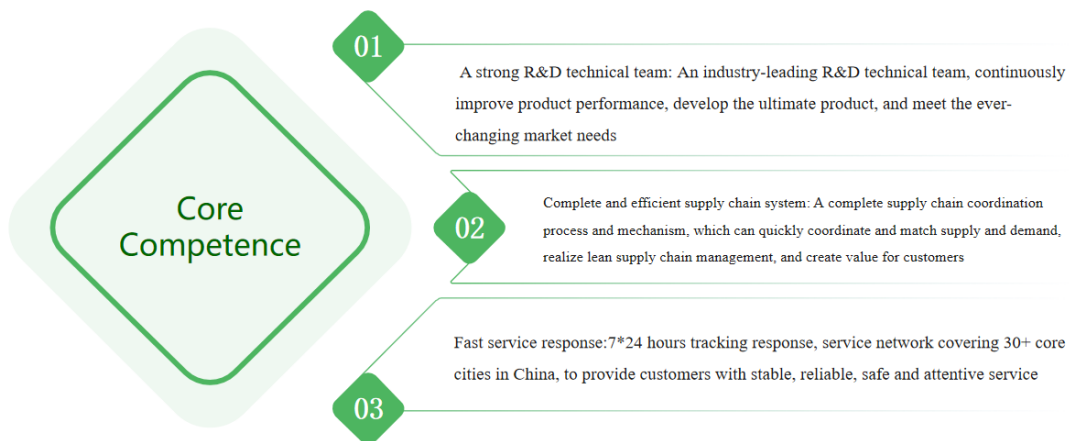
Fang Xing

3. About Sinexcel

3.1 Company Overview

Since its establishment, Sinexcel has been engaged in the application of power electronics technology in power supplies for industrial applications and new energy sector providing efficient and safe electrical energy security for high-end manufacturing, data centers, energy, and rail transportation industries. The Company also provides core equipment and comprehensive solutions for energy storage micro-grid systems, charging and swapping operations, consumer and vehicle battery manufacturing companies in the new energy sector.

Sinexcel was established in 2007 and headquartered in Shenzhen, China. In 2008, we launched the first modular APF (Active Power Filter) product in China. In 2017, Sinexcel was listed on the GEM Board of the Shenzhen Stock Exchange, becoming the first public company in the field of low-voltage power quality. According to the 2023 China Energy Storage PCS Supplier Shipment Ranking List, released by Zhongguancun Energy Storage Industry Technology Alliance, Sinexcel ranked among the top four in the industry with its technological advantages and market performance, consolidating the Company's leading position in the energy storage industry.



Core Competence



3.2 Services and Solutions

Sinexcel adheres to the core concept of "Customer-centric", creating a diversified industrial layout and business segments, including power quality, energy storage and micro-grid, charging and swapping services, battery formation and testing etc. Focusing on the application of power electronics technology in industrial power supply and new energy fields, Sinexcel provides efficient and safe power supply for high-end manufacturing, data centers, energy, and rail transit industries. Furthermore, the Company extends the expertise to provide core equipment and comprehensive solutions tailored for energy storage and micro-grid systems, charging and swapping operations, consumer and power battery manufacturing enterprises.

Business Sector	Business Segment	Industry Status	Development
Power Supplies for Industrial Applications	Power quality	Top 1 of the world in low voltage APF	16 years of production and R&D experience, full coverage of voltage and current quality products, business coverage in over 50 countries and regions, application of over 2,000 power management projects,

			and application of nearly 10 million A active filter capacity.
	Industrial power supply	Collaborative development with power quality business	Focusing on digital technological innovation of power supply, including laser processing equipment power supply, industrial intelligent equipment power supply, semiconductor processing equipment power supply, etc.
New Energy	Charging and swapping services	Core Module Brand and Best Technology Contribution Award in China's Charging and Swapping Industry in 2023; 2023 Best Ultra-Fast Charging Technology Innovation Award in the EV Charger Industry; 2023 Best Battery Swapping Technology Award	13 years of production and R&D experience, 50+ charging products of different specifications, 100+ unique charging control technology, online operation of 6W+ charging systems, and application of 60W+ charging modules in the market.
	Energy storage and micro-grid solutions	Top 4 Chinese Companies in Global Energy Storage Inverter Shipments	8GW cumulative global installed capacity, 5,000+ energy storage project applications, global business

			coverage on 6 continents, 60+ countries and regions, and 60+ certified models.
	Battery formation and testing	On a leading position in China	11 years of production and R&D experience, achieved technical advantages such as 0.02% FS ultra high precision, 3ms light speed dynamic response, 1ms high-speed record, 20ms road spectrum, 96% feedback efficiency, 10+ types of equipment peripheral linkage, and comprehensive safety protection.

Revenue Breakdown by Segment		
Business Sector	Revenue in 2023 (RMB million)	Revenue Proportion
Power supplies for industrial applications	533	20.11%
New energy power conversion equipment	910	34.32%
EV charging equipment	850	32.06%
Battery formation and testing equipment	299	11.27%
Others	59	2.24%

3.3 Business Layout

Sinexcel is headquartered in Shenzhen and established manufacturing bases in Huizhou and Suzhou and R&D Centers in Shenzhen and Xi'an, as well as an operation center in East China. Expanding its global footprint, the Company has subsidiaries across the United States, Germany, Australia, Singapore, and others. Sinexcel's products spans over 60 countries and regions worldwide. Many products have been certified by international authoritative certification organizations such as ETL, TUV, CE, SAA, UL, etc., testifying to the adherence to both domestic and international standards of excellence. As we embark on the future, Sinexcel will integrate international resources and local advantages, relentlessly expanding our international market presence, and steadfastly forging ahead with our global strategic presence.

Global Presence of Sinexcel	
Headquarter	Shenzhen
R&D Centers	Shenzhen and Xi'an
East China Operation Center	Suzhou
Manufacturing Base	Huizhou and Suzhou
Overseas Companies	Sinexcel Inc (US Sinexcel), Southern California Sinexcel PTE. Ltd. (Singapore Sinexcel), Singapore Sinexcel PTY. Ltd.(Australian Sinexcel), New South Wales Sinexcel (Deutschland) GmbH (German Sinexcel), Düsseldorf Korea Sinexcel Co., Ltd. (Korean Sinexcel), Seoul

4. A Recap of 2023


4.1 Key Highlights in 2023

Indicator	Unit	2023
Economic Performance		
Revenue	RMB million	2,651
YoY growth	%	76.37

Net profit attributable to shareholders of the parent company	RMB million	403
YoY growth	%	80.20
Net cash flow from operating activities	RMB million	439
YoY growth	%	116.80
Basic earnings per share	RMB/share	1.30
YoY growth	%	79.34
Environment Performance		
Reuse rate of water resources during production process	%	100
Recovery rate of general solid waste	%	100
Coverage rate of environmental protection training for manufacturing base employees	%	100
Number of environmental protection trainings	Number	40
Social Performance		
R&D investment	RMB million	231
Number of patents held	Number	179
Smart grid industry products	kW	3,029,251.27
New energy industry products	kW	7,317,058.86
Customer satisfaction	%	90.80
Employee satisfaction	%	88.50
Total training hours for employees	Hour(s)	26,367
Average training hours for employees	Hour(s)	11.18

4.2 Key Events in 2023

No.	Events
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<p>1</p>	<p>By fortifying our foundations and exploring new opportunities, Sinexcel spearheads a new era in power quality</p> <p>At the 2023 new product launch event, themed "Fortifying Foundations & Forging New Paths: Navigating the Power Quality Frontier", Sinexcel unveiled a new active power filter solution - the Sinexcel APF P5 model. The performance of this model has been significantly improved, with advantages such as 99% high efficiency, high power density, and high reliability, meeting customers' needs for stable and safe current quality. Meanwhile, the integration of silicon carbide switching technology has ushered in a comprehensive upgrade of the product, filling the technological gap of similar products and redefining the industry benchmark. This is another revolutionary and successful innovation in the power quality industry.</p> <div style="text-align: center;">  </div>
<p>2</p>	<p>The signing ceremony of Sinexcel's Northwest headquarter and R&D manufacturing base</p> <p>On April 26th, dawning a new chapter, Fengdong New City and Sinexcel formalized an investment partnership, solidifying the establishment of Sinexcel's Northwest Headquarter and R&D manufacturing base in Fengdong. This landmark agreement signifies a significant expansion of Sinexcel's industrial footprint within the new energy sector. Capitalizing on the abundant pool of talent, information networks, and robust industrial infrastructure in the northwest, Sinexcel is committed to enhancing its investments in core technological R&D capabilities, and manufacturing prowess within the power energy domain. With a strategic focus on power quality, battery formation and testing, as well as innovative new energy solutions, Sinexcel endeavors to forge an exemplary digital ecosystem of products and services that are not just efficient and reliable but also of unparalleled quality.</p>

	<p>This effort contributes significantly to its advancement of a high-quality green energy revolution, while simultaneously unleashing limitless potential for the future of new energy industry.</p> 
<p>3</p>	<p>Successful Secured the Bid for CNPC's Project</p> <p>With our superior product services and strong technical capabilities, Sinexcel stood out from fierce bidding competition, earning high recognition from customers and successfully winning the bid for the CNPC's charging equipment procurement tender project. Specifically, it secured the following bid sections: Section 1: Charging Equipment (General), with power coverage ranging from 7 to 960kW; and Section 3: Charging Modules, with power coverage of 20kW and 40kW. In the future, Sinexcel will wholeheartedly provide intelligent, safe, and reliable products and services, contributing to the construction of an efficient, zero-carbon, and smart charging network, and actively promoting the development of smart transportation and charging infrastructure industries.</p> <p style="text-align: center;">中标通知书 (招标文件编号: ZY23-XC21-020307)</p> <p style="text-align: center;">深圳市盛弘电气股份有限公司:</p> <p style="text-align: center;">依据评标委员会对 中国石油天然气股份有限公司销售分公司充电设备采购(四川销售牵头) 招标项目的评标结果, 贵公司对 标段一: 充电设备(普通) 的投标被接受。请根据招标文件要求的金额缴纳履约保证金, 并准备尽快以下表所列中标价格及投标文件约定的内容与中国石油天然气股份有限公司销售分公司所属各地区公司签订合同。</p> 
<p>4</p>	<p>Recognition with the 2023 Gaogong Golden Ball Awards</p> <p>The 2023 Gaogong Energy Storage Annual Conference and Gaogong Golden Ball Awards Ceremony was held in Shenzhen. Sinexcel received widespread industry</p>

recognition for its exceptional products and services, and won two awards at the conference: the "2023 Gaogong Golden Ball Award - Enterprise of the Year" and "Project Case of the Year".



4.3 Key Qualifications & Honors

● Key Qualifications

Qualifications	Authorized by
National High-Tech Enterprise	Ministry of Science and Technology, Ministry of Finance, State Taxation Administration
National Excellent "Specialized and New" Little Giant Enterprise (Reexamination)	Ministry of Industry and Information Technology
Guangdong Excellent "Specialized and New" Enterprise	Department of Industry and Information Technology of Guangdong Province
Guangdong Industrial Design Center	Department of Industry and Information Technology of Guangdong Province
Guangdong Sinexcel New Energy Power Battery Testing and Charging Pile Engineering Technology Research Center	Department of Science and Technology of Guangdong Province
Shenzhen New Energy Vehicle Intelligent Ultra-Fast Charging Technology Engineering Research Center	Development and Reform Commission of Shenzhen Municipality
Shenzhen Enterprise Technology Center	Economy and Information Technology

	Commission of Shenzhen Municipality
Industrial Design Center of Shenzhen Sinexcel Electric Co., Ltd.	Industry and Information Technology Bureau of Shenzhen Municipal
Nanshan District Headquarters Enterprise (Reexamination)	Shenzhen Nanshan District of Industry and Information Technology
Nanshan District Private Leading Enterprise (in the Field of Power Quality)	Shenzhen Nanshan District Economic Promotion Bureau

- **Annual Honors**

Enterprise Value Category

Honors	Awarded by
Top 50 Listed Companies on the ChiNext Board in the 17 th China Listed Company Value Awards	Securities Times
Forbes Asia's Top 200 Best Under A Billion 2023	Forbes
The Most Innovative Value Enterprise of the Year	Cailian Press
Top 10 Excellent "Specialized and New" Enterprise in Terms of Value-added	Nanshan District People's Government

Brand Influence Category

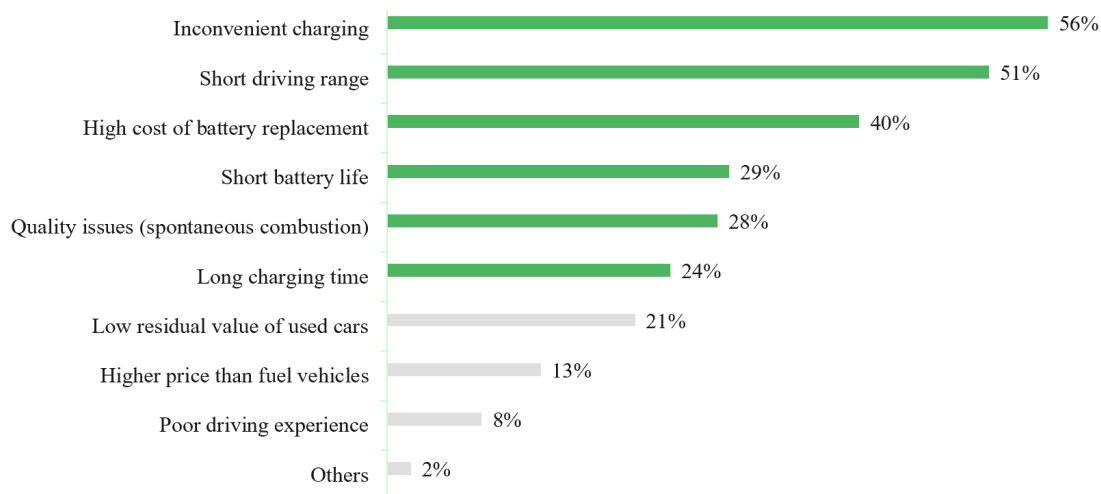
Honors	Awarded by
2023 Quality PCS Brand Award in China's Energy Storage Industry	Gold Brick Energy Storage Forum
China Energy Storage Industry Most Influential Enterprise Award in 2023	Energy Storage Hub
Most Influential Enterprise Award in 2023	Energy Storage Hub

"North Star" Award - Influential PCS Supplier in Energy Storage	North Star Power Website (www.bjx.com.cn)
Top 10 PCS Enterprises In 2023	Energy Storage 100 People
Top 10 China Energy Storage PCS Providers by Shipment Volume in 2023	Zhongguancun Energy Storage Industry Technology Alliance
Core Module Brand and Best Technology Contribution Award in the Charging and Swapping Industry in 2023	Organizing Committee of the China International Electric Vehicle Charging and Battery Swapping Industry Conference
Top 50 Enterprises in Gaogong Energy Storage in 2023	Gaogong Energy Storage GGII
2023 Gaogong Golden Ball Award - Enterprise of the Year and Project Case of the Year	Gaogong Energy Storage GGII
Best High-Power Bidirectional Converter Supplier for Energy Storage in 2023	Electrical Energy Storage Alliance
Best Ultra-Fast Charging Technology Innovation Award in the EV Charger Industry in 2023	China EV 100
Innovation Award for Chinese New-Type Energy Storage PCS Enterprises	Organizing Committee of China International New Energy Storage Technology and Engineering Application Conference
Best Battery Swapping Technology Award in 2023	Gold Brick Charging & Battery Swapping Forum
Top 10 PCS Suppliers in China's Energy Storage Industry in 2023	Jiangsu Energy Storage Industry Association
Excellent Enterprise Award in Digital Energy Ecosystem in 2023	Guangdong Static Traffic Association
Most Influential Enterprise Award in the Energy Storage	Shandong Electric Power Industry

Industry in 2023	Association State Grid Shandong Electric Power Company
Award for High-Quality Suppliers of New Energy Commercial Vehicles and Supporting Facilities in Tangshan in 2023	Tangshan Logistics Industry Association

5. Topic 1: Pioneering the Ultra-Fast Charging Revolution: Embracing "Charging Freedom"

Amidst the pursuit of carbon peaking and neutrality targets, accelerating the electrification of transportation emerges as a pivotal strategy for achieving carbon peaking and neutrality and the new energy vehicle (NEV) sector has witnessed a surge in growth. Statistics from the China Association of Automobile Manufacturers reveal that in 2023, China's NEV production and sales reached 9.5 million units, marking a YoY growth of over 35% and a market penetration rate of 31.6%. Passenger vehicles accounted for an overwhelming majority, exceeding 90% of total sales. The development of NEV industry is rapid, but difficulties in charging accessibility, slow charging, and low range of electric vehicles are still the core pain points restricting the development of electric vehicles. Users have a strong demand for fast energy replenishment and require a charging experience that is as convenient as refueling. Therefore, how to improve vehicle range and shorten charging time has become an industry consensus.



Inadequate charging convenience is a core obstacle affecting users' choice of electric vehicles.

Source: User Survey by China Automotive Technology and Research Center

5.1 The Synergy of Policy and Technology Propels Us into a New Era of "Ultra-Fast Charging"

To address the charging issues faced by NEVs, from a policy standpoint, China has been vigorously promoting the development of high-quality charging infrastructure; on the other hand, with the technological upgrade of NEVs, the "kilovolt" high-voltage architecture is an inevitable trend to achieve rapid refueling within 5 minutes.

5.1.1 Advancing into the New Frontier of Ultra-Fast Charging

The automotive industry is relentlessly pushing the boundaries of vehicle-side charging technology, striving towards the realization of ultra-fast charging capabilities. Two prevalent strategies for achieving this milestone are intensifying the charging current and escalating the charging voltage. The latter emerges as the more financially prudent and dependable option, garnering widespread industry endorsement and establishing itself as the front-runner in future developmental trajectories. A ultra-fast charging system is meticulously defined as a comprehensive charging solution capable of delivering a single-gun charging power exceeding 350kW, a maximum output voltage of at least 800V, and a sustained charging current no less than 400A. The 800V high-voltage vehicle architecture has captured the hearts of numerous automakers, as it revolutionizes charging efficiency by drastically accelerating charge times and minimizing energy waste, promising a driving range extension of 200 kilometers in a 5-minute charging session. This effectively alleviates users "range anxiety". The market's fervent embrace of this technology is evident in the remarkable launch of over 40 800V ultra-fast charging vehicle models in 2023, marking a staggering YoY growth exceeding 300%, signifying that the supercharging era has entered a period of rapid expansion.

5.1.2 New Policies for Ultra-Fast Charging

In June 2023, the General Office of the State Council issued the *Guiding Opinions on Further Constructing a High-Quality Charging Infrastructure System*, which explicitly advocates for moderately advancing the deployment of charging infrastructure construction.

The document further outlines a vision to substantially establish a high-quality charging infrastructure system by 2030 that is widely covered, appropriately scaled, structurally rational, and functionally comprehensive. Amidst the national-level impetus for charging infrastructure development, local governments have proactively responded by successively unveiling supercharging initiatives, with Guangzhou, Shenzhen, Hainan, and Chongqing leading the charge. Shenzhen has clarified a "roadmap" for building a "City of Supercharging". Guangzhou aims to fundamentally establish its status as a "Capital of Supercharging" by 2024, Hainan aspires to become an "Island of Supercharging", and Chongqing, Shandong, Jilin, Hunan, and other provinces and cities have also introduced policies to encourage the development of charging infrastructure.

Multiple Cities Unveiled Plans for Supercharging Infrastructure

Publication Date	Region	Policy	Key Points
2023	Shenzhen	Supercharging Plan	300 ultra-fast charging stations will be built from 2023 to 2025, and 1,000 by 2030, and more than 2,000 by 2035.
	Guangzhou		1,000 ultra-fast charging stations will be built from 2022 to 2024.
	Hainan		More than 100 ultra-fast charging stations will be built in 2023 and more than 400 in Hainan by 2025.
	Beijing		Public opinions are solicited on the rewards for the construction and operation of charging and battery swapping facilities, among which the highest subsidy for ultra-fast chargers is 216 yuan/kW per year in the operation rewards of public charging facilities.
	Chongqing		More than 2,000 ultra-fast charging stations

			and more than 4,000 ultra-fast chargers will be built by the end of 2025.
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5.2 A Synergy of Vehicles and Charging Infrastructure Unlocks the Full Potential of Ultra-Fast Charging

The rapidly development of the new energy automobile sector is intricately linked with the robust development of charging infrastructure. As battery manufacturers and automakers expedite their strategies for ultra-fast charging solutions, the demand for ultra-fast charging will also increase in the future. Over the years, significant strides have been made in reducing the imbalance between the number of new energy vehicles and EV chargers. China Electric Vehicle Charging Infrastructure Promotion Alliance reports that, as of December 2023, the nationwide tally of charging infrastructures stood at 8.596 million, marking a 65% year-on-year surge. The current ratio of incremental chargers to vehicles, at 1:2.8, adequately caters to the burgeoning demand of new energy vehicles. However, despite this progress, the *China High Voltage Charging Industry Development Report (2023-2025)* highlights a crucial gap, only 5% of public DC chargers with a capacity of over 150kW in China. To keep pace with the evolving landscape of high-power and high-voltage fast charging, the construction of high-power DC ultra-fast chargers necessitates urgent enhancement. Only with the joint progress of vehicles and chargers can ultra-fast charging be realized.

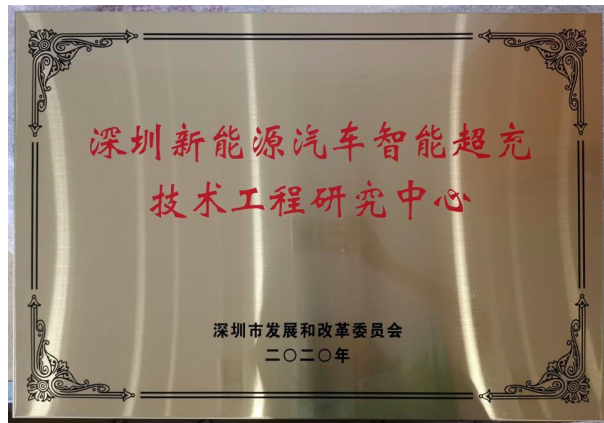
5.3 Sinexcel's Unwavering Commitment to Ultra-Fast Charging Infrastructure

Since venturing into the EV charging and swapping industry in 2011, Sinexcel has emerged as a trailblazing manufacturer, consistently aligning itself with the advancements in ultra-fast charging technology and leading the industry towards high-quality development.

5.3.1 Foreseeing the Future and Planning Ahead for Success

In 2018, Sinexcel embarked on research into ultra-fast charging, and in 2020 we secured the Shenzhen Smart Ultra-Fast Charging Technology Engineering Center for New Energy Vehicles project. We have researched and developed a number of cutting-edge charging technologies, with the goal of making charging as easy as refuelling and the charging

experience of "a cup of coffee and a full charge". Up until now, Sinexcel has deployed ultra-fast charging equipment in over 50 cities nationwide.



Shenzhen NEV Intelligent Ultra-Fast Charging Technology Engineering Center

5.3.2 Pioneering the "Minute-Scale" Charging Era

In 2021, Sinexcel forged strategic partnerships with leading automotive manufacturers to refine the ultra-fast charging experience and unveiled the inaugural Ultra-Fast Charging 1.0 pilot station (480kW Flexible Shared Ultra-Fast Charging Stack). Sinexcel accelerated the innovation trajectory by introducing the Ultra-Fast Charging 2.0 product in 2022 (800kW Flexible Shared Ultra-Fast Charging Stack) that seamlessly integrates with fast charging systems, offering unparalleled versatility and already witnessing significant shipment volumes. Anticipating the increase of domestic vehicle models embracing 400A Mini ultra-fast charging technology, we launch our cutting-edge 400A Full Ultra-Fast Charging Solution in 2024.

Product Iteration Journey

Time	Product
2019	V6 480kW Ultra-Fast Charging Stack (750V, Maximum Charging Current 250/500A)
2022	V7 800kW Flexible Shared Ultra-Fast Charging Stack (1,000V, Maximum Charging Current 250/600A)
2024	V7 800kW Flexible Shared Ultra-Fast Charging Stack (1,000V, Maximum Charging Current 400/600A)

- **V7 800kW Flexible Shared Ultra-Fast Charging Solution**

Crafted with a peak host power capacity of 800kW, this groundbreaking solution embodies the paradigm of "one station, one stack, universal sharing" for intelligent charging stations, markedly elevating the utilization efficiency of EV chargers. The system integrates two 600A liquid-cooled ultra-fast charging terminals, accommodating the charging requirements of high-voltage and high-current vehicles operating at 800V and 500A or above, delivering an unparalleled user charging experience of "exceeding one kilometer per second", definitively ushering in the "minute-scale" charging era. Furthermore, it is complemented by seven 400A Mini ultra-fast charging terminals, ensuring seamless and efficient charging experiences for vehicles rated at 400A or lower. In contrast to conventional setups reliant solely on 250A charging capabilities, the adaptable, shared ultra-fast charging solution proficiently mitigates the charging potential constraints encountered by 400V@400A vehicles during the exploratory phase of ultra-fast charging and contemporary low-tier B-segment vehicles, thereby substantially augmenting the efficacy of charging infrastructure and streamlining the charging process.



Innovative Advantages of the V7 800kW Flexible Shared Ultra-Fast Charging Solution

<p>Innovative Features</p>	<p>Technical Advantages</p>
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<p>Safety</p>	<ul style="list-style-type: none"> • BMS local message storage, constantly storing charging data locally for easy tracing of safety issues. • Device-level to system-level safety detection, enabling remote diagnostic analysis and OTA iteration.
<p>Green</p>	<ul style="list-style-type: none"> • Industry-first built-in AC contactor in the module, achieving zero power consumption in standby mode. • Intelligent Sleep Technology: intelligently switches between active and sleep states, effortlessly achieving zero power consumption for modules and low power consumption for the entire system throughout the 4 states in the whole charging process. • SiC application in modules, achieving a maximum module efficiency of 97% and a system efficiency over 96.3%, an improvement of 1.3% compared to the industry average. • Adoption of matrix power pool technology, allowing any module in the system to be allocated to any branch, enhancing power utilization.
<p>Intelligent</p>	<ul style="list-style-type: none"> • Intelligent Active Protection Technology: smart safety guardian for proactive protection, ensuring safe and reliable charging for vehicles. • Intelligent Operations & Maintenance: IoT cloud platform + EV charger terminal inter-connectivity for effortless remote management and real-time oversight of the entire system.
<p>Compatible</p>	<ul style="list-style-type: none"> • Modular and compatible design, enabling smooth upgrades from fast charging terminals to ultra-fast charging to dynamically meet ultra-fast charging demands. Compatible with V2G modules for seamless vehicle-to-grid interaction upgrades. • Adoption of the latest control algorithms and cooling technologies, with charging interfaces compatible with both national standards

	and Chaoji standards.
Convenience	<ul style="list-style-type: none"> • 45° Angled Gun Holder: simplifying plugging and unplugging actions, reducing user operation difficulty. • Lightweight Charging Gun Cable: achieving through optimized structural design and the application of new materials, making it easy for even female drivers to operate. • Liquid-cooled Charging Gun Cable: Utilizing liquid-cooled conduits to dissipate cable heat, enhancing charging performance while significantly reducing cable diameter for greater portability.
High Climate Adaptability	<ul style="list-style-type: none"> • The charging gun boasts an IP67 high protection rating design, capable of stable full-load operation in temperatures ranging from -20°C to 50°C, humidity levels of 5% to 95%, and altitudes below 2000m. It can also operate stably with reduced capacity in temperatures of 50°C to 60°C and altitudes of 2,000m to 6,000m.

Case: Sinexcel and Shell Join Hands to Create a World-Class Ultra-Fast Charging City

As a global energy leader, Shell is actively engaged in the development of Shenzhen's ultra-fast charging city. In September 2023, Sinexcel and Shell jointly launched the "Shell World's Largest Electric Vehicle Charging Station", featuring an integration of PV-storage-charging and ultra-fast charging technologies. Strategically situated 2.5 kilometers from the Shenzhen Airport terminal, the station boasts 258 public fast-charging terminals, leveraging Sinexcel's advanced ultra-fast chargers to support the charging requirements of diverse 800V electric vehicles. Throughout its pilot phase, the Shell Shenzhen Airport Charging Station successfully charged over 3,300 electric vehicles daily. Additionally, solar photovoltaic panels are installed on the station's rooftop, generating an annual output of up to 300,000 kWh of electricity, solely dedicated to powering the vehicles of its customers.



5.3.3 Continuously Driving the Development of Ultra-Fast Charging Industry

Staying abreast with the rapid advancements in new energy vehicles, Sinexcel will continually delve into the evolving charging requirements while maintaining a steadfast commitment to enhancing user satisfaction. The dedication lies in offering cutting-edge, secure, reliable, ultra-fast, efficient, and intuitive charging and swapping products and solutions. Looking ahead to 2024, the Company will introduce 1MW chargers, building upon the foundation of our 800kW high-power distributed chargers, thereby enabling MW-scale charging experiences and fostering a greener, more sustainable, and low-carbon future.

<div style="background-color: #4CAF50; color: white; border-radius: 15px; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">01</div> <div style="border: 1px dashed #ccc; padding: 10px;"> <p>Uphold Rigorous Self-Improvement Standards</p> <p>Deeply participate in the formulation of national, industry, and group standards, guide the industry towards high-quality development, and take the lead in proposing the design concept of "compatibility between fast charging and ultra-fast charging".</p> </div>	<div style="border: 1px dashed #ccc; padding: 10px;"> <p>Ongoing Dialogue with Automotive Manufacturers</p> <p>Closely monitor the charging needs of new energy vehicles, collaborate with leading automakers in the industry to match ultra-fast charging experiences, and jointly promote the construction of ultra-fast charging infrastructure.</p> </div>	<div style="background-color: #4CAF50; color: white; border-radius: 15px; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">03</div>
<div style="background-color: #004a80; color: white; border-radius: 15px; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">02</div> <div style="border: 1px dashed #ccc; padding: 10px;"> <p>Continuously Increase R&D Investment</p> <p>Maintain a 10% annual investment in R&D to fully support continuous innovation and high-quality development of core technologies for charging and battery swapping equipment, continuously lead the industry forward, and make charging simpler.</p> </div>	<div style="border: 1px dashed #ccc; padding: 10px;"> <p>Proactively Engage in User Communication</p> <p>Closely monitor the charging experience of users, continuously conduct big data research and surveys, address user pain points such as slow charging speeds, safety concerns, heavy gun cables, and noise, to enhance the overall charging experience for users.</p> </div>	<div style="background-color: #004a80; color: white; border-radius: 15px; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">04</div>

6. Topic 2: Enhancing Rural Revitalization and Overcoming the Final Hurdle for New Energy Vehicles in Rural Regions

The urgent need for introducing new energy vehicles (NEVs) into rural communities is the "deployment of EV chargers in the countryside". Sinexcel collaborates closely with its partners to achieve "universal access to charging and battery swapping infrastructure across all

townships", thereby comprehensively supporting rural revitalization efforts and fostering the development of picturesque villages.

6.1 Low Penetration of NEVs in Rural Areas and Deficiencies in Charging and Battery Swapping Facilities

China's NEV market exhibits a notable disparity between urban and rural development. The *Study on Electric Vehicle Travel in Rural Areas of China*, published by the China Electric Vehicle 100 Forum, indicates that in March 2023, the penetration rate of pure electric passenger vehicles stood at 16% in rural areas, whereas that of plug-in hybrid electric passenger vehicles was merely 8%. Conversely, statistics from the China Association of Automobile Manufacturers reveal that the overall NEV penetration rate nationwide reached 31.6% in 2023. This disparity underscores the significantly lower penetration of NEVs in rural areas compared to the market average. One of the primary obstacles hindering the advancement of NEVs in rural areas is the inadequate charging and battery swapping infrastructure. Consequently, to foster the growth of the NEV industry, comprehensively propel rural revitalization, and enrich the development of picturesque villages, it is crucial to bolster the charging and battery swapping infrastructure and eliminate the final barrier for NEVs in rural areas.

6.2 National Policy Guidance Bolsters the Proliferation of NEVs in Rural Areas

In July 2020, the Ministry of Industry and Information Technology, the Ministry of Agriculture and Rural Affairs, and the Ministry of Commerce jointly issued the *Notice on Carrying out the New Energy Vehicle Adoption in Rural Areas*, which is widely regarded as the beginning of the NEV going to the countryside. Since 2023, a series of policies have been enacted, aimed at stimulating the expansion of NEVs into rural areas. These measures aim to swiftly address the existing gaps in NEV consumption and utilization within rural areas, thereby fostering a heightened capacity for green and secure transportation among residents, and empowering the construction of beautiful villages and rural revitalization efforts.

Policies Related to the Promotion of NEVs in Rural Areas (2023-2024)

Date	Policy Name	Issuing	Key Points
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		Authority	
May 2023	<i>Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support the Popularization of New Energy Vehicles in Rural Areas and Rural Revitalization</i>	National Development and Reform Commission, National Energy Administration	Clarifying the need for "moderately advancing the construction of charging infrastructure and optimizing the purchase and use scenarios for NEVs", and propose a series of initiatives.
June 2023	<i>Guiding Opinions on Further Establishing a High-Quality Charging Infrastructure System</i>	General Office of the State Council	Clarifying the need to "promote the integrated development of rural charging networks with urban and intercity charging networks, and accelerate the effective coverage of charging infrastructure in rural areas suitable for the use of electric vehicles".
July 2023	<i>Guidance on Implementing the Rural Power Grid Consolidation and Upgrading Project</i>	National Development and Reform Commission	Guiding the improvement of rural power grid network structures based on local conditions, promote the integration of urban and rural power grids, to better meet the

			evolving needs of distributed photovoltaic power and NEV charging infrastructure, and to serve the popularization of NEVs in rural areas.
August 2023	<i>Three-Year Action Plan for County-level Commerce (2023-2025)</i>	The General Offices of 9 Departments including the Ministry of Commerce	Emphasizing the continued support for the popularization of NEVs in rural areas, further accelerating the construction of rural charging and battery swapping facilities, improving service networks, and focusing on promoting the expansion of NEVs into rural regions.
April 2024	<i>Notice on Conducting Pilot Projects to Address Shortcomings in County-level Charging and Battery Swapping Facilities</i>	Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Transport	The notice proposes that from 2024 to 2026, to achieve the goal of "full coverage of charging and battery swapping infrastructure in every township", the three departments will jointly launch a "Hundred Counties, Thousand

			Stations, Ten Thousand Chargers" pilot project, planning to select 70 pilot counties nationwide as "demonstration sites for addressing shortcomings".
May 2024	<i>Notice on Conducting the 2024 NEV Popularization Activity in Rural Areas</i>	Office of the Ministry of Industry and Information Technology, Office of the National Development and Reform Commission, Office of the Ministry of Agriculture and Rural Affairs, Office of the Ministry of Commerce, and General Department of the National Energy Administration	The notice proposes that from May to December 2024, the five departments will jointly conduct the 2024 NEV popularization activity in rural areas, organizing charging and battery swapping services, financial services such as insurance, claims, and credit for NEVs, as well as coordinating after-sales services such as maintenance and repairs to be taken to rural areas, aiming to address the shortcomings in supporting infrastructure in rural regions.

6.3 Sinexcel's Comprehensive Empowerment Initiative for Green Rural Villages

As a pioneer in the realm of charging and battery swapping facilities, Sinexcel has consistently delved deeper into the intricate landscape of the energy industry. Addressing the issues of charging and battery swapping infrastructure in rural areas, we have launched comprehensive smart charging and battery swapping solutions for all rural scenarios, providing comprehensive empowerment from "preliminary site selection - scheme design - high-quality products - customized products - after-sales service - operation acceleration", and vigorously supporting the construction of charging and battery swapping facilities in rural areas.

Sinexcel's All-scenario Smart Charging and Battery Swapping Solutions for Rural Areas

Type	Application Scenarios	Contents	Advantages
Charging Network Solutions for Rural and Village Areas	The charging demand in rural areas is relatively low, usually not exceeding 40kW.	Introduction of an optimal solution that combines 7kW AC charger, 20-40kW single-gun low-power DC charger, and 120kW dual-gun DC charger.	Not only enable intelligent and orderly charging, supporting vehicle-to-grid (V2G) interaction, but also effectively address the issue of insufficient transformer capacity in rural villages.
Charging Solutions for Main Roads in Counties, Including Highways,	High-power charging demands are prominent.	Introduction of a solution that combines 120kW dual-gun DC integrated charger and 360kW/480kW flexible shared	With an availability rate of no less than 99% and a rated power of 120kW and above, this solution fully meets the high-

<p>National Highways, and Provincial Highways</p>		<p>charging stack.</p>	<p>power charging demands. The flexible shared charging stack can be expanded in the future and support the integration of photovoltaic storage, thereby alleviating the impact of high-power charging on rural power grids.</p>
<p>Battery Swapping Service Network Solutions for Long-Distance Trunk Routes</p>	<p>To provide services for battery swapping of light trucks, heavy trucks, passenger vehicles, and other operational vehicles, ensuring efficient power supply.</p>	<p>Introduction of 240-800kW battery swapping cabinets.</p>	<p>Support the fastest battery swapping in just 2 minutes, and the flexible dimensions of the cabinets ensure compatibility with various sizes of battery swapping stations. They are compatible with 95% of vehicle models on the market and different battery capacities, offering a versatile solution.</p>

			<p>Additionally, they are equipped with multiple output modes, enabling the integration of "charging + swapping" stations in a single unit.</p>
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Selected Implementation Cases of Sinexcel's Rural Charging Stations

Case	Region	Significance	Site
Guangxi Beitou Binyang East Service Area Fast Charging Station	Binyang County, Nanning City, Guangxi Province	Jointly constructing a linear charging network along the main roads in rural counties.	
Lhasa, Xizang Xurilanjing Charging Station	Garzi County, Lhasa City, Xizang Autonomous Region	Promoting rural tourism development by adopting a mixed AC/DC "fast + slow charging" mode to meet diverse charging needs.	

<p>Changdu, Xizang Mangcuohu No.1 Hotel (Xurilanjing) Charging Station</p>	<p>Garzi County, Lhasa City, Xizang Autonomous Region.</p>	<p>Supporting the construction of charging facilities at rural county destinations.</p>	
<p>Rizhao, Shandong Province Miaojia Village Charging Station</p>	<p>Miaojia Village, Rizhao City, Shandong Province</p>	<p>Promoting rural tourism development and supporting remote location positioning for intelligent management of remote charging stations.</p>	
<p>Taihu, Anhui Bus Charging Station</p>	<p>Taihu County, Anqing City, Anhui Province</p>	<p>Supporting the construction of bus charging infrastructure in county areas.</p>	

7. Building Up Strength and Adhering to Integrity for Robust Governance

- **Our Philosophy**

Sinexcel strictly complies with laws and regulations, standardizes corporate governance and effectively protects the rights and interests of investors. The Company follows best practices in business ethics, and fosters a clean and upright industry environment. Sinexcel continuously pursues digitalization advancements while establishing a comprehensive

information security management system to ensure safe, stable, and efficient production and operations. Meanwhile, the Company implements the ESG concept into operations, laying a solid foundation for the Company's steady and sustainable development.

- **Our Actions**

- Enhancing the ESG Management
- Reinforcing Corporate Governance
- Adhering to Business Ethics
- Promoting Digital Construction
- Ensuring Information Security

- **Contribution to SDGs**



7.1 Enhancing the ESG Management

Sinexcel adopts a top-down approach to implementing ESG management through annual evaluations and associated mechanisms, seamlessly integrating ESG strategies within the Company's overarching strategies and daily operations. Regular stakeholder surveys and the facilitation of communication channels ensure that the Company incorporates vital stakeholder concerns into its developmental strategic plans, thereby bolstering the proactivity and sustainability of its ESG management.

7.1.1 ESG Management Structure

Sinexcel established a top-down ESG governance structure to plan the ESG strategies as a whole and ensure the efficient implementation of ESG management measures, further promoting sustainable development. The ESG governance framework is structured with the Board of Directors positioned as the highest decision-making authority, the ESG Committee serving as the leading and discussion forum, and the ESG Working Group on Implementation acting as the specific execution agency. The Board of Directors is responsible for formulating the company's ESG strategic goals and reviewing and deciding on major ESG related matters.

The Chair of the Board serves as the chairman of the ESG Committee, responsible for the overall operation of the ESG Committee. The leaders of the key departments related to ESG serve as members of the Committee, engaging in studying, analyzing, and evaluating the Company's ESG work, shaping ESG development targets and planning initiatives. The Committee regularly reports on issues, makes proposals to the Board and reviews the annual ESG report before submitting it to the Board for approval and disclosure. There is an ESG Working Group on Implementation, led by the Committee, responsible for daily matters and executing committee resolutions, including but not limited to preparing committee meetings, executing specific ESG work of the Company and preparing ESG reports, etc.



ESG Management Structure of Sinexcel

We consistently refine and enhance the ESG governance structure, vigorously fostering the seamless integration of ESG initiatives into the daily management and operational workflows across all departments. Furthermore, we incorporate ESG related performance indicators into the compensation system for management, ensuring regular evaluations and reflections on the ESG-related work.

Incorporating ESG Indicators into Executive Compensation Assessments

In the performance evaluation of executives, attendance rate of key positions, talent retention and the competency of management talents account for 20% of the organizational

capability indicators in each department. We evaluate the organizational capability indicators of each deputy general manager, and then each deputy general manager refines the evaluation of the departments under their jurisdiction. ESG strategies will be incorporated into departmental priorities to implement ESG decisions through KPIs.

Additionally, we review the achievement of key indicators on monthly and quarterly basis to ensure the timely completion of annual KPIs, including safety indicators such as the number of emergency accidents, recordable work-related accident rate, lost time injury rate. Environmental protection indicators include annual power consumption intensity, water consumption intensity, and carbon emission intensity etc. Talent indicators include employee turnover rate, employee promotion rate, and on-time completion rate of training plans etc. Quality indicators include first-pass yield, customer complaint rate, and supplier incoming material qualification rate etc.

7.1.2 Stakeholder Communication

Key Stakeholder	Key Topics of Concern	Engagement Channels and Actions (Partial)
Stockholders	<ul style="list-style-type: none"> • Corporate governance • Stakeholder communication • Internal control and risk management • Compliant operation • ESG risk and opportunity management 	<ul style="list-style-type: none"> • Shareholder meetings and earnings releases meetings • Regular operational and financial information disclosure • Regular and daily communication with investors • Strengthening risk control system • Promoting gender and background diversity in the Board of Directors
Customers	<ul style="list-style-type: none"> • Product quality and safety • Information security and privacy protection 	<ul style="list-style-type: none"> • Quality management system and safety management system improvement • Strengthening information

	<ul style="list-style-type: none"> • High-quality customer service • R&D and innovation • Digital transformation • Provide green and low-carbon products • Waste management • Pollutant management 	<ul style="list-style-type: none"> security and privacy protection • Timely responding to customer needs and improving action plans • Customer training and technical support • Long-term partnership relationships • Continuous innovation and building digital capabilities • Advancing product life-cycle Eco-design
<p>Employees</p>	<ul style="list-style-type: none"> • Intellectual property protection • Employee rights and interests protection • Employee care • Employee training and development • Occupational health and safety • Fair compensation and benefits 	<ul style="list-style-type: none"> • Intellectual property database • Talent development • Strengthening occupational health and safety management • Festival care and cultural and sports activities • Fair and equitable compensation and promotion channels
<p>Government and regulatory authorities</p>	<ul style="list-style-type: none"> • Business ethics • Corporate governance • Addressing climate change • Environmental management 	<ul style="list-style-type: none"> • Strict compliance with laws and regulations in all operating locations • Strengthening anti-fraud management and improving reporting mechanisms

	<ul style="list-style-type: none"> • Biodiversity conservation • Resource conservation • Energy management • Circular economy • Rural revitalization 	<ul style="list-style-type: none"> • Operating with integrity and paying taxes in accordance with the law • Lean energy management to achieve sustainable development • Strengthening the recycling of resources and use recyclable raw materials • Supporting the construction of rural charging and battery swapping infrastructure
Suppliers	<ul style="list-style-type: none"> • Sustainable supply chain 	<ul style="list-style-type: none"> • Fair and transparent procurement principles and processes • Signing the <i>Sunshine Procurement Agreement</i> with the supplier • Regular communication and training with suppliers
Community	<ul style="list-style-type: none"> • Investment in public welfare, charity and voluntary activities 	<ul style="list-style-type: none"> • Sinexcel Public Welfare Fund as a carrier to support community development • Implement localized employment
Partners	<ul style="list-style-type: none"> • Promote industry development 	<ul style="list-style-type: none"> • Industry standard compilation • Industry summits and forums participation • Becoming a member of industry-related associations • Establishing strategic partnership

7.1.3 Analysis of Material Topics

Drawing upon the Company's development strategy, industry trends, and insights garnered from both internal and external stakeholders as well as rating agencies, Sinexcel undertakes a rigorous identification and analysis of material topics, leveraging international standards and best practices in the industry. For these material topics, the Company establishes tailored management objectives and strategies, provides comprehensive responses in the report, and remains steadfast in advancing the sustainable development.

Analysis Process for Material Topics of Sinexcel	
Establish a Material Topics Repository	<ul style="list-style-type: none"> Identify a list of ESG topics relevant to Sinexcel by considering the ESG background (geographical location, business activities, business relationships), latest standard policies, industry practices, and expert opinions.
Stakeholder Research	<ul style="list-style-type: none"> Adopt the dual-importance principle to design survey questionnaires and invite key internal and external stakeholders to complete online or offline surveys, rating the importance of the ESG material topics.
Topic Importance Evaluation	<ul style="list-style-type: none"> Analyze survey feedback and scoring results, and evaluate the importance of the material topics by considering the impact on the sustainable development of Sinexcel and its stakeholders.
Confirmation and Reporting of Material Topics	<ul style="list-style-type: none"> The ranking of the material topics is determined based on the Company's strategy and expert opinions, and will be disclosed with emphasis in the annual ESG report.

Importance	Number	Topics	Category
Highly important	1	Occupational health and safety	Society
	2	Employee rights and interests protection	Society

	3	Fair compensation and benefits	Society
	4	Compliant operation	Corporate Governance
	5	Product quality and safety	Society
	6	R&D and innovation	Society
	7	High-quality customer service	Society
	8	Employee care	Society
	9	Employee training and development	Society
	10	Intellectual property protection	Corporate Governance
	11	Internal control and risk management	Corporate Governance
	12	Business ethics	Corporate Governance
	13	Information security and privacy protection	Corporate Governance
Moderately important	14	Waste management	Environment
	15	Sustainable supply chain	Society
	16	Promoting industry development	Society
	17	ESG risk and opportunity management	Corporate Governance
	18	Pollutant management	Environment
	19	Corporate governance	Corporate Governance
	20	Digital transformation	Corporate Governance
	21	Environmental management	Environment
	22	Provide green and low-carbon products	Environment
	23	Addressing climate change	Environment
	24	Stakeholder communication	Corporate Governance
Generally	25	Energy management	Environment

important	26	Resource conservation	Environment
	27	Circular economy	Environment
	28	Rural revitalization	Society
	29	Investment in public welfare, charity and voluntary activities	Society
	30	Biodiversity conservation	Environment

Note: Among the degrees of importance, "generally important", "moderately important", and "highly important" indicate a sequential increase in the level of importance.

7.1.4 Contribution to SDGs

<p>Building Up Strength and Adhering to Integrity for Robust Governance</p>  <ul style="list-style-type: none"> • Enhancing the ESG Management • Reinforcing Corporate Governance • Adhering to Business Ethics • Promoting Digital Construction • Ensuring Information Security 	<p>Crafting Momentum and Pursuing Perfection</p>  <ul style="list-style-type: none"> • Superior Quality Management • Focusing on R&D and Innovation • High-quality Customer Service • Joint Efforts for Win-Win Cooperation
<p>Accumulating Strength for Greenness and Protecting the Ecosystem</p>  <ul style="list-style-type: none"> • Improving Environmental Management • Addressing Climate Change • Conserving Usage Resources • Reducing Environmental Impact 	<p>Refining Strength for Goodness and Embracing Harmony</p>  <ul style="list-style-type: none"> • Employee Rights and Interests Protection • Empowering Employees Growth • Protecting Health and Safety • Thoughtful Employee Care • Contributing to Community Development

7.2 Reinforcing Corporate Governance

Sinexcel consistently refines its corporate governance by meticulously crafting and continually optimizing pertinent governance documents, adhering strictly to relevant laws, administrative regulations, and guidelines. This approach fosters a heightened level of standardized in operations. Additionally, it emphasizes the pivotal roles of independent directors and minority shareholders in corporate governance, fostering a robust and stable governance framework. Moving forward, Sinexcel remains committed to fortifying its internal control systems, bolstering risk prevention capabilities, further enhancing standardized operations, and elevating decision-making and management expertise.

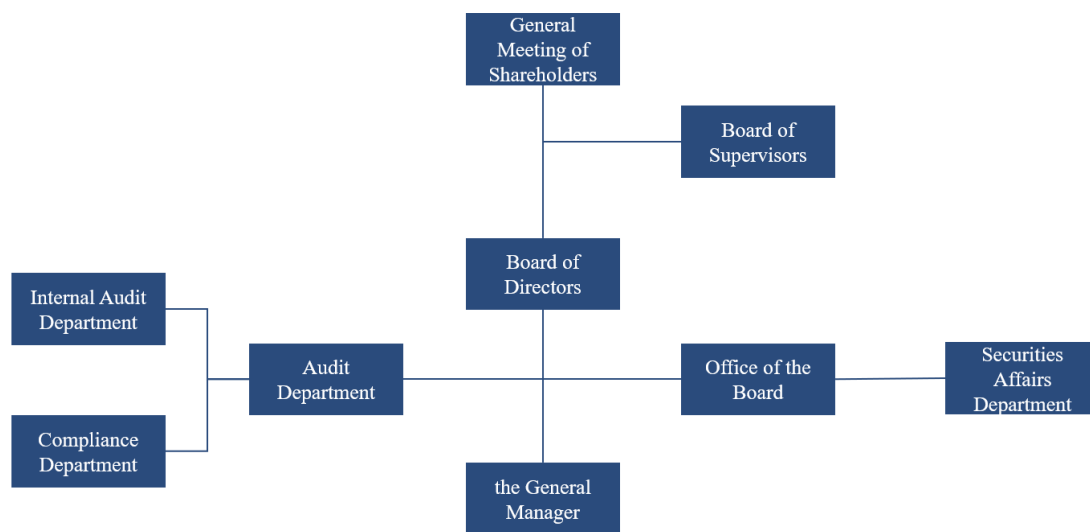
7.2.1 Board Structure and Governance

During the reporting period, the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors, and Management of the Company strictly performed their duties and operated in accordance with the Company's *Articles of Association* and the respective rules of procedure.

The Board of Directors consists of 8 directors, including 3 independent directors and 1 external non-independent director. We actively promote the diversification of the board of directors, with 3 female directors, accounting for 37.50% of the total. The current directors all have high level of expertise and good educational backgrounds, covering diverse professional backgrounds such as energy, accounting, law, and management, which can effectively ensure the scientific decision-making of the Board.

The Board of Directors has four specialized committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Among them, except for the Chairman of the Strategy Committee who is appointed by the Chairman of the Board, the Chairs of the other specialized committees are all Independent Directors, and the proportion of Independent Directors in the membership of these three specialized committees reaches two-thirds. Each committee exercises its functions and powers in accordance with the *Articles of Association* and the rules of procedure of the respective committees, without any interference from any other department or individual of the

Company.



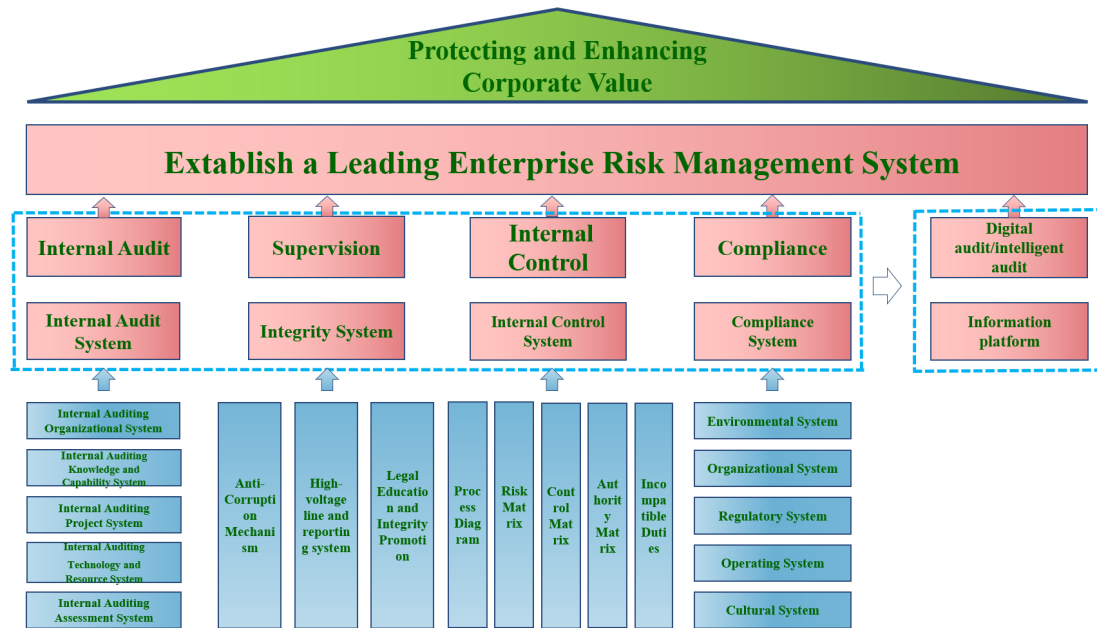
Governance Structure of Sinexcel

Key Performance: During the reporting period

- Held 4 General Meeting of Shareholders
- Held 10 Board Meetings
- Held 10 Supervisory Meetings
- Held 7 Special Committee Meetings of the Board
- Female Directors(%): 37.50

7.2.2 Risk Prevention and Control

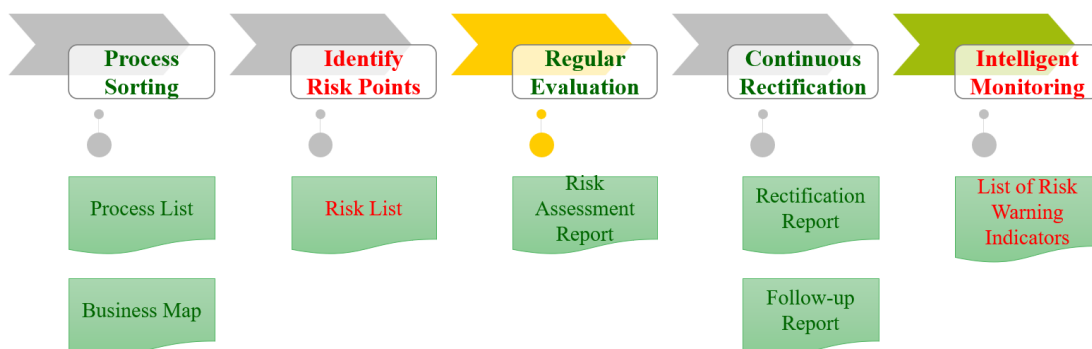
A comprehensive risk control system serves as a cornerstone for maintaining stable operations. We attach great importance to its development. During the reporting period, we have fortified this system by establishing a holistic risk management framework anchored on internal audit, internal controls, integrity, and a compliance system. This framework is augmented by digital audit capabilities and information technology platforms, thereby offering a robust foundation for achieving the strategic goals and bolstering organizational capabilities.



Risk Management System Structure

Risk Management Implementation Plan:

- Carry out a review of the company's business processes, form a process inventory and business map.
- Identify operational risk points based on the process list and form a risk list.
- Regularly evaluate the company's operational risks and generate risk assessment reports.
- Rectify the issues identified in the risk assessment report and generate the rectification report and follow-up report.
- Implement intelligent risk monitoring and form a list of risk warning indicators.



Sinexcel's Risk Management Implementation Plan

● **Construction of Internal Audit System**

Enhancing Audit Capability. We are steadfast in expanding our audit project resource

pool, with the *Normalized Audit Project List* increasing to 49 projects. Additionally, we have fortified our audit case database, which boasts a total of 180 cases, several of which are deemed exemplary and utilized for corporate training, case studies, and departmental educational purposes.

Addressing Audit Issues. We implement the rectification and cancellation guideline by establishing the *Audit Issue Rectification Ledger*, and carry out audit rectification strategies, follow up and report on audit rectification at the end of each quarter.

Key Performance: During the reporting period	
➤	Completed 2 routine audits and 13 special audits, covering procurement, sales, production, warehousing and other businesses
➤	Completed 27 regularly tracked rectification items in the ledger
➤	Resolved 10 daily tracked rectification items outside the ledger

● **Construction of Internal Control System**

By reviewing the Company's business processes, we have identified operational risks for key businesses and developed and optimized corresponding rules and regulations. We have also established a control matrix table by delineating departmental management boundaries. To ensure effective implementation of the segregation of incompatible duties, we have formulated the *Sinexcel's Incompatible Duties List*, requiring relevant departments to conduct thorough self-assessments on the segregation status of the listed duties and subsequently report their findings. Furthermore, we maintain a relentless focus on refining key internal control aspects, reinforcing the authorization and accountability frameworks, and leveraging information systems to enhance and streamline the operational efficiency of the business processes.

No.	Key Issues for Improving Internal Control
1	Review the content of various rules and regulations that have been released and are being implemented, and inspect the actual implementation.
2	Identify the key business management guidelines currently missing and promote the establishment and improvement of the guidelines.

3	Detailed identification of incompatible positions involved in different business lines, and promote business departments to conduct self-assessment and rectification.
4	Sort out the main and key business processes and optimize the procedures to achieve digitization and optimized operation of new processes.
5	Summarize the risk points of different business lines and conduct risk assessments, carry out key control measures for major risks, and regularly evaluate them.
6	Establish risk warning indicators for quantifiable risks, and promote dynamic monitoring and intelligent warning of risks.

Key Performance: During the reporting period

- Followed up and handled 38 guidelines to be abolished
- Revised and controlledly released 21 guidelines
- Added 6 new guidelines

7.2.3 Investor Relations Management

Sinexcel always safeguards investors' rights and promotes the sustainable development of the Company through smooth communication with investor and standardized information disclosure.

- **Investor Communication**

To better respect and protect the rights and interests of investors, Sinexcel has formulated the *Investor Relations Management Guideline* in accordance with relevant laws and regulations, the Articles of Association and normative documents. This guideline clarifies the principles, objectives, content, scope, and methods of investor relations management.

Communicating smoothly with investors. We interact with investors via multiple channels, with the Securities Department specifically responsible for managing investor relations. During the reporting period, we provided an on-site and online voting platform for the General Meeting of Shareholders to ensure that minority investors can exercise shareholder

rights and participate in the Company's decision-making process. We also held earning release meetings, timely disclosed investor-related announcements, kept the investor hotline (0755-88999771) operational, promptly responded to Shenzhen Stock Exchange Interactive Platforms and arranged on-site visits to address investors queries'. In addition, we have set up an investor relations column on the Company's official website, and updated the stock prices and announcements in a timely manner, thereby establishing a good capital market image.

Sharing developmental accomplishments with investors. We have devised the *Three-Year Shareholder Dividend Return Plan (2023-2025)*. Between 2021 and 2023, a cumulative cash dividend of RMB 172 million was distributed, representing 23.28% of the total net profit over that period. While maintaining regular operations, we are committed to delivering sustained investment returns to shareholders, aligning with current operating status and business expansion objectives, and sharing the business achievements with our investors.

Boosting investor confidence. As of February 29, 2024, we have successfully repurchased 753,150 shares, constituting 0.2435% of our current total share capital, via centralized bidding transactions facilitated by our designated securities account for repurchases, utilizing our own funds. This strategic initiative is designed to reinforce investor confidence and protect the interests of the extensive investor community. Furthermore, we have proactively aligned with the directives from the Political Bureau of the CPC Central Committee, which prioritize "vitalizing the capital market and elevating investor confidence", and the Executive Meeting of the State Council of the People's Republic of China, which advocate "substantially improving the quality and investment worthiness of listed companies while implementing more robust and efficient measures to stabilize market conditions and investor sentiment". As a result, we have devised and disclosed a comprehensive action plan focused on "achieving dual enhancements in quality and returns".

Key Performance: During the reporting period

- Investor exchange and research visits: 11
- Number of Replies on Interactive Platforms: 86

● **Information Disclosure**

Sinexcel complies strictly with laws, regulatory guidelines, and pertinent rules including the *Information Disclosure Management Guideline* and the *Investor Relations Management Guideline* to ensure the truthful, accurate, timely, fair, and comprehensive disclosure of information. CNINFO has been designated as the official website for information disclosure, while *China Securities Journal*, *Securities Times*, *Securities Daily*, and *Shanghai Securities News* serve as the designated newspapers for the publication of the periodic reports to guarantee equal access to information for all shareholders. Beyond mandatory disclosures, we engage proactively in voluntary communication with the capital market, promptly disclosing information that could significantly influence the decision-making processes of shareholders and other stakeholders, ensuring equal access to information for all shareholders. During the reporting period, Sinexcel has disclosed a total of 170 announcements.

7.3 Adhering to Business Ethics

Sinexcel formulated a series of business ethics related documents to regulate employees' business ethics, including the *Regulations on Anti Unfair Competition Management*, *Responsible Marketing Management Guidelines*, *Code of Conduct*, *Eight Red Lines of Sinexcel*, and the *Anti-fraud Management Standards* in accordance with the *United Nations Convention against Corruption*, the *Law of the People's Republic of China on Anti Unfair Competition*, the *Anti-fraud Management Standards* and other laws and regulations. Employees are required to sign the *Employee Commitment Letter* to define the commercial ethics behavior expected of employees. Sinexcel signed the *Integrity Cooperation Agreement* and the *Sunshine Procurement Agreement* with all partners, with the aim of eradicating commercial bribery and upholding the principles of self-discipline and integrity. Additionally, the Company has launched an integrity initiative both internally and externally, ensuring that both new and existing employees participate in business ethics policy training, to fostering a culture of integrity.

7.3.1 Anti-fraud Management Structure

The Board of Directors leads the anti- fraud work and urges the management to create a company-wide anti-fraud culture and establish a sound internal control system, including fraud

prevention. The management should bear responsibility for the occurrence of fraudulent behavior and be the primary contact for anti-fraud work. The Audit Department is the permanent institution for the Company's anti-fraud efforts, specifically organizing and implementing anti-fraud work within the Company. Audit personnel must comply with the *Code of Professional Ethics for Internal Auditors*.

7.3.2 Employee Integrity and Self-discipline

In order to regulate employee behavior, Sinexcel has formulated the *Eight Red Lines of Sinexcel*. Once employees cross the lines, they will be subject to severe punishment (warning, dismissal etc.). Employees are required to sign the *Employee Commitment Letter* to promise to perform their duties honestly during their employment. Any external companies involved will also be blacklisted by the Company and will never cooperate again. If there is any suspected illegal or criminal behavior, it will also be handed over to public security and judicial authorities to pursue legal responsibility.

"Eight Red Lines" of Sinexcel:

- Fraud
- Utilize authority to seek personal benefits
- Leakage/theft of company secrets
- Soliciting and accepting bribes
- Related party transactions detrimental to the company's interests or engaging in commercial competition with the company
- Irregular investment, concurrent positions with Sinexcel's suppliers, customers, partners, etc.
- Violation of regulations and malicious collusion with external partners
- Other illegal and disciplinary behaviors, obstructing supervision, or covering up illegal and disciplinary behaviors

Sinexcel attaches great importance to the construction of an integrity culture. Prior to major festivals, including the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, and National Day, the Company disseminates integrity initiatives, urging employees to conscientiously adhere to the *Employee Code of Conduct* and the *Employee Commitment*

Letter, while strictly enforcing the *Eight Red Lines of Sinexcel*. Integrity training has been institutionalized, with new hires now undergoing an induction program that includes integrity training. Furthermore, Sinexcel has conducted tailored integrity training sessions for key and sensitive positions, as well as mid-level and senior managers, delving into relevant laws and regulations, the eight red lines of Sinexcel, fraud causes and preventive measures, reporting channels, reward and punishment systems, and the four fundamental principles for employees. This comprehensive training reached approximately 400 participants through both online and offline platforms.



Employee Integrity Initiative



On-site Integrity Training

7.3.3 Integrity and Self-discipline of Partners

Sinexcel has signed the *Integrity Cooperation Agreement* and the *Sunshine Procurement Agreement* with all partners, aiming to eradicate commercial bribery, safeguard normal business

collaboration from its detrimental effects, and mutually bind the employees to uphold integrity and self-discipline. Currently, over 900 agreements have been signed. Moreover, the Company has disseminated integrity initiatives among the partners, emphasizing that no partner is permitted to offer any form of gift to employees. In the event of any violation is detected, it can be promptly reported to the Group Audit Department for necessary actions and feedback.



Partners Integrity Initiative

7.3.4 Anti-fraud Prevention

Sinexcel has established an anti-fraud reporting platform, a reward and protection system for whistle-blowers, as well as fraud investigation procedures and an accountability mechanism. In addition, the Company gathers fraud cases to educate employees and provide anti-fraud and legal knowledge training to enhance their awareness of integrity.

Anti-fraud Management

No.	measures	Actions
1	Define Key Areas of Focus	Identify priority areas for anti-fraud work.
2	Establish Reporting Platform	Establish reporting hotline, reporting email and improve reporting channels.
3	Establish Reward and Protection Guideline	Establish reward and protection guideline for whistleblowers.

4	Establish Investigation Procedures	Establish investigation procedures for corruption, implement appropriate remedial management measures.
5	Implement Control Activities	Conduct fraud risk analysis, design and implement effective control activities for identified fraud risks.
6	Conduct Education and Awareness Programs	Collect fraud cases for dissemination and education, and provide training on anti-fraud and legal knowledge.

● **Whistle-blower Protection**

To encourage employees to safeguard the Company's interests, those who report issues that are verified to be true and result in recovered losses for the Company will receive rewards. We support both anonymous and real-name reporting. For real-name reporting, regardless of whether an investigation is launched, the Audit Department will provide feedback to the whistle-blowers on whether to file the case and the investigation results. Whistle-blowers are protected during the investigation process, and we take strict measures to keep their identity information and reporting materials confidential, prohibiting any form of discrimination or retaliation, or taking confrontational measures against employees involved in the investigation. Those who violate regulations by disclosing whistle-blowers' information or taking retaliatory actions against whistle-blowers will be subject to penalties such as warnings, dismissal from their positions, and termination of their employment contracts. Those who violate the law will be handed over to the judicial authorities for legal treatment.

Employees and all stakeholders who have direct or indirect business relations with Sinexcel, and who come across or suspect any unlawful activity, shall inform the Company via phone calls, emails letters, face-to-face meetings, and other means.

Anti-fraud Reporting Channels:

- Hotline: 0755-86517200 (direct to the Audit Department, no extension number)

- Email: shenjibu@sinexcel.cn
- Official Account: Integrity Sinexcel
- Mailing address: Audit Department, 5th Floor, Building 6, Zone 2, Baiwangxin High tech Industrial Park, No. 1002 Songbai Road, Nanshan District, Shenzhen
- Postal Code: 518000



Integrity Sinexcel Official Account

7.4 Promoting Digital Construction

Digitization is an inevitable trend for enterprise development. Sinexcel continuously promotes the upgrading of the main support system, and accelerates the digital construction in a hierarchical and step-by-step manner. Driven by the combination of "business + IT", the integration and collaboration of the organization can be achieved, accelerating the digital transformation.

Working principles:

- Clear objectives, promoted by top management personally
- Strategy-led and Business-driven
- Organizational support and Talent support
- Mechanism support and Technology support

7.4.1 Key Tasks of Digital Construction

- **Talent Support**

To foster a high-caliber, expert technical talent pool, we adopt a dual-pronged approach,

externally recruiting talented individuals across various levels and disciplines, and internally developing comprehensive skill training programs tailored to the Company's specific business requirements and identified skill deficiencies. These programs encompass customized training plans and courses, accompanied by rigorous evaluation and feedback mechanisms that facilitate ongoing refinement of training strategies and enhance the overall quality of training delivered.

- **Technology Support**

In accordance with the business requirements and prevailing technological advancements, we consistently integrate new technologies and tools that cater to the Company's unique needs. This integration and subsequent application process involves meticulous technology selection, systematic design, and comprehensive development efforts, all aimed at ensuring seamless operational efficiency. Additionally, we maintain a robust mechanism for updates and upgrades to sustain the effectiveness and relevance of these technologies and tools.

- **System Platform Optimization**

In terms of system application, we adopt a unified approach to planning, construction, and management, aiming to build an integrated application platform. We integrate various systems including the ERP system for resource planning management, the MES system (including the WMS system) for production execution, the central database bus system, the data platform system, the product management PMS system, the production process management SDMS system, the testing platform ATE, the terminal scanning system, the customer relationship management CRM system, and the OA system. We connect all links of R&D design, production management, procurement and supply, warehousing management, after-sales service and other full chains to truly achieve a high degree of unity of logistics, capital flow, and information flow. During the reporting period, we have continuously optimized and improved systems such as ERP, MES, WMS, CRM, and HR, connecting all aspects of the entire production chain to achieve full-process management of business and production.

- **Data Governance Enhancement**

In terms of system data, we prioritize data governance as the core, achieving digitalization, standardization, and centralized management of business objects. Through data sharing and

data analysis of interconnected systems using data platforms, equipment is connected on-line, and key data such as production data, warehousing data, and equipment utilization rates are collected and analyzed in real-time through means such as production dashboards, station scanning, and intelligent sensors. Finally, we achieve the goal of digitization, precision, collaboration, and service of R&D design, testing analysis, production manufacturing, and operation management.

Key Performance: During the reporting period

- Digital investment: RMB 11.16 million
- Number of personnel organized to participate in external IT training: Over 18

7.5 Ensuring Information Security

While achieving effective results in digital construction, Sinexcel has established an information security management system and conducted information security training to ensure safe, stable, and efficient production and operation. During the reporting period, Sinexcel has not reported any information security incidents.

7.5.1 Information Security Management System

To ensure comprehensive management of information security, Sinexcel has devised a comprehensive set of information security management systems encompassing the entire organization and established an Information Security Committee-led structure to oversee the information security practices, safeguarding the informatization and digitalization endeavors. Sinexcel, Xi'an Sinexcel, and two primary production bases, namely Huizhou Sinexcel and Suzhou Sinexcel, have successfully achieved ISO/IEC 27001:2022 Information Security Management System certification. To maintain the efficiency of the information security management system, we conduct an annual external information security audit.

Information Security Management Structure:

- **Information Security Management Committee.** As the supreme decision-making authority for information security, it oversees the approval of policies, systems, and construction plans related to information security. It directs and orchestrates the

establishment of the information security system while spearheading efforts in information system classification protection.

- **Executive Team.** The team is responsible for establishing, maintaining and updating the information security management systems and procedures. They bridge communication gaps and drive the adoption of these systems and processes across departments, ensuring seamless and efficient operation. They monitor the execution of information security measures, detect any deviations or anomalies, and guarantee adherence to standards. Furthermore, they present periodic progress reports to the Information Security Management Committee and organize training sessions to elevate staff's awareness of information security.
- **Business Departments.** They conduct annual evaluations of department-specific information security risks, identifying information security management vulnerabilities within their domains, and devising relevant management strategies. They adhere to the Company's information security management mandates and enact diverse risk mitigation measures. Additionally, they collaborate in facilitating both internal and external audits of the information security system.



ISO27001 Information Security Management System Certification

7.5.2 Information Security Management Initiatives

Sinexcel has implemented a series of management initiatives for network security, data security, and application system security within the Company, effectively safeguarding the security of the information assets and preventing data breaches. To clarify the responsibilities and procedures for handling information security incidents, effectively manage such incidents, and minimize the losses caused by them. During the reporting period, Sinexcel formulated the *Information Security Incident Classification and Emergency Response Management Procedure*. The IT Department is responsible for organizing the handling, evaluation, and improvement of information security incidents. All employees have the responsibility to report any identified information security vulnerabilities, incidents, and accidents to the IT Department.

- Network Security:**
- Establish physical network security infrastructure, such as deploying firewalls and VPNs (with a zero-trust approach)
 - Utilize a threat awareness platform to monitor network security

- Implement a network security authentication and authorization mechanism
- Conduct network security training and awareness campaigns that cover all employees



Information Security Training Session

Data Security:

- Establish an effective data backup system.
- Develop and implement a "Cloud Desktop" solution incorporating technical measures such as access control and file encryption to prevent data breaches.
- Establish a data classification management mechanism and adopt varying data protection strategies.
- Implement a data monitoring and auditing mechanism.

Application System Security:

- Strengthen data encryption protection for application systems.
- Establish an application system security management mechanism to standardize and restrict system usage.
- Conduct comprehensive monitoring and management of application systems to promptly detect potential issues and implement corresponding response measures.

8. Crafting Momentum and Pursuing Perfection

● **Our Philosophy**

Sinexcel adheres to its original aspiration of "improving the energy efficiency and achieving energy freedom", centering on the core competencies and continually advancing the utilization of electronic power technology in power supplies for industrial applications and the burgeoning new energy area. The Company endeavors to refine product quality management throughout the supply

chain, bolster service competencies, intensify R&D efforts alongside innovation, and propel the expansion of novel productivity within the organization. Through meticulous craftsmanship, the Company forges eco-friendly, versatile, and premium products and services, seamlessly integrating "energy + myriad industries" to contribute to the low-carbon transformation of society.

- **Our Actions**

- Superior Quality Management
- R&D and Innovation
- Intellectual Property Protection
- High-quality Customer Service
- Building a Sustainable Supply Chain
- Empowering Industry Development

- **Contribution to SDGs**



8.1 Superior Quality Management

Sinexcel adheres to the principle of "Customer-centric and Full Participation in Quality Control", implementing a robust quality management system rooted in the philosophy of "achieving perfection on the first try and embracing a zero-defect mindset". The Company relentlessly pursues continuous improvement and excellence, ensuring comprehensive product quality and safety standards. Sinexcel is dedicated to delivering exceptional services and tailored solutions that exceed customer expectations.

8.1.1 Quality Management System

Up to now, six of the companies have successfully attained ISO9001 Quality Management System certification, with Sinexcel and Huizhou Sinexcel consistently maintaining the effective operation of the respective systems. Additionally, we have recently certified Sinexcel New Energy Equipment, Sinexcel Power Technology, Sinexcel Aisuna, and Suzhou Sinexcel under

this esteemed standard. In addition, Huizhou Sinexcel, also maintains the effective operation of the IATF 16949:2016 automotive industry quality management system certification.



Quality Management System Certification

Key Performance: As of Now

- Obtained the ISO9001 Quality Management System Certification: 6 Companies

8.1.2 Steadfast Commitment to Product Quality Enhancement

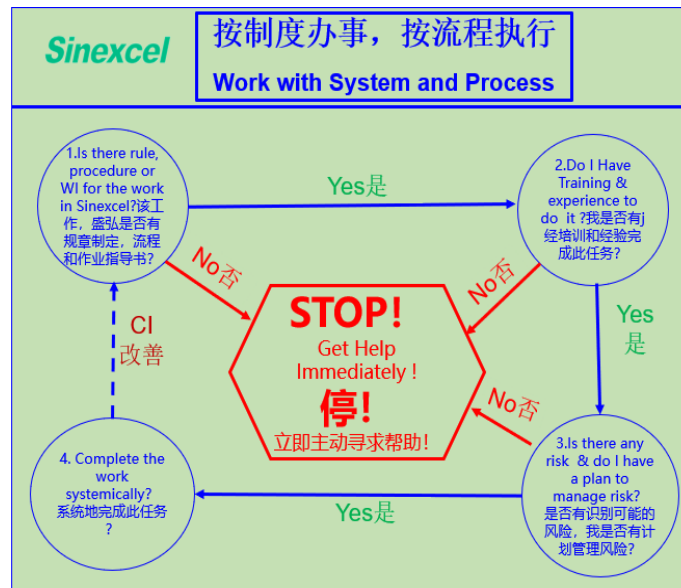
To uphold product quality standards and foster a culture of quality consciousness among the workforce, Sinexcel embraces the "STOP" principle, where meticulous adherence to regulations and processes serves as the cornerstone for every employee. The relentless pursuit of product quality improvement spans product design, manufacturing processes, and team motivation strategies.

Product Design. We continuously standardize the existing product development processes and optimize product quality.

Product Production. We prioritize the Top 5 areas and embark on an "Eliminate Low-level Errors" initiative. We conduct product line-specific training on the benchmark requirements and execution standards for "Eliminating Low-level Errors". We promptly collect data on "low-level errors" daily and conduct targeted analysis and improvement for recurring issues. During the reporting period, we initiated the DCI (Department Continues Improvement)

program, where departments focus on enhancing product quality, safety, processes, efficiency, inventory management, cost reduction, and other improvement areas. Besides, we established a continuous improvement process and management documentation, created a quality defect database, organized weekly evaluations of outstanding improvement projects, and conducted Gemba Walk for on-site inspections to promptly identify product defects and follow up on rectification measures.

Team Motivation. We foster comprehensive engagement in continuous improvement through the enactment of the *Manufacturing Reward and Punishment Management System Guidelines*. This framework assesses the achievement of quality metrics across all production stages, motivating employees to relentlessly enhance product quality via accolades including the "Annual Continuous Improvement Award", "Lean Production Award", and the "Quality Breakthrough Award".



"STOP" Principle

Key Performance: During the reporting period

- Sinexcel have completed 805 improvement projects

8.1.3 Hazardous Substances Control

Sinexcel has established a hazardous substances management system, which is led by the general manager and set strict standards for the control of hazardous substances in finished

products, components, parts, raw materials, packaging materials, and auxiliary materials used in the production process to ensure the products health and safety. Hazardous substance management requirements have been incorporated into the new employee training content. To further elevate the standardization of hazardous substance management, during the reporting period, the Company underwent a rigorous revision of *Hazardous Substance Management Standard*. Additionally, the Company embarked on the establishment of the IECQ QC080000:2017 hazardous substance process management system, and has obtained certification in May 2024.



IECQ Certificate of Conformity Hazardous Substance Process Management
Hazardous Substances Control Management

Control Process	Control Content
Development design	The requirement of hazardous substances control is implemented throughout the design development process to ensure that the front-end design meets the requirements of hazardous substances control.
Raw materials	Suppliers are required to sign a certificate of conformity for hazardous substances content, provide regular hazardous substances test third-party reports (RoHS and REACH test reports). If there are any changes in the material composition, the supplier needs to submit relevant information according to the <i>PCN Change Agreement</i> and re-provide

	relevant environmental protection information.
Production process	Control over production tools, equipment and fixtures is implemented to prevent mixing and contamination. Raw materials, semi-finished goods and finished goods are properly identified and segregated to prevent contamination.
Finished product inventory	Standardized management of finished products is implemented to avoid contamination during storage.

8.2 Focusing on R&D and Innovation

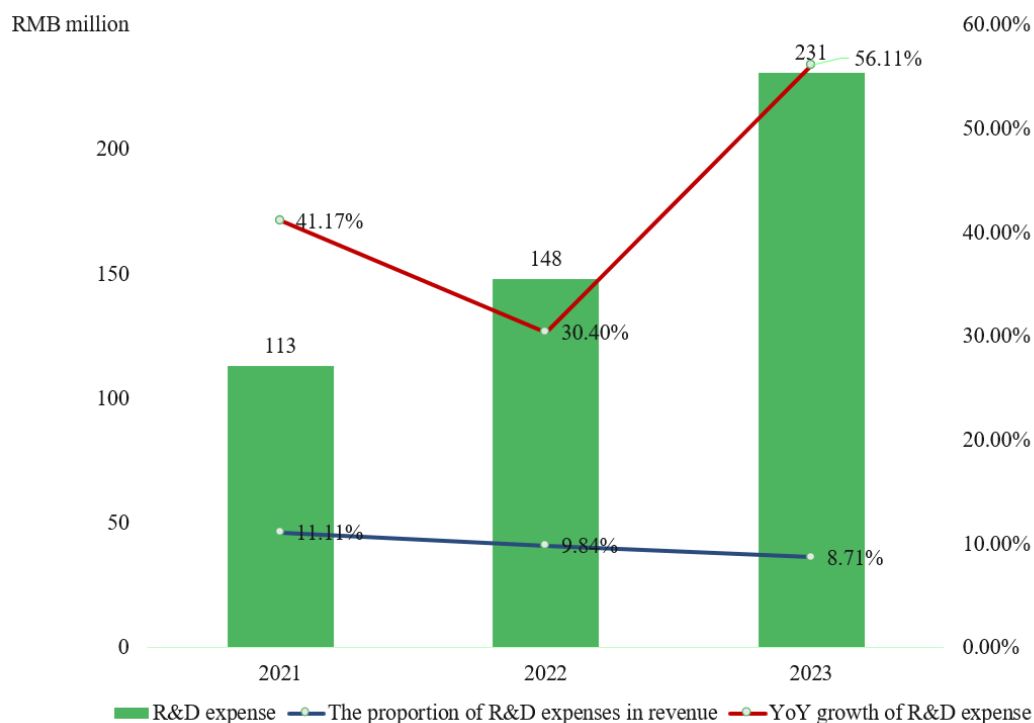
Developing superior products is the Company's priority strategy. Sinexcel is committed to providing customers with high-quality, cutting-edge and green products through continuous R&D and innovation based on the three dimensions of technological development, market insight and customer value demand.

8.2.1 Innovation Management System

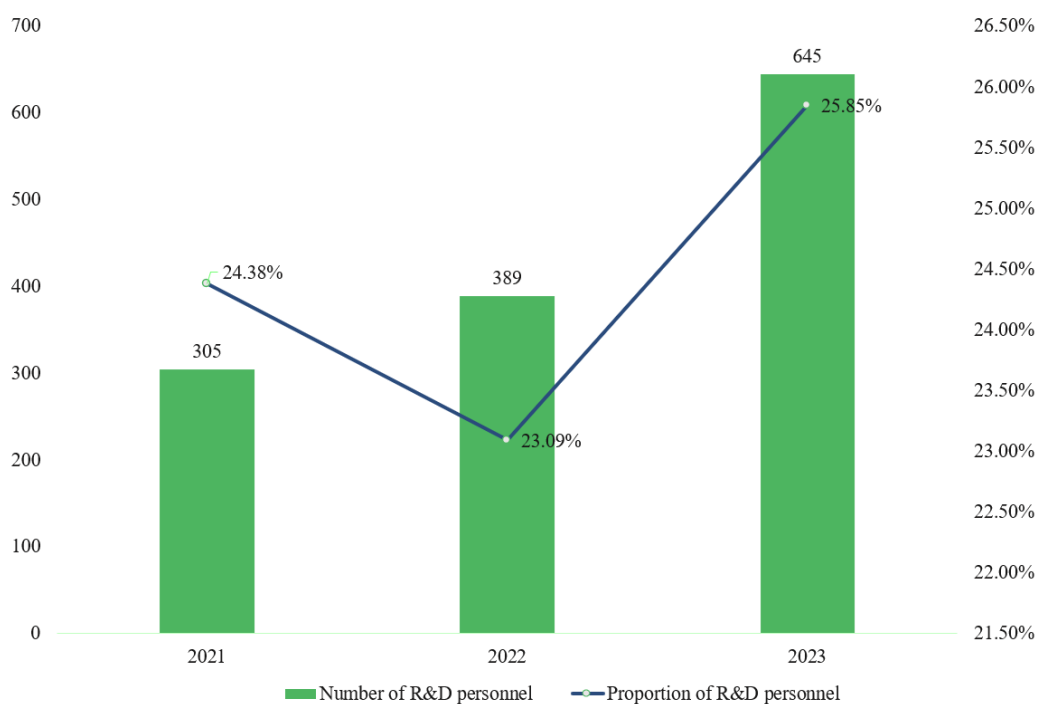
Sinexcel has two major R&D centers in Shenzhen and Xi'an, and has recently unveiled its northwest headquarters alongside an R&D and manufacturing base during the reporting period, significantly bolstering the Company's R&D and innovation capabilities. Sinexcel has embraced an innovative management model centered around "product line + support platform". Within the R&D center, there exists a dedicated platform, specialized R&D teams for diverse product lines, a new demand research team, and a new technology pre-research team. The R&D center collaborates with each product line to devise strategic development plans. The R&D platform oversees the establishment of R&D systems and processes, along with the development of R&D design standards, testing protocols, and R&D laboratories. Meanwhile, the new demand research and new technology pre-research teams meticulously track shifts in customer requirements and industry technology advancements to drive product innovation. During the reporting period, Sinexcel established both an R&D quality department and a project management department, working in tandem to expedite new product development and further improve the quality of product.

The continuous increase in R&D investment and the cultivation of R&D talents are the source of the Company's innovative development. In the past three years, R&D investment and the number

of R&D personnel have increased year by year, with R&D investment accounting for about 10% every year, reaching RMB 231 million during the reporting period.



R&D Expenses from 2021 to 2023



R&D Personnel from 2021 to 2023

Key Performance: During the reporting period

- R&D expense: RMB 231 million
- The proportion of R&D expenses in revenue: 8.71%
- Number of R&D personnel: 645
- Proportion of R&D personnel: 25.85%

- **R&D Process**

Sinexcel has established a 5-stage and 4-supporting processes to ensure the efficient implementation of R&D work. During the reporting period, the Company comprehensively revamped the R&D Design Change Control Process to efficiently mitigate various change risks impacting product quality. The implementation of the R&D New Project Initiation and Startup Process standardized the initiation management of new R&D projects, harmonized departmental standards, and established a streamlined, institutionalized, and standardized operational framework. Furthermore, the IPD process architecture underwent a bottom-up enhancement, involving the addition/optimization of nine processes within the architecture, ultimately initiating a process system spanning from product conception to market launch.

- 5 major R&D stages: concept stage, planning stage, development stage, pilot stage, and mass production stage
- 4 major supporting processes: concept decision review, plan decision review, transition to pilot review, and transition to mass production review

- **Ecological Design Concept**

Product Design:

- **Reducing Material Usage:** On the basis of ensuring product functionality, optimizing the design to determine the best routing and cable length of the product, reducing cable materials and the number of prototype iterations, thereby reducing material usage and scrapping.
- **Reducing Power Consumption:** Continuously improving the energy efficiency of products and reducing carbon emissions during the product use phase. For example, pioneering the technology of built-in AC contactor modules to achieve zero power consumption during standby mode, and through intelligent efficiency optimization,

real-time monitoring and adjustment of power consumption, etc.

- **Reducing Usage Noise:** Optimizing the product design and reduce noise impact during use.
- **Recycling:** The product uses environmentally friendly galvanized steel sheet materials, which are recyclable and reduce environmental impact.
- **Climate Adaptability Design:** When designing and developing battery swapping and charging products, the Company takes into account the use of various extreme weather conditions in advance, and has made effective and reliable protection and safety designs accordingly.

Characteristics	Climate Adaptability Design	Cases
Resistant to salt spray	The charging gun is designed with IP67 high protection level and automatic moisture-proof function.	Hainan Haikou Wuyue Plaza Charging Station: the maximum temperature is up to 40°C, and the average annual humidity is 86%
Resistant to dust	The charging system is equipped with a micron-level G3 dust screen and a risk warning mechanism, with multiple lines of defense to provide all-round protection from hardware to software.	Inner Mongolia Shengyuan Ganglian Charging Station: Severe wind and sand
Resistant to extreme cold	The products apply ultra-low temperature resistant components, which are capable of operating at a	Shenyang International Convention and Exhibition Center Charging Station: The lowest temperature in

	minimum temperature of -40°C.	winter reach -30°C
Resistant to high temperature	The charging system adopts intelligent temperature control technology and is equipped with an intelligent fan with precise speed control design. It achieves uniform heat dissipation while reducing unnecessary power consumption and noise pollution. The maximum operating temperature of the equipment can reach 65°C.	Sichuan Yibin Charging Station: The maximum temperature reach 43°C
Resistant to high altitude	In response to the scenario of thin air and difficult heat dissipation at high altitudes, the charging system can automatically adapt to different altitudes and automatically reduce power usage in high-altitude areas.	Qinghai Hainan Tibetan Autonomous Prefecture Charging Station: Maximum altitude of 5,200m
Resistant to wind and rain	The intake and outlet grilles of the charging facilities adopt an "interlocking" design for wind and rain protection. For special	Charging stations in Guangdong, Fujian, Taiwan, and other regions: Frequent typhoons in summer

	<p>scenarios (such as basements, gas stations, etc.), various safety protection designs such as leakage prevention and anti-tipping can be optionally equipped. The bottom is installed to increase the contact area with the ground, providing high stability and strong shock resistance.</p>	
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Packaging Design: We strive to replace non-recyclable wooden boxes with recyclable cardboard boxes as much as possible, reducing waste of resources caused by product packaging. Additionally, we use paperboard pallets instead of plastic foam to reduce the use of disposable plastics.

- **Exploring Low-carbon Products**

During the reporting period, Sinexcel embarked on exploring the development of low-carbon products by engaging a third-party organization to conduct a comprehensive life cycle carbon footprint verification (spanning from cradle to grave) for the SONNEN PWG2-12K-EU energy storage inverter, inclusive of connecting cables to pinpoint high-emission stages and links, and facilitate proactive carbon reduction initiatives.



Product Carbon Footprint Verification Statement

8.2.2 Intellectual Property Protection


Sinexcel continues to promote the establishment and improvement of intellectual property management systems, classify and manage intellectual property rights, pre-research key technologies based on product planning guidelines, increase patent technology output, and build a technology moat. The parent company have obtained the GB/T 29490-2023 intellectual property management system certification in June 2024.



Intellectual Property Management System Certification

8.2.3 Innovation Achievements

Sinexcel takes self-developed and competitive products as the leading goal. During the reporting period, the Company has focused on introducing a series of significant products centering on power supplies for industrial applications, new energy power swapping equipment, electric vehicle charger, and battery formation and testing technologies, thereby contributing a robust momentum to the ongoing energy transition. Sinexcel has been recognized as a National High-tech Enterprise, Guangdong Province Engineering Technology Research Center, Shenzhen New Energy Vehicle Intelligent Ultra-Fast Charging Technology Engineering Research Center, Shenzhen Enterprise Technology Center, Shenzhen Industrial Design Center, and National Excellent "Specialized and New" Little Giant Enterprise. As of the end of the reporting period, we have a total of 232 authorized patents and software copyrights.

Product Image	Product Characteristics
	<p>Unified Power Quality Conditioner (UPQC) Series</p> <p>A comprehensive power electronic device that provides a high-quality and reliable</p>


	<p>power environment (dynamic voltage regulation, harmonic suppression, reactive power compensation, and three-phase unbalance regulation) with peak shaving and peak and frequency regulation capabilities.</p> <ul style="list-style-type: none">➤ Green: Ultra-high efficiency, with normal operating module efficiency greater than 99% and energy storage mode efficiency greater than 97%, saving electricity for enterprises through peak shaving and valley filling operation modes.➤ Reliable: Capable of managing grid voltage sags and swells with an amplitude of 0-120%. Innovative thyristor fast switching circuit with a typical grid-connected and off-grid switching time of 2ms. Capable of harmonic suppression. Perform reactive power compensation with a compensation capacity of 0-100%.➤ Compatibility: Modular design, compatible with various energy storage units.
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The World's First Silicon Carbide Version of Industrial and Commercial Modular Energy Storage Inverter PWS1-125M

Using the third-generation semiconductor silicon carbide as the core power device, it is the world's first silicon carbide version of industrial and commercial modular energy storage inverter.

- **Green:** Silicon carbide devices enable the PCS to achieve an average efficiency increase of more than 1% under rated power conditions, and an overall increase in module power density of more than 25%.
- **Reliable:** Compared to the previous generation of 100kW modules, the 125kW of Sinexcel Energy Storage has an increased ambient temperature derating point of more than 5°C, making it safer and more stable, effectively addressing global warming.
- **Flexibility:** In the grid-connected three-phase four-wire operating mode, it can solve the problem of three-phase imbalance, meet emergency backup power needs,

	<p>manage low-order harmonics in the plant area through software algorithms, and can also be applied to the flexible direct current interconnection of power distribution areas.</p> <p>➤ Compatibility: It is compatible with power requirements ranging from 100kW to 125kW, suitable for 280-320Ah battery systems, with a DC side voltage range of 600-1,000V, compatible with air-cooled and liquid-cooled single-cluster battery systems. The PCS module has multiple placement forms and can be compatible with different integrated energy storage cabinet designs.</p>
	<p>High-voltage Single-module Energy Storage Inverter PWS1-215M-H</p> <p>Through high-power, high-efficiency modular PCS and large-capacity, high-energy-density battery cells, it comprehensively reduces the overall life cycle cost of the entire system, better driving the development of the source-grid side market.</p> <p>➤ Strong environmental adaptability: With IP66 protection level and C5</p>

	<p>corrosion resistance level, it can operate smoothly in outdoor environments.</p> <ul style="list-style-type: none">➤ Flexibility: It can be adapted to DC voltage systems ranging from 600V to 1,500V, compatible with various AC voltage formats such as 400V, 600V, 690V, and can freely match different system power configurations. It can flexibly cooperate with a variety of battery solutions, with a maximum rated power of 215kW, flexibly adapting to the latest trend of 300+Ah high-capacity battery cells.➤ Compatibility: The module is compatible with rack-mounted and wall-mounted placements, compatible with air-cooled and liquid-cooled battery system solutions, compatible with AC side parallel and DC side multi-branch usage methods, compatible with 0.25C, 0.5C, 1C system requirements, satisfying long-duration, 2-hour, and 1-hour energy storage applications, and widely compatible with various scenarios.
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320kW Four-way Horizontal Battery Swapping System Charging Cabinet

The heavy-duty truck battery swapping station is equipped with an internal charger that utilizes self-developed 40kW SIC charging modules, with a maximum module efficiency exceeding 97%.

- **Green:** The high efficiency of the modules, combined with the system's efficiency optimization function, significantly improves efficiency and reduces power consumption.
- **Flexibility:** It can be connected to external charging guns, allowing for flexible charging or battery swapping options, with power ratings of 320kW or 280kW.
- **Customization:** It supports customized dual-channel and four-channel output options.

Key Performance: During the reporting period

- Holding 179 patents
- Holding 53 software copyrights
- Adding 44 new patent applications
- Adding 25 new authorized patents

Case: Sinexcel Contributes to Overcoming Key Common Technologies and "Bottleneck" Issues in The Energy Storage Industry

During the reporting period, Sinexcel collaborated with Shenzhen Power Supply Bureau, Tsinghua Shenzhen International Graduate School, and other partners on the "Guangdong Provincial Key R&D Program - Key Technologies and Equipment Research Project of Grid-Forming Energy Storage Inverters". This project focuses on addressing the critical component demands for the advancement of new energy storage and power system industries, tackling the pivotal common technologies and "bottleneck" challenges that hinder industrial growth, and ultimately achieving the development of a new generation of large-capacity grid-forming energy storage inverters, featuring robust grid adaptability.

8.3 High-quality Customer Service

Sinexcel adheres to the principle of "Customer value-centered" throughout its service process, focusing on valuable customer needs and pain points, continuously pursuing valuable innovations, and providing customers with exceptional products and services.

8.3.1 Customer Service Management

Sinexcel has formulated standards such as *Customer Service Procedure*, *After Sales Dispatch Management Guidance*, *After Sales Service Process*, *Customer Satisfaction Measurement Procedure*, and *Customer complaints and handling process* to standardize the entire customer service process. Regular training in management, safety, after-sales service, and technology is provided to customer service personnel, and performance evaluations are conducted to enhance service quality. Additionally, the Company secured customer privacy by signing *Confidentiality Agreements* with them. During the reporting period, Sinexcel established a dedicated spare parts maintenance and management team tailored to each product line, fostering direct communication with front-end customer service. This team implemented a closed-loop work order management system, thereby streamlining service efficiency. Furthermore, Sinexcel adopted a tiered and categorized approach to customer management. For strategic clients, the Company constituted an iron triangle project team comprising "customer representative, delivery representative, and solution representative", achieving seamless front-to-back collaboration and fostering a tight, holistic, and multidimensional organizational customer relationship aimed at optimizing customer experiences.

- **Full Process Management of Customer Service**

- **Pre-sales and Sales Process:**
 - We communicate with customers via phone, internet, face-to-face meetings, etc., to address potential issues.
 - For product-related technical questions from customers, our technical staff will communicate with customers and resolve the issues on site if necessary.
 - We will provide explanations to customers for issues that cannot be resolved at the moment.
- **After-sales:**
 - **Comprehensive Service Network.** Professional service personnel in more than 30 regions nationwide, providing quick responses within one hour and 7*24 hours tracking responses to promptly handle customer service needs. Additionally, we have warehouses and maintenance centers overseas to promptly respond to overseas customer demands.
 - **Installation and Debugging Support.** For products that require on-site installation support, we arrange on-site installation and debugging support personnel in accordance with the *After Sales Dispatch Management Guidance*.
 - **Trouble Shooting.** When a product malfunctions during operation on site, we will take measures such as replacing parts and modules and arranging personnel to repair on site based on the severity, to help customers resolve the problem promptly.
 - **Customer Complaint Handling.** We categorize customer complaints based on severity and promptly address them in accordance with the *Customer Complaints and Handling Process*.

Case: Sinexcel - The Most Beautiful Defiers! Persistence in Extreme Cold of -30°C

Since the end of October 2023, the after-sales commissioning team has been stationed at the 60MWh photovoltaic power station with 90MW/180MWh energy storage container project in Chahar, Inner Mongolia, cooperating with the project to complete the final commissioning. This project fully integrates the local abundant wind energy resources with Sinexcel's technological advantages in the field of energy storage, constructing a new-type power system with new energy as the mainstay to realize wind power energy storage. On the evening of

December 18th, on the way back from the commissioning work of the day, the after-sales colleagues' vehicle unfortunately got stuck in a snowdrift. After several failed attempts to seek help, they decided to rescue themselves. In the bitter cold of -30°C and the raging gale of force 5, they held hands and encouraged each other, determined not to let anyone fall behind. After a long and arduous 3-kilometer self-rescue, they finally caught a taxi for the return trip at midnight and safely arrived at the hotel at 2 am. This was the fifth such situation in the past two months, but every time they firmly chose to face the difficulties together and never gave up.

Undeterred by the wind and snow ahead, they forge ahead following the light. On the path of high-quality delivery, Sinexcel has always been steady and far-reaching, interpreting every commitment to customers with practical actions. It is this determination that has won high praise from customers.



8.3.2 Customer Satisfaction Survey

Sinexcel conduct regular customer satisfaction surveys semi-annually to assess customers' satisfaction with factors such as product performance, environmental protection and safety, delivery time, service, and price. Based on the research and analysis results, we develop improvement plans to continuously enhance customer satisfaction.

Key Performance: During the reporting period

- Provided 3,029,251.27 kW of smart grid industry products to the market, with a YoY increase of 13.06%. Provided 7,317,058.86 kW of new energy industry products, with a YoY increase of 206.23%.
- Number of products recalled due to safety and health issues : 0
- Customer satisfaction: 90.80%

➤ Customer complaint handling rate: 100%

● **Voices of Customer**

Customer satisfaction remains the greatest driving force for progress. During the reporting period, we have garnered numerous gratitude letters from diverse industry customers, embodying their encouragement and endorsement. Moving forward, we will remain steadfast in adhering to the "Customer-centric" philosophy and strive to deliver even greater value to our customers.





Thank You Letters from Customers (Partial)


8.3.3 Driving Green Momentum Towards a Low-carbon Future

Sinexcel is living up to the times and has capitalized on the "carbon peak and neutrality" objectives, delving deeply into the endeavors, and emerged as a steadfast and influential champion of the new energy transition. The commitment lies in empowering diverse industries to undergo green transformations, illuminating unserved, underserved, and remote areas, fostering value for customers, empowering partners, and achieving energy freedom. In addition, driven by the trends of energy transformation and digitalization, we have cooperated with Schneider Electric to deeply integrate its energy management technology, AI big data analysis capabilities, and the industry advantages of Sinexcel's charging and storage technology, and jointly build an efficient smart energy and carbon management platform. We will provide customers with comprehensive smart energy and carbon management solutions for smart energy use, lean energy conservation, and effective carbon reduction, and jointly practice and implement the social responsibility of energy conservation and carbon reduction.

● **Empowering the Green Transformation of the Energy Industry**



<p>China National Offshore Oil Corporation (CNOOC) Wuhan Huquan Cultural Plaza Charging Station: Contributing to the construction of CNOOC's first commercial charging station, covering communities, business districts, and universities, with an average daily charging capacity of nearly 8,000 kWh.</p>	
<p>PetroChina Chongqing West Ultra-Fast Charging Demonstration Station: Leveraging Sinexcel's 800kW flexible shared ultra-fast charging stack to establish PetroChina's first liquid-cooled ultra-fast charging station, marking another milestone in PetroChina's green development journey.</p>	



- **Facilitating Green Mobility for Construction Machinery**

<p>Inner Mongolia Shengyuan Ganglian Hailesihao Heavy Truck Fast Charging Station: Contributing to the establishment of a nationwide, ultra-large-scale construction machinery heavy truck charging station with a total capacity of 14,000KVA, further supporting the development of a green transportation system for mines.</p>	
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<p>XCMG Guangzhou Heavy Truck Fast Charging Station: Achieving stable 500A high-current output and simultaneous charging with dual guns, facilitating the rapid construction of energy replenishment networks for heavy trucks and construction machinery industries.</p>	
<p>Hebei Tangshan Yimu New Energy Heavy Truck Fast Charging Station: Building the largest fully-stacked heavy truck charging station in Tangshan City, achieving an annual charging capacity of 2.1 million kWh and reducing carbon emissions by 2,100 tons.</p>	
<p>UK Logistics Park Charging Station: Meeting the high-power charging needs of large vehicles in logistics parks, significantly reducing charging time and enhancing logistics operational efficiency. The successful implementation of this project will also provide replicable experiences and demonstrative effects for other logistics parks and related industries.</p>	

- **Making Clean Energy More Accessible**

<p>Australia 500K Farming Off-grid Application for Farms and Pastures:</p> <p>Sinexcel's pure off-grid energy storage solution for weak electricity areas, integrated with diesel generators and supporting photovoltaic systems, provides high-quality electricity to off-grid resorts. During the day, power is supplied by photovoltaic systems combined with energy storage, while diesel generators serve as backup power sources. Every night, around 24 pm, the diesel generators start up to charge the batteries until 5 am, reducing fuel consumption while ensuring a stable power supply.</p>	
<p>Inner Mongolia Railway Green Electricity Replacement Integrated Smart Energy Project: Contributing to the construction of China's first battery-powered trunkline traction locomotive project, with a total locomotive capacity of 10.7MWh, enabling the traction of a 4,100-ton heavy train under a frigid temperature of -38°C, marking the country's first application of integrated smart energy using green electricity in the railway sector.</p>	

<p>Ningxia Yanchi Shared Energy Storage Power Station: Supporting the construction of Ningxia's largest 200MW/400MWh modular shared energy storage power station. Utilizing the industry's innovative multi-branch technology, it achieves independent charging and discharging management for 1,134 battery clusters, addressing issues related to battery shortcomings and circulation, promoting stable grid operation, and alleviating peak power supply pressures.</p>	
<p>Guizhou Guiyang 100MW/200MWh Energy Storage Demonstration Station: Contributing to the construction of the local first large-scale shared energy storage power station, with an annual average power supply of 92 million kWh, saving 27,100 tons of standard coal and reducing carbon emissions by 84,200 tons.</p>	

8.4 Joint Efforts for Win-Win Cooperation

Sinexcel adheres to the principle of long-term oriented, remains open, and actively collaborates with partners to jointly build and share long-term value, focusing on green development and creating a better future together.

8.4.1 Establishing a Sustainable Supply Chain

Sinexcel attaches great importance to a resilient supply chain and has developed systematic and comprehensive system and procedures including *Supplier Management Process*, *Procurement Management Procedure*, and *Supplier Performance Management Process* around supplier admission, cooperation, and removal. This ensures that suppliers continuously meet the Company's requirements for quality, delivery schedule, environmental protection, and

social responsibility, ensuring efficient and stable operation of the supply chain. During the reporting period, Sinexcel has refined the supplier access requirements, clarified the necessity of on-site audits and exemption conditions. Additionally, the Company also strengthened the management of supplier delivery quality by organizing sheet metal suppliers to participate in quality meetings. The quality personnel of sheet metal factories were trained and assessed before taking up their posts, thereby improving the delivery quality of sheet metal cabinets and chassis.

Full Life-cycle Management of Raw Material Suppliers:

Before admission: Suppliers shall fill out the *Supplier Introduction Approval Form* and *Supplier Qualification Survey Form*, provide business licenses, bank information, agency certificate/distribution certificate, list of key production and inspection equipment, product reliability test report, production process flowchart, quality management flowchart, and contact letter for IATF16949 automotive quality system.

Admission process: Suppliers sign the *Sunshine Agreement*, *Supplier Instructions*, *Procurement Agreement*, *Quality Assurance and Responsibility Traceability Agreement*, *Confidentiality Agreement*, *Declaration of Absence of Hazardous Substances*, *(Sheet Metal, PCBA) Agreement*, *Process Modification Notification Agreement*, *Supplier Code of Conduct*, *Supplier Social Responsibility Commitment Letter and Declaration of Free of Conflict Minerals*. On-site audits are required for new raw material suppliers, and suppliers need to submit improvement reports for the non-conforming items within 2 weeks.

Ordering form cooperation: Conduct quarterly performance assessments on suppliers with a focus on the product quality, delivery time, environmental protection, and social responsibility. Suppliers with quarterly comprehensive assessment scores below 70 for three consecutive times may face termination of cooperation. Conduct an annual on-site audit of key raw material suppliers and suppliers with unstable quality, with a focus on their environmental protection and social responsibility performance, which contributes 10.67% to the final assessment score.

Removal: If the following situations occur, we will terminate the cooperation: if the

quality of the materials resulted in 3 serious events; delivery schedule is delayed for three consecutive times; on-site assessment fails twice; quarterly performance evaluation fails three times; poor reputation; unfair trade practices.

Key Performance:

- As of the end of the reporting period, the total number of suppliers: 323
- During the reporting period, new suppliers added: 92
- During the reporting period, 34 raw material suppliers underwent on-site audits, fully completing the annual on-site audit task for raw material suppliers

8.4.2 Promoting Industry Development

Sinexcel actively participates in industry associations and industry exchange activities and establishes cooperative relationships with industry partners. During the reporting period, Sinexcel participated in 28 domestic and international exhibitions and 16 industry conferences/forums, providing suggestions for the development of the industry, promoting the research and application of advanced technologies in the industry, and driving the sustainable development of the energy industry.

● **Industry Associations Joined by Sinexcel (partial)**

Association Name	Title
China Power Supply Society	Executive Director
China Energy Research Association - Carbon Neutrality Committee	Executive Director
China Energy Storage Industry Alliance	Deputy Board of Directors
China Battery Industry Association Energy Storage Battery Branch	Vice President
Energy Storage Leaders Alliance	Deputy Board of Directors
Guangdong Charging Facilities Association	Vice President
China Association of Automobile Manufacturers	Member of Council

Zhongguancun Energy Storage Industry Alliance	Member of Council
Pearl River Delta Bay Area Intelligent Connected New Energy Vehicle Industry Alliance	Member of Council
Jiangsu Energy Storage Association	Member of Council
Tangshan Logistics Industry Association	Member of Council
Asian Power Quality Alliance	Member
Power Quality Committee of China Power Supply Society	Member
China Energy Storage Network	Member
CEC (China Electricity Council)	Member
Guangdong Static Transportation Association	Member
Shenzhen New Energy Vehicle Industry Association	Member
Shenzhen New Energy Vehicle Operation Enterprise Association	Member
Shenzhen Battery Industry Association	Member

● **Published Standards Prepared with the Participation of Sinexcel**

Classification	Name of the Standard	Standard No.
National Standard	Requirements for Safety Technology and Prevention System of Electric Vehicle Charging and Swapping Facilities in Urban Public Facilities	GB/T 37295-2019
National Standard	Specification for Operation and Management Services of Electric Vehicle Charging and Swapping Facilities in Urban Public Facilities	GB/T 37293-2019
Industrial Standard	Technical Specification for Energy-saving Certification of Off-board	CQC 3170-2018

	Electric Vehicle Chargers	
Industrial Standard	Technical Specification for Energy-saving Certification of AC Chargers for Electric Vehicles	CQC 3169-2018
Industrial Standard	Classification and Codes of Faults in Electric Vehicle Charging Facilities	NB/T 10905-2021
Industrial Standard	Parallel Active Power Filter Devices for Building Electrical Purposes	JGT 417-2013
Group Standard	Active Unbalance Compensation Device for Low Voltage Distribution Network	T/CPSS 1001-2018
Group Standard	Low Voltage Active Power Filtering Device	T/CPSS 1002-2018
Group Standard	Group Standard for Low-voltage Static Var Generators	T/CPSS 1003-2018
Group Standard	Technical Specification for Photovoltaic Storage Combined Power Generation Equipment	T/CSEE 0092-2018
Group Standard	Evaluation of Green and Low Carbon Products - Integrated Energy Management System for Photovoltaic Storage and Charging	T/SGIPA 028-2023
Group Standard	Technical Requirements for Evaluating Green and Low-carbon Enterprises	T/SGIPA 027-2023

● **Strategic Partnerships Established during the Reporting Period**

Strategic Partners	Jointly Promoting Industry Development
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China Tower	Signing strategic cooperation framework agreements to achieve the deep integration of charging stations and communication facilities.
Wolfspeed	Jointly creating a new silicon carbide solution for power quality to ensure perfect power quality.
Infineon	Continuously promoting the innovation of energy storage product solutions with an open and cooperative attitude to provide a solid guarantee for the realization of high-reliability and high-performance energy storage systems.
Phoenix (Nanjing)	Signing strategic cooperation, strengthening the concept of green development, and jointly seeking sustainable development in the field of charging and battery swapping.
AVL	Firmly promoting globalization and empowering China's new energy smart manufacturing to go global.
Yi Yi Interconnect, Guohai Green Energy, Zhi Li Wu Lian	Signing strategic cooperation framework agreements with multiple parties to gather advantageous resources and jointly promote the vigorous development of the battery swapping industry.

● **Participated in Industry Exchanges during the Reporting Period (partial)**

On May 17th, the project symposium of the "High-Quality Charging Initiative" was successfully held in Guangzhou, with Sinexcel attending the meeting. The "High-Quality Charging Initiative" project was jointly initiated by the China Electricity Council and the China Electric Vehicle 100, aiming to address industry pain points through



grading standards and evaluations, and jointly promote the high-quality and safe development of charging infrastructure.

On May 21st, the world's first Vehicle-to-Grid (V2G) Summit Forum and the establishment ceremony of the industrial alliance were held in Shenzhen, with Sinexcel attending the forum. During the same period, the "Launch Ceremony of the First Batch of Member Units of the Greater Bay Area Vehicle-to-Grid (V2G) Industrial Alliance" was successfully held. Zhao Qinghe, General Manager of Sinexcel's Charging and Battery Swapping Service Division, participated in the ceremony as a representative of the first batch of alliance member units.



On July 6th, the 2023 Gaogong Energy Storage Industry Summit kicked off in Changzhou. At the summit, the *2023 China Industrial and Commercial Energy Storage Industry Blue Paper* jointly compiled by Gaogong Industry Research, Gaogong Energy Storage, and co-authored by Sinexcel and other enterprises was officially released. Concurrently with the conference, the "2023 Gaogong Energy Storage TOP50" selection event was held, and Sinexcel was honored with the title of "2023 Gaogong Energy Storage TOP50 Enterprise".



On November 11th, the 26th Annual Conference and Exhibition of the China Power Supply Society (CPEEC & CPSSC 2023) was successfully held at the Yuexiu International Convention Center in Guangzhou. During the concurrent session, Mr. Tang Jianqiang, Chief Technology Officer of Power Quality at Sinexcel, delivered a speech titled *Application of SiC Devices in Power Quality Products*, sharing the continuous technological innovation and product optimization, as well as the brand strength in leading the power quality sector.



From December 19th to 21st, Sinexcel was invited to attend the 2023 China Electric Vehicle Charging and Battery Swapping Ecosystem Conference, and delivered a keynote speech titled *Flexible and Shared Ultra-Fast Charging Stacks Boost the Development of Ultra-Fast Charging* at the concurrent forum. We shared our insights and practices in supporting the development and construction of ultra-fast charging, injecting new vitality into the promotion of ultra-fast charging technology.



9. Accumulating Strength for Greenness and Protecting the Ecosystem

- Our Philosophy

Sinexcel adheres to the national strategic goals of "carbon peaking and carbon neutrality" and is committed to fully integrating the concept of green development into the Company's overall business and management processes. The Company continues to increase investment in key areas such as environmental protection management, resource conservation, low-carbon initiatives, and pollution prevention and control, striving to continuously explore new horizons for low-carbon development and achieve long-term sustainable development goals.

- **Our Actions**

- Improving Environmental Management
- Addressing Climate Change
- Conserving Usage Resources
- Reducing Environmental Impact

- **贡献 SDGs**



9.1 Improving Environmental Management

Sinexcel strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Conservation of Energy*, alongside overseas local environmental regulations, and has thoroughly embedded the principles of sustainable green and low-carbon development within the organizational framework. The dedication lies in establishing environmentally sound and logical management objectives, persistently refining our environmental management systems, and enhancing education and training programs to safeguard the harmonious balance between corporate expansion and environmental protection.

9.1.1 Environmental Management System

Sinexcel follows the regulations of the ISO14001 Environmental Management System and, in conjunction with the actual situation of the enterprise, establishes a series of procedural documents, including the *Control Procedures for Identification, Evaluation, and Update of Environmental Factors* and the *Environmental, Occupational Health and Safety Operational Control Procedures*. We update the environmental factor identification form every year, and

formulated improvement measures. Sinexcel is dedicated to refining the architecture and efficacy of its environmental management system. It has formed an environmental management team, consisting of the Safety Committee Director, EHS Engineers, Safety Committee members, and Safety Officers, with continuous efforts towards optimization and enhancement. The corporate headquarters and main manufacturing base of Huizhou Sinexcel, Sinexcel Power Technology, and Sinexcel New Energy Equipment have secured the GB/T24001-2016 idt ISO14001:2015 Environmental Management System certification, ensuring the system's seamless and effective functioning. Furthermore, the Company underscores the importance of fostering employees' consciousness in environmental risk prevention and control, regularly conducting environmental protection training sessions to bolster the environmental awareness and managerial competencies of its entire workforce.



ISO14001 Environment Management System Certification

Key Performance: As of Now

- Obtained the ISO14001 Environment Management System certification: 4 companies
- Number of environmental protection training sessions: 40
- Coverage rate of environmental training in the manufacturing base: 100%

9.2 Addressing Climate Change

Sinexcel acknowledges the significant influence that climate change has on the sustainable development of both humanity and the Chinese nation. In response, the Company actively aligns with the *Paris Agreement* and China's *National Climate Change Adaptation Strategy 2035*. Sinexcel is dedicated to identifying and mitigating climate change risks, advocating for

energy conservation and emission reduction initiatives, exploring eco-friendly product designs, and bolstering the high-quality advancement of the new energy sector. Through these endeavors, Sinexcel strives to contribute to the attainment of the dual carbon objectives.

9.2.1 Climate Change Risk and Opportunity

Under the national backdrop of accelerating the green development transformation, we are gradually strengthening our in-depth research on climate change issues. We proactively identify and assess the potential impacts of climate change that may be encountered during our operations, and actively formulate and implement corresponding strategies to address the identified risks and seize opportunities.

Main Risk Categories	Potential Climate Change Impacts Related to Sinexcel	Strategies of Response
Physical Risks	The intensification of extreme weather phenomena due to global climate change poses potential risks to the stability of production operations, the safety of plant equipment and assets, and commuting safety.	<ul style="list-style-type: none"> • Develop emergency operational plans, install flood prevention measures, prevent rainwater backflow, and establish lightning protection facilities. • Optimize product design to enhance the climate adaptability. • Strengthen the flexibility and resilience of our supply chain, and conduct predictive analysis of potential future disruptions.
Transition Risks	Market Supply and Demand Changes: With the advancement of the "carbon peaking and carbon neutrality" goals and the increasing calls for climate change mitigation measures, market demand is expected	<ul style="list-style-type: none"> • Implement strategies such as using renewable energy, promoting energy efficiency improvements. • Practicing eco-design for products, and exploring green products to reduce the Company's environmental

	<p>to undergo a transformation, placing stricter standards and expectations on the Sinexcel's products and solutions.</p>	<p>footprint.</p>
	<p>Supply Chain Risks: The Company may face dependencies on certain scarce or limited resources, and the supply chains of these resources may be impacted by climate change, such as instability in energy supply or constraints in raw material supply.</p>	
<p>Climate Opportunities</p>	<p>Emerging Market Demand: As low-carbon development and sustainability become increasingly important, Sinexcel is able to provide innovative and comprehensive solutions targeting emerging market segments such as clean energy and new energy vehicles, in order to meet market demands.</p>	<ul style="list-style-type: none"> • Relying on the Company's R&D capabilities and technological advantages in the field of intelligent power equipment, the Company will continue to enrich and improve its green product line, providing innovative solutions for the low-carbon transformation of various industries and contributing to the reduction of carbon emissions throughout the entire value chain.
	<p>Technology Innovation-Driven: Facing the challenges of climate change, technological innovation is crucial. Sinexcel will foster innovative breakthroughs in sustainable development</p>	

	<p>through research and development investments and strategic partnerships, in order to seize market opportunities.</p>	
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Case: Fighting against Typhoon Saola to Ensure Charging Infrastructure Safety and Service

During the reporting period, the super typhoon " Saola" hit Guangdong and Fujian provinces in China, and Sinexcel swiftly responded, demonstrating its effective response to extreme weather events. Anticipating potential damage to charging facilities, the Company immediately activated its *Post-Natural Disaster Equipment Inspection Plan*, pre-positioned spare parts, and deployed a professional team to ensure uninterrupted safety and service. After the typhoon made landfall, the Sinexcel team braved difficulties and conducted inspections at the first opportunity, completing inspections and repairs of over 40 charging stations in just three days. This swift restoration and normal operation of the charging facilities embodied Sinexcel's professionalism and efficiency in addressing climate change challenges.



9.2.2 Energy Management

Pursuing the "carbon peaking and carbon neutrality" objectives, Sinexcel has proactively fortified energy consumption and efficiency management, rigorously adhering to regulations like the *Cleaner Production Promotion Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China* and established frameworks such as the *Procedure for Energy Resource Control* and aspired to attain ISO 9001 Energy Management System certification by 2024. The main energy used during operation includes electricity, liquefied petroleum gas and fuel for vehicles, among others. The manufacturing base has set and met annual targets to diminish energy and carbon emission intensities by 2%. Furthermore, Sinexcel increased investments in clean energy initiatives and energy-saving technological advancements, encouraging employees to embrace clean production methodologies.

Leveraging process refinement and technological innovations, Sinexcel strives to curtail energy usage, elevate energy efficiency, mitigate greenhouse gas emissions, and propel the Company towards a green and low-carbon operations.

- **Clean Energy Usage**

Sinexcel proactively embraced clean energy initiatives by capitalizing on the limited rooftop space of the corporate headquarters, the Sinexcel Suzhou office building, and carports to install photovoltaic (PV) power generation systems. Presently, the PV installation capacity at Sinexcel Suzhou stands at 1,282.25 kW, projected to generate approximately 1,347,600 kWh of electricity annually. This endeavor will decrease the reliance on externally sourced electricity, thereby contributing significantly to energy conservation and emissions reduction strategies.



Installing Photovoltaic on the Rooftops of Sinexcel Suzhou

- **Reducing Production Energy Consumption**

Adhering to the "PDCA" cycle as the cornerstone for energy consumption management in production operations, we continuously endeavor to minimize energy consumption intensity. To tackle the challenge of high energy expenditure during motor testing in the product development and manufacturing processes, Sinexcel has innovatively developed a regenerative electronic load testing device. This advanced device, in contrast to traditional resistive loads, significantly mitigates power wastage by seamlessly integrating with the grid to return electricity in an eco-friendly manner. This process facilitates the circular regeneration and efficient reuse of the tested current's output energy, contributing to substantial energy savings and reduced consumption.

9.3 Conserving Usage Resources

Sinexcel strictly adheres to environmental regulations and actively advocates the concept of resource conservation. Sinexcel is committed to achieving both economic benefits and environmental protection through measures such as optimizing the use of raw materials,

packaging materials and water resources.

9.3.1 Conserving Raw Materials

We insist on using raw materials with minimal environmental impact to reduce the environmental footprint of the products. In raw material procurement, we prioritize the use of materials containing recycled content, such as PCR materials, and require suppliers to provide LCA reports and UL2809 certifications to demonstrate the environmental friendliness of the materials. During the production process, we reuse the remaining materials such as cables and prioritize repairs for faulty PCBA malfunction, discarding them only when they cannot be repaired. In terms of packaging materials, we encourage suppliers to recycle pallets, plastic boxes, and reusable containers to reduce resource consumption.

9.3.2 Conserving Water Resources

We adhere strictly to laws and regulations, including the *Water Law of the People's Republic of China*, and are dedicated to promoting the sustainable utilization of water resources, aiming to annually reduce water intensity by 2% YoY in manufacturing base. In the production and operational process, we exclusively rely on municipal water to guarantee the safety and risk-free nature of the water sources. Within the process flow, the Company ensures 100% recycling and reuse of cooling water. To further minimize water waste, we conduct regular inspections of the water systems and pipelines. Additionally, we embrace clean production methodologies and abstain from developing processes that could potentially generate wastewater discharge.

The Company is an ardent advocate of the sponge city concept, embarking on a series of innovative initiatives aimed at enhancing the urban water cycle system. Suzhou manufacturing base incorporates green roof technology, augmenting urban green areas and bolstering the city's capacity to absorb and infiltrate rainwater. To further this effort, we utilize permeable concrete materials in the ground paving, fostering natural rainwater infiltration. Moreover, we've designed depressions within green spaces that proficiently collect and purify surface runoff, attaining a green space ratio of 13.28%. Additionally, we've established rainwater recovery tanks, enabling the circular utilization and reuse of rainwater resources.



Rainwater Recycling



Sprinkler Test Cycles to Achieve 100% Recycling and Reuse of Rainwater

Key Performance: During the reporting period

- Reuse rate of water resources during production process: 100%

9.4 Reducing Environmental Impact

Sinexcel strictly adheres to laws and regulations such as the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China. The Company has formulated strict management systems, such as the Hazardous Waste Management System, which target wastewater, exhaust gas, factory boundary noise, and solid waste generated during production and operation. These systems ensure the efficient operation of environmental protection facilities, achieving compliant discharge of wastewater, exhaust gas, and factory boundary noise, as well as the lawful disposal of solid waste.

Sinexcel efficiently tackles the exhaust gas emanating from processes including printing solder paste, soldering, glue filling, and dispensing by employing a gas-collecting hood for its capture. This captured gas subsequently undergoes treatment through dual filter cotton layers and a secondary activated carbon adsorption unit, guaranteeing its compliance with emission standards prior to discharge via a 30-meter-high exhaust stack (P1). The emissions are in full accordance with the *Integrated Emission Standards for Air Pollutants*. Furthermore, the Company enhances workshop ventilation to maintain an odor-free environment at the factory perimeter.



Waste Gas Treatment Equipment

Measures for Treating the Wastes	
Waste Water	<ul style="list-style-type: none"> Type: domestic wastewater <p>Treatment: After undergoing pre-treatment in a reinforced concrete septic tank and grease trap facility, it is connected to the municipal pipeline and sent to a sewage treatment plant for processing.</p>
Waste Gas	<ul style="list-style-type: none"> Type: tin and its compounds, particulate matter, and oil fume <p>Treatment: The exhaust gas is collected through a gas-collecting hood, processed through two sets of filter cotton and a secondary activated carbon adsorption unit, and finally discharged through a 30-meter-high exhaust stack (P1) in compliance with standards. Oil fume is treated with electrostatic oil removal before discharge.</p>
General Waste	<ul style="list-style-type: none"> Type: cardboard boxes, iron, aluminum, copper, stainless steel, scrap cabinets, scrap empty PCB boards, scrap cables, scrap gun wires, etc. <p>Treatment: Adopting recycling, the general solid waste recycling rate reached 100% in 2023.</p>
Hazardous Waste	<ul style="list-style-type: none"> Type: discarded electronic components, discarded PCBA boards <p>Treatment: Hazardous waste recycling and treatment by hazardous waste companies that meet national requirements.</p>

9.4.1 Green Operation

Embracing the concept of green operation, the office building of Suzhou Sinexcel incorporates energy-efficient architectural designs, achieving both energy reduction and enhanced comfort, with an exterior area of 12,209 m² dedicated to energy-saving measures. We vigorously advocate for a low-carbon lifestyle, organizing environmental protection campaigns and encouraging employee participation. We regularly conduct environmental awareness training, leverage the paperless office capabilities of OA system, and endeavor to reinforce employees' eco-consciousness, thereby ensuring the successful execution of the environmental protection initiatives.



Low Carbon Action



Environmental Protection Activity Promotion



2023 Tree Planting Day Activity

10. Refining Strength for Goodness and Embracing Harmony

- **Our Philosophy**

Sinexcel adheres steadfastly to the core principles of "fostering a superior organization" and "nurturing talents". We embrace fair and equitable recruitment practices, safeguarding the fundamental rights and interests of every employee. With a keen emphasis on talent nurturing and advancement, Sinexcel establishes and continually refines the comprehensive training and development framework. This approach fosters a vibrant environment that ignites employees'

enthusiasm and creativity, striving to provide a equal, inclusive and progressive career development platform for our employees. Sinexcel cultivates a healthy and secure workplace, fostering the symbiotic growth of both the Company and the employees. Additionally, Sinexcel remains vigilant in the commitment to social welfare, actively engaging in charitable endeavors to contribute towards achieving shared prosperity.

- **Our Actions**

- Employee Rights and Interests Protection
- Empowering Employees Growth
- Protecting Health and Safety
- Thoughtful Employee Care

- **Contribution to SDGs**



10.1 Employee Rights and Interests Protection

Sinexcel adheres to the principles of fairness, justice, and transparency. In the recruitment process, we treat employees from different backgrounds equally. Within the management framework, we maintain good communication with employees and establish a salary and welfare system of "equal pay for equal work" and a career development system of fair competition, fully guaranteeing employee rights.

10.1.1 Employee Employment

Sinexcel strictly abides by the laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors* and formulates a number of management systems, including the *Human Resources Control Procedure*.

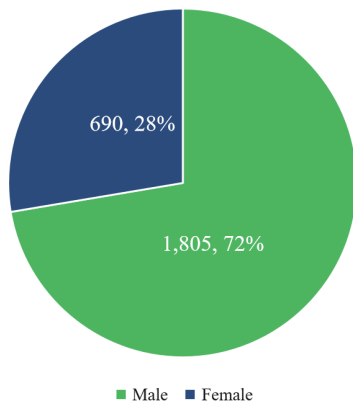
Non-discrimination. The *Recruitment Management System* explicitly outlines the adherence to the principles of openness, equity, competition, and merit in the recruitment process, ensuring equal opportunities for every candidate. Within the bounds of legality, the Company deeply respects the religious freedom of employees and eradicates any discrimination

rooted in race, nationality, age, gender, disability, or any other factors, fostering an environment where diverse talents can thrive and contribute to a multicultural and inclusive workplace.

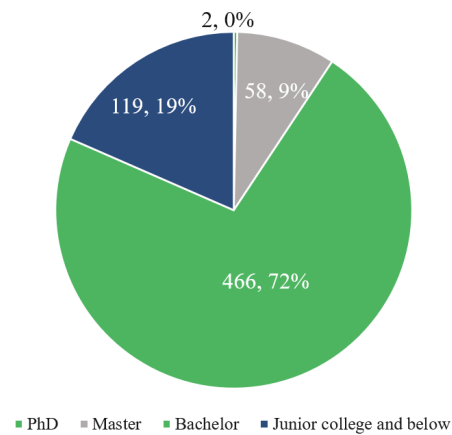
Free of child labor and forced labor. We have formulated the *Management Procedure for the Prohibition of Child Labor* and the *Remedial Procedure for Child Labor and Forced Labor*, is completely free of child labor and forced labor. We enhance the efficiency of matching job positions with talents by building multicultural recruitment channels, such as campus recruitment, social recruitment, and internal employee referrals. During the recruitment process, we verify identification documents to ensure that we do not employ any individuals who have not reached the legal age for employment. We do not advocate for employees to work overtime. If overtime is required, an application must be submitted and approved in advance.

Key Performance: During the reporting period

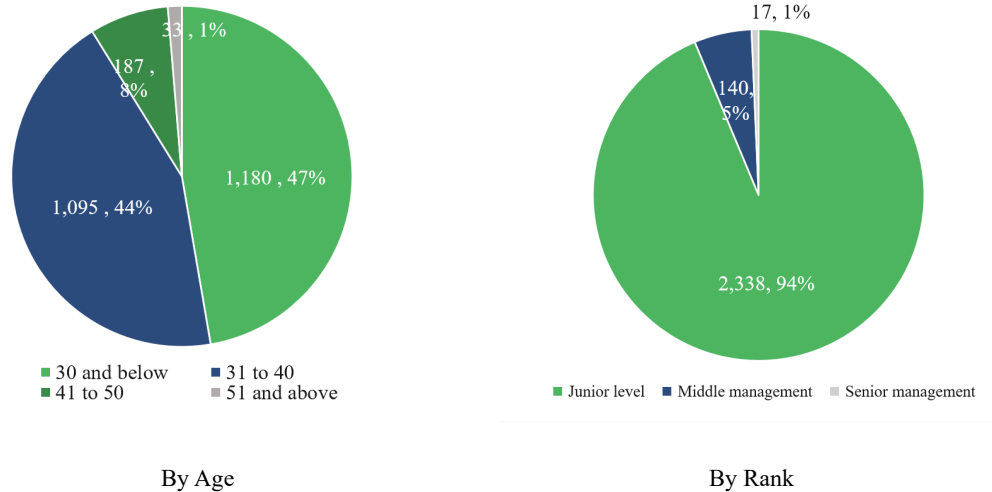
- Total number of employees: 2,495
- Number of minority employees: 364
- Proportion of female employees: 27.66%



By Gender



By Education Background



● **Employee Satisfaction**

To accurately understand employees' satisfaction with their work and quickly respond to their demands, we focus on issues that are important to employees, including compensation and benefits, working environment, job fit, company management mechanisms and systems, company culture, work methods and style, and logistics services. Every year, the HR department conducts an anonymous satisfaction survey for all employees to identify areas for improvement and make timely improvements to address any shortcomings. We strive to create a satisfactory workplace environment for employees and enhance their sense of belonging and happiness.

Key Performance: During the reporting period

➤ Employee satisfaction: 88.50%

10.1.2 Democratic Management

Effective communication stands as a pivotal factor in maintaining a thriving work team environment and ensuring the efficient functioning of the team. We uphold employees' right to information, participation, and supervision, while fostering an environment that encourages full engagement in the democratic management of the enterprise. This enables every employee to actively contribute to the growth and development of the company. Furthermore, we regularly convene the congress of workers and staff representatives as a platform to listen to and understand employee needs, promptly addressing issues and implementing solutions to maintain a harmonious and productive work environment. According to the *Employee Code of*

Conduct, employees have the right to supervise and appeal against their own or other employees' rewards or punishments. If there are any objections or appeals regarding rewards or punishments received, employees can file them with the line manager or the HR department within 3 working days.


10.1.3 Compensation and Benefits

To effectively safeguard employees' compensation and benefits, ensuring a comprehensive coverage of employee welfare, we have devised comprehensive systems including the *Compensation Management System* and the *Subsidiary Company Subsidy System*, meticulously constructing a diversified framework for employee compensation and benefits. We adhere to the principle of equal pay for equal work, embracing the 3P1M (Position, Person, Performance, Market) compensation management philosophy. During the reporting period, we have integrated professional job value evaluation systems and other compensation management tools to continually refine and optimize a diversified compensation system that revolves around positions, is guided by performance, and benchmarked against abilities. By ensuring internal equity while striving for competitive external equity, we aspire to ignite employees' work enthusiasm and empower them to fully realize their personal potential within their respective positions.

- **Compensation Structure**

We have established a scientific compensation structure for different positions, departments, and functions, aiming to maximize the motivational impact of remuneration and holistically stimulate employee engagement. During the reporting period, the initial grant of the company's 2022 restricted stock incentive plan successfully fulfilled the criteria for the first vesting period, resulting in the completion of vesting share registration for 200 employees.

Support Center Salary Structure

 Basic Salary + Job Allowance + Subsidies + Performance Bonus + Year-end Bonus


R&D Center Salary Structure

 Basic Salary + Job Allowance + Subsidies + Year-end Bonus

Sales Center Salary Structure

 Basic Salary + Job Allowance + Subsidies + Sales Commission

Manufacturing Center Salary Structure

 Basic Salary + Job Allowance + Subsidies + Overtime Payment + Performance Bonus + Year-end Bonus

Compensation Structure

● **Employee Welfare**

- Statutory paid leaves: New Year's Day, Spring Festival, Women's Day, Tomb Sweeping Day, Labor Day, Mid-Autumn Festival, National Day, etc.
- Other paid leaves: Annual leave, wedding leave, sick leave, funeral leave, maternity leave
- Social security provident fund: "Five Social Insurances and Housing Fund", supplementary commercial insurance
- Special benefits: Free shuttle bus, employee dormitory, health examination, department team building, wedding/childbirth gifts, holiday gifts, birthday party
- Employee subsidies: Housing subsidies, high-temperature subsidies, night snack subsidies, telephone subsidies, injury and illness subsidies, tourism subsidies, etc.

10.2 Empowering Employees Growth

Talent stands as the core asset of Sinexcel. To streamline employee career management, the Company has instituted frameworks like the *Career Progression Plan* and *Career Progression Pathways and Promotion Management Guidelines*. During the reporting period, Sinexcel refined systems encompassing the *Employee Internal Transfer Management Policy* and the *Trial Organizational Structure Adjustment Regulations*, aimed at bolstering the comprehensive business acumen, fostering a stronger corporate culture identity among staff, and augmenting their conscientious duty fulfillment. Concurrently, aligned with the business development goals, Sinexcel seamlessly integrates the practical requirements of departments and employees, enhancing the employee training and development ecosystem.

10.2.1 Career Development

We are committed to providing a broad career development platform for every employee, fostering a fair, just and open competition mechanism, implementing the match between people and positions, enabling employees to give full play to their potential and realize their personal values.

- **Career Progression**

Based on the characteristics of Sinexcel, we have classified positions in five pathways namely management, R&D, technology, support, and operation. Considering the employees' different development aspirations, employees can not only being promoted within their own business lines, but also transfer roles internally. For example, employees in the technical development channel can apply the sales development channel for development, and employees in the sales development can also transfer to the technical roles for development, mainly through internal deployment and recruitment.

In promotion assessment, we conduct a 360 degree evaluation of employees from four aspects, basic qualifications, professional skills, work contribution, and behavioral performance. The HR department is responsible for reviewing the conformity of employee promotions to ensure that the promotion process is standard, fair, and equitable.

Management Career Progression Pathway:

- Supervisor ->Manager ->Director ->BU General Manager ->Deputy General Manager ->General Manager

R&D and Technical Career Progression Pathway:

- Professional: Junior ->Intermediate ->Senior ->Advanced Senior ->Expert ->Chief
- Management: Junior->Intermediate ->Senior ->Supervisor/Manager ->Manager/Director

Support and Operation Career Progression Pathway:

- Professional: Assistant ->Junior ->Intermediate ->Senior ->Advanced Senior
- Management: Assistant ->Junior ->Intermediate ->Senior ->Supervisor ->Manager

- **Talent Reserve**

Talent reserve is the cornerstone of the sustainable development of enterprises. We focus

on talent cultivation and introduction, building a diversified and multi-level talent pool that covers multiple fields such as technology and management. During the reporting period, we refined the online recruitment system, ensuring a seamless, fully digitized recruitment journey while establishing an in-house talent database. Beyond traditional campus and social recruitment, we further expanded new recruitment channels, like headhunter recruitment and LinkedIn, to attract strategic talents. We conduct campus recruitment every year, and the 2023 campus recruitment was the largest in history, recruiting a total of 329 fresh graduates to reserve new talents for the company's development.



Campus Talent Officer Program

- **Talent Inventory**

To ensure sufficient talents reserve and strengthen the construction of leadership teams, we have formulated the *Regulations on the Selection and Management of Reserve Cadres*. Adhering to the principle of "combining both moral and professional qualities with moral qualities taking priority", we conducted a comprehensive assessment of the cadre team from two dimensions of performance and potential. We identify employees who possess self-criticism and a spirit of sacrifice, and have outstanding performance. Candidates who meet the qualifications for reserve cadre positions will be assessed by HR specialist and approved by the Director of HR before taking effect. When a cadre in the current management position leaves

or is transferred, priority consideration will be given to reserve cadres to take over these roles. During the reporting period, we organized and guided various departments to complete organizational planning and cadre inventory, and produced a cadre map.

10.2.2 Talent Cultivation

We continue to strengthen employee training, striving to build a high-quality and high-standard employee education and training system, and comprehensively safeguarding employee career development. Sinexcel has established a three-pillar training system comprising functional training, leadership training, and professional training, supported by a combination of "internal instructor teams and external resources" to carry out training plans. Furthermore, we utilize a knowledge management platform for the archiving and learning management of training materials. This comprehensive approach aims to enhance employees' overall capabilities, support the long-term development, align with the talent management principles, and foster a learning organization teeming with capable leaders.

Three-Pillar Training System

Pillar	Functional Training	Professional Training	Leadership Training
Position	Cultivation of employees' basic skills and competence	Improvement of employees' professional knowledge and skills in their respective fields.	Cultivate the core management cadres and build a talent echelon.
Training Project	<ul style="list-style-type: none"> Hongyi Plan Sinexcel Lecture Hall 	<ul style="list-style-type: none"> Special project for marketing talent cultivation R&D weekly class Product manager training camp 	<ul style="list-style-type: none"> Junior level: Hongqi Plan Middle level: Hongyuan Plan Senior level: "True Executive" Series
Training Content	<ul style="list-style-type: none"> Company culture, rules and 	Targeted professional training courses	Team management, decision analysis,

	<p>regulations, business processes, etc.</p> <ul style="list-style-type: none"> • Various general training courses, such as software operation, legal education, corporate culture, etc. 	<p>according to different job requirements, such as technology R&D, marketing, product management, financial management, etc.</p>	<p>strategic planning, etc.</p>
<p>Training Method</p>	<p>Organize internal online/offline courses</p>	<p>Industry expert lectures, internal experience sharing, etc.</p>	<p>Case study, group co creation of external training, etc.</p>

<p>Key Performance: During the reporting period</p> <ul style="list-style-type: none"> ➤ Total training hours for employees: 26,367 hours ➤ Average training hours for employees: 11.18 hours ➤ Number of employees participating in leadership training: 196, with 9,051 training hours ➤ Number of employees participating in functional training: 1,843, with 9,328 training hours ➤ Number of employees participating in professional training: 320, with 7,988 training hours
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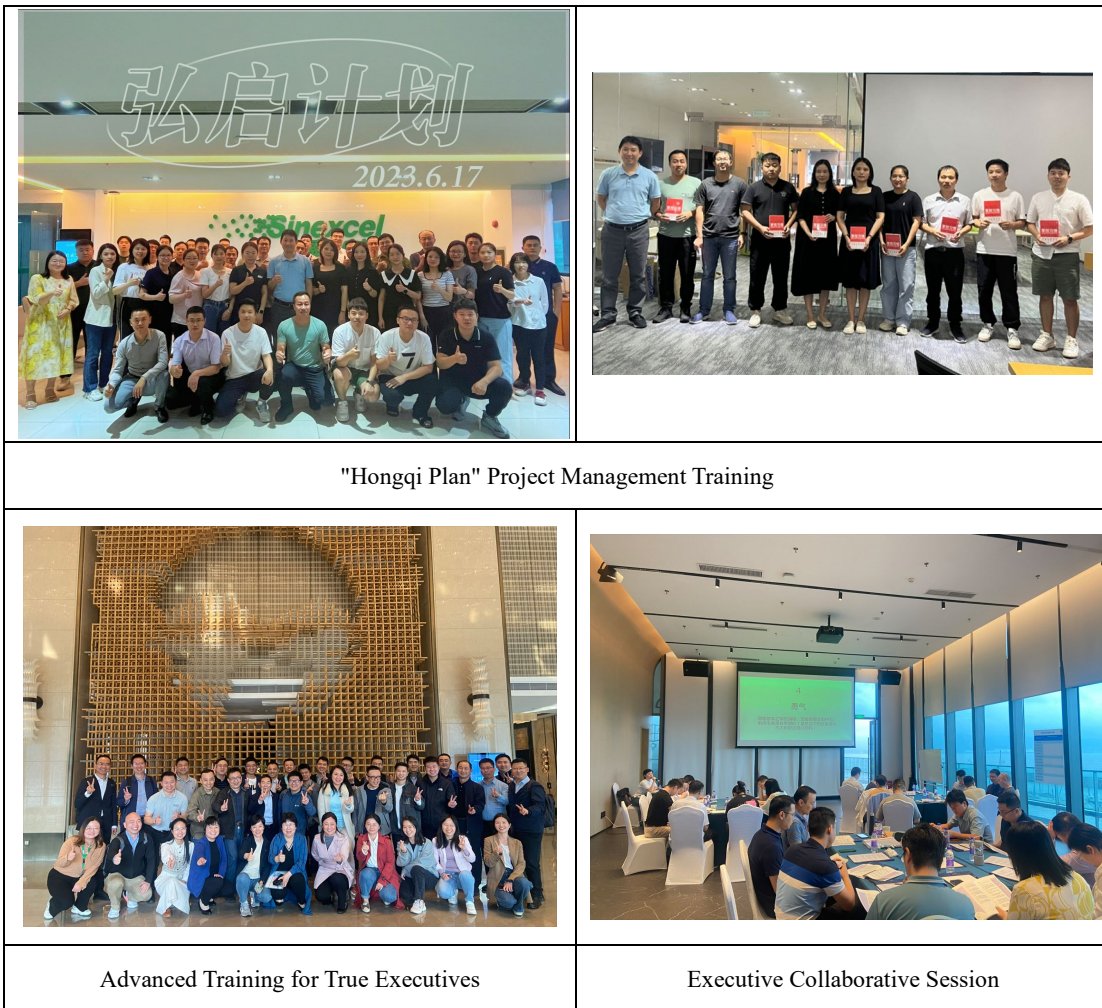
● **New Employee Training**

For new employees, we have developed the "Hongyi Plan" training program to help them form a complete knowledge system through a series of courses, facilitating their swift integration into the Company and ensuring they are familiar with job responsibilities. During the reporting period, we successfully completed the third phase of the 2023 campus recruitment "Hongyi Plan" for new students. This encompassed the entire spectrum of activities - from online training and personnel allocation to induction training, probationary training and guidance, probationary assessment, personnel optimization, and confirmation. Additionally, we

conducted a one-year onboarding survey to closely monitor the professional growth of employees.

● **Leadership Training**

We emphasize the development of leadership and strategic management capabilities among management, offering various forms of management training tailored to different levels of supervisors. During the reporting period, we implemented the "Hongqi Plan" for 112 junior-level managers, incorporating both online and offline training sessions such as *Role Recognition for Junior Managers*, *Project Management*, and courses designed to help new managers make a smooth transition. For senior executives, we adopted a combined approach of "regular collaborative sessions + external resource integration + superior external open courses" to further enhance their management skills and professional competence.



● **Professional Training**

To enhance employees' professional proficiency and overall competence, while fortifying the Company's competitive edge, we not only engage in internal training but also actively collaborate with external training institutions to incorporate advanced training resources and methodologies, thereby expediting the achievement of the corporate strategic goals.

Case: The First Session of "Product Manager Training Camp" in 2023

During the reporting period, Sinexcel launched the "Product Manager Training Camp" tailored for product management roles. Led by the Product and Solutions Department, we introduced external professional resources to create a one-year product manager training program. By integrating training with daily work, the program not only supported the product line transformation efforts but also cultivated outstanding product management talents.



10.3 Protecting Health and Safety

Sinexcel rigorously abides by laws and regulations such as *the Safety Law of the People's Republic of China and Law of The People's Republic of China on Prevention and Control of Occupational Diseases*, adheres to the concept of safety development, continuously improves the health and safety management system, and protects the production safety and physical and mental health of employees. As of now, the parent company Sinexcel and main manufacturing base, Huizhou Sinexcel, Sinexcel Power Technology, and Sinexcel New Energy Equipment have obtained the ISO45001 Occupational Health and Safety Management System Certification, ensuring the system's seamless and effective functioning.

Occupational Health and Safety Policy:

- People-oriented and safety first, continuous improvement and prevention, compliance with legal and regulatory requirements, full participation in harmonious development

Key Performance: As of Now

➤ Obtained the ISO45001 Occupational Health Safety Management System Certification: 4 companies



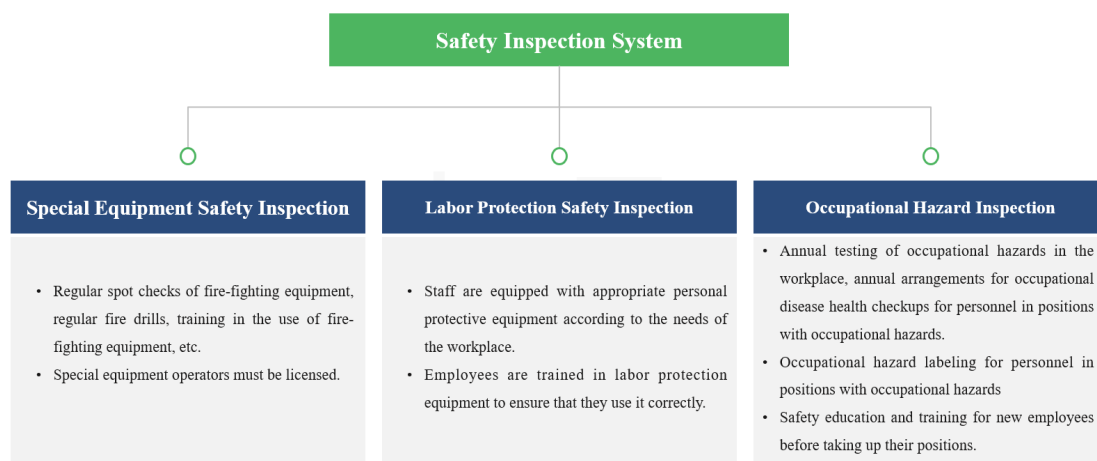
ISO45001 Occupational Health and Safety Management System Certification

10.3.1 Safety Management

In accordance with the national and industry-specific laws and regulations related to occupational health and safety, Sinexcel has formulated institutional documents such as the *Quality, Environment, Occupational Health, and Safety Management Manual*, established scientifically rational occupational health and safety management objectives, and continually improved the occupational health and safety management system. Sinexcel has set up an EHS organizational structure, led by the EHS Director, with various committee members and safety personnel forming the Company's safety committee. This structure ensures the seamless functioning of the occupational health and safety management system by delineating clear roles and responsibilities across relevant personnel and executing them efficiently.

10.3.2 Safety Inspection

We regularly conduct safety inspections on the equipment, usage of labor protection articles and occupational health hazards, in order to identify and eliminate potential accidents promptly.



Key Performance: During the reporting period

- Physical examination coverage rate for employees in occupational disease risk positions: 100%
- Coverage rate of work-related injury insurance and work safety liability insurance for personnel in occupational disease risk positions: 100%
- Coverage rate of occupational health and safety training at manufacturing base: 100%

10.3.3 Safety Publicity

We improve the employees' safety awareness and enhance their emergency response capabilities through safety exercises, ensuring the safety of employees and steady of production and operation.

● **Safety Training**

We conduct an in-depth analysis of the occupational health and safety risks of personnel in various positions, and implement staff training at different levels and stages to ensure that employees master the laws, regulations, standards, and systems related to the risk management and control system. For new employees, the Company implements a "three-level safety education" system. For all employees, we promote a safety education plan to create a good atmosphere for safe production.

● **Safety Emergency Drills**

Sinexcel continuously improves the emergency management mechanism, strengthens the construction of emergency rescue capabilities, and strictly follows safety management regulations to file emergency drills. Sinexcel regularly organizes various emergency drills to

improve the employees' ability to respond to emergencies. Sinexcel formulated the *Emergency Plan for Production Safety Accidents* for our main manufacturing base, and established a sound emergency response system with clear responsibilities for members of the emergency response team, and established a "warning information release" process for 10 types of accidents, including fire explosions, mechanical injuries, container explosions, falls from heights, and vehicle accidents. We have taken primary preventive measures and established an early warning mechanism to minimize the impact and damage of accidents.

Case 1: Conducting Fire Drills to Enhance Emergency Fire Prevention Capabilities

On August 10, 2023, Sinexcel arranged all employees to participate in the fire fighting and emergency evacuation drill. This drill not only deepened employees' understanding of basic fire fighting knowledge but also improved their skills in alarming, rescuing, self-protection, and safe evacuation in the face of sudden fire safety crises. We effectively strengthened the fire safety awareness of "prevention first, prevention and control simultaneously".



Case 2: Special Equipment Emergency Rescue Drill

On November 14, 2023, Huizhou Sinexcel conducted an elevator failure emergency drill according to the 2023 emergency drill plan. The drill covered the entire emergency rescue process, including material preparation, fault simulation, and fault handling. This drill covered staff from various departments of Huizhou Sinexcel. Through the drill, the employees' knowledge of emergency rescue in case of elevator failures was improved, and their safety awareness was enhanced. By simulating the on-site environment, the practical emergency rescue skills of all participants have been comprehensively improved.



10.3.4 Employee Health

We care about the mental health of our employees and have established an employee listening room to provide employees with a channel to vent and alleviate their pressure, helping them resolve their concerns.



Employee Listening Room

10.4 Thoughtful Employee Care





Sinexcel prioritizes humanistic care and strives to elevate the job satisfaction and happiness of each employee, fostering a nurturing and warm work environment. To replicate the familial warmth beyond working hours, the Company actively constructs interactive platforms and establishes the *Regulations on the Management of Recreational and Sports Activities*. The HR department compiles an annual plan for recreational and sports events, providing a relaxed and enjoyable atmosphere for employees to unwind, thereby reinforcing

their workplace happiness and sense of belonging.

Case: Cultural Construction Adhering to the Principle of "Respecting Individuals, Empowering People, and Fostering Happiness"

2023 marks a pivotal year for the cultural construction. Addressing the current issues such as employees' insufficient understanding of the Company's cultural heritage, the need to strengthen team cohesion, and communication barriers stemming from diverse backgrounds, we have meticulously planned this year's cultural activity program, aiming to foster a high degree of cognitive unity, coordinated pace, and jointly face challenges with determination to achieve project goals. With the goal of "respecting individuals, empowering people, and fostering happiness", the activities are coordinated with the corporate culture and organizational development, and include such activities as New Year's lucky money, barbecue festival, Mid-Autumn Festival garden parties and basketball games, etc.

● **Cultural Activities During the Reporting Period (partial)**

<p>Festival Activities</p>		
	<p>Dragon Boat Festival Gifts</p>	<p>Mid-Autumn Festival Activities</p>
<p>Team-building Activities</p>		
	<p>New Year's Lucky Money</p>	

		
	<p>Employee Birthday Party</p>	
		
	<p>Barbecue Festival</p>	
<p>Recreational and Sports Activities</p>		
	<p>Basketball Match</p>	
		
	<p>Badminton Match</p>	<p>Football Match</p>

10.5 Contributing to Community Development

Sinexcel always adheres to the concept of "Originating from Society and Contributing to Society", emphasizing the significance of public welfare and charity endeavors, and actively

fulfilling the corporate social responsibility. Beyond prioritizing economic benefit, the Company places equal emphasis on fostering the coordinated development with the social economy. Through tangible initiatives, Sinexcel fosters societal harmony and stronger ties with communities and ecological partners.

10.5.1 Pursuing Branded Philanthropic Initiatives

With a steadfast commitment to corporate social responsibility, Sinexcel provides financial support for projects related to the protection of minors, technological innovation, and education through the Shenzhen Charity Association·Sinexcel Electric Public Welfare Fund, actively practicing public welfare. During the reporting period, the Company's string of philanthropic endeavors underscores its profound dedication to societal well-being:

Public Welfare Projects	Social Significance
Donated RMB 200,000 to the Tencent Charity Platform's "Light Up the School Path for Liangshan Children (2023)" project	Supporting education for children in remote mountainous areas, illuminating their path to academic pursuit.
Donated RMB 200,000 for disaster relief in Gansu earthquake	Assisting earthquake relief and post-disaster reconstruction efforts in Gansu and Qinghai, facilitating the early return to normalcy for affected individuals.
Donated RMB 200,000 to the Zhiji Academy Scholarship Program	Providing financial aid to students from economically disadvantaged families, paving the way for their academic success and personal growth.
Donated RMB 30,000 to the "Special Economic Zone Builders' Critical Illness Care Fund" project	Strengthening the health and safety of urban builders, serving as a solid foundation for their well-being.

11. Key Performance Table

Indicator Category	Economic Performance Indicators	Unit	2023	2022	2021
Income Statement	Revenue	RMB million	2,651	1,503	1,021
	YoY growth	%	76.37	47.16	32.41
	Net profit attributable to shareholders of the parent company	RMB million	403	224	113
	YoY growth	%	80.20	97.04	6.93
Balance Statement	Total assets	RMB million	3,348	2,261	1,508
	Equity attributable to shareholders of the listed company	RMB million	1,452	1,062	846
Cash Flow Statement	Net cash flow from operating activities	RMB million	439	202	106
Key Ratios	ROE	%	31.80	23.52	14.20
	ROA	%	14.30	11.86	8.25
	Net profit margin	%	15.13	14.87	11.11
Per Share Indicators	Basic earnings per share	RMB	1.30	1.09	0.55

Note: For other financial data of Sinexcel, please refer to the *Sinexcel 2023 Annual Report*.

Indicator Category	Governance Performance Indicators	Unit	2023	2022
	General meeting of shareholders	Number	4	5

Board Structure and Governance	Board meetings	Number	10	9
	Supervisory meetings	Number	10	8
	Proportion of female directors	%	37.50	37.50
Business Ethics	Average training hours for employees who have received anti-corruption training	Hour (s)	1	0
	Number of employees who have received anti-corruption training	Number	400	0
Investor Relations Management	Investor on-site communication, strategy meetings, telephone meetings	Number	11	11

Indicator Category	Environmental Performance Indicators	Unit	2023	2022
Environmental Management*	Environmental protection investment	RMB '000	428.70	421.60
Environmental Protection Training*	Number of environmental protection training	Number	40	27
	Coverage rate of environmental protection training	%	100	100
	Average duration of environmental protection training for employees	Hour (s)	1.2	0.5

Energy Management	Purchased electricity	kWh	11,740,164.36	6,352,679.62
	Diesel	Liter	988.25	615.31
	Gasoline	Liter	990.08	0
	Liquefied petroleum gas	m ³	11,235.57	3,404.25
	Total energy consumption	Ton of standard coal	1,490.42	795.23
Greenhouse Gas	Total emission	Tons of carbon dioxide equivalent	6,623.62	3,563.65
	Scope 1	Tons of carbon dioxide equivalent	86.70	26.47
	Scope 2	Tons of carbon dioxide equivalent	6,536.92	3,537.17
Water Resources	Municipal water consumption	m ³	43,445.39	27,129.23
Waste Gas*	Total emissions of exhaust gas	m ³	33,024,000	33,912,000
	Particulate matter	Ton	0.03	0.04
Solid Waste*	Total general solid waste	Ton	274.87	66.81

	Total general solid waste recycled	Ton	274.87	66.81
	Total hazardous waste	Ton	0.09	0.12
	Total hazardous waste recycled	Ton	0.08	0.12
Packaging materials*	Total consumption of packaging consumables	Ton	341	101.48
	Packaging material usage: wood	Ton	125	22.60
	Packaging material usage: plastic	Ton	26	5.70
	Packaging material usage: paper	Ton	178	69.50
	Packaging material usage: others	Ton	12	3.68

Notes:

1. The statistical caliber of the indicators marked with "*" above refers to the data of Sinexcel Huizhou and Sinexcel Power Technology, the manufacturing base of Sinexcel during the reporting period; The statistical caliber of other environmental performance indicators is within the scope of operation and control of Sinexcel, excluding Suzhou Sinexcel (not yet officially put into operation in 2023) and overseas registered wholly-owned subsidiaries/grandchild companies. Due to the expansion of the statistical scope compared to 2022, the company has made corresponding retrospective adjustments to the environmental performance data for 2022.

2. Greenhouse gas emission data calculations refer to ISO 14064-1: 2018. The power emission factor adopts the 2021 national average carbon dioxide emission factor for electricity of 0.5568kgCO₂/kWh, published by the Ministry of Ecology and Environment and the National Bureau of Statistics. The coefficient for converting total energy consumption into standard coal refers to the "General Principles for Calculation of Comprehensive Energy Consumption" (GB/T 2589-2020).

Indicator Category	Social Performance Indicators	Unit	2023	2022	2021
R&D and Innovation	R&D expenses	RMB million	231	148	113
	R&D expenses as a percentage of revenue	%	8.71	9.84	11.11
	R&D personnel	Number	645	389	305
	Percentage of R&D personnel to total employees	%	25.85	23.09	24.38
	Number of patents held	Number	179	161	138
	Number of trademark and text registration rights held	Number	8	13	10
	Number of software copyrights held	Number	53	53	52
	Number of new patent applications	Number	44	15	23
	Number of new software copyright applications	Number	1	1	4
	Number of new authorized patents	Number	25	14	23
	Number of newly obtained software copyrights	Number	1	1	4

Indicator Category	Social Performance Indicators	Unit	2023	2022
	Customer satisfaction	%	90.80	90

Customer Services	Number of products recalled due to safety and health issues		Number	0	0
	Customer complaint handling rate		%	100	100
Supplier Management	Total number of suppliers		Number	323	—
	Number of new suppliers		Number	92	—
	Raw material suppliers who conduct on-site audits		Number	34	—
Employee Employment	Total number of employees		Number	2,495	1,685
	By gender	Male	Number	1,805	1,230
		Female	Number	690	455
	By employee type	Full-time employee	Number	2,495	1,576
		Dispatched Employee	Number	0	77
		Others	Number	0	32
	By education background	Master	Number	107	77
		Bachelor	Number	1,063	629
		Junior college	Number	519	384
		Junior college degree and below	Number	806	595
	By age	51 years old and above	Number	33	15
		41 to 50 years old	Number	187	101
		31 to 40 years old	Number	1,095	678
		30 years old and below	Number	1,180	891
		Junior level	Number	2,338	1,521

	By employee category	Middle management	Number	140	156	
		Senior management	Number	17	8	
	Diversity	Minority employees	Number	364	103	
	Employee satisfaction		%	88.50	89	
	CEO to employee average salary ratio		%	976	776	
Career Development	Number of employees participating in training		Number	2,359	1,236	
	By employee type	Number of non-management staff participating in training	Number	2,163	1,101	
		Number of junior managers participating in training	Number	119	60	
		Number of middle managers participating in training	Number	47	45	
		Number of senior managers participating in training	Number	30	30	
	By training category	Number of employees participating in leadership training		Number	196	—
		Number of employees participating in functional training		Number	1,843	—
		Number of employees participating in professional training		Number	320	—
	Total duration of training		Hour (s)	26,367	12,399	
	Average duration for training		Hour (s)	11.18	10	

	By training category	Total duration of leadership training	Hour (s)	9,051	—
		Total duration of functional training	Hour (s)	9,328	—
		Total duration of professional training	Hour (s)	7,988	—
Safety Management	Recordable rate of work-related accidents		—	0.31	0.83
	Lost time accident rate		—	0.73	0.33
	Serious work-related accidents		Number	0	0
	Days of work lost due to injury		Day (s)	158	19
	Injured employees		Number	14	11
	Work-related accidents		Number	14	11
	Employee occupational health and safety investment		RMB '000	124.80	151.20
	Coverage rate of physical examination for employees in occupational disease risk positions		%	100	100
	Coverage rate of work-related injury insurance and safety production liability insurance for personnel in occupational disease risk positions		%	100	100
Coverage rate of occupational health and safety training		%	100	100	

Note: The safety management indicators are from the manufacturing base, namely Huizhou Sinexcel and Sinexcel Power Technology during the reporting period.

12. GRI Content Index

Statement of use	Sinexcel has reported the information cited in this GRI Content Index for the period January 1, 2023 to December 31, 2023 with reference to the GRI Standards.		
GRI 1 Used	GRI 1: Foundation 2021		
GRI Standard	Disclosure Item		Chapters and Sections
GRI 2: General Disclosures 2021	2-1	Organizational details	Company Overview
	2-2	Entities included in the organization’s sustainability reporting	About the Report
	2-3	Reporting period, frequency and contact point	About the Report
	2-4	Restatements of information	Key Performance Table
	2-6	Activities, value chain and other business relationships	Services and Solutions
	2-7	Employees	Employee Rights and Interests Protection Key Performance Table
	2-9	Governance structure and composition	Enhancing the ESG Management Reinforcing Corporate Governance
	2-10	Nomination and selection of the highest governance body	Reinforcing Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Enhancing the ESG Management Reinforcing Corporate

			Governance
2-13	Delegation of responsibility for managing impacts	Enhancing the ESG Management Reinforcing Corporate Governance	
2-14	Role of the highest governance body in sustainability reporting	Enhancing the ESG Management	
2-16	Communication of critical concerns	Enhancing the ESG Management	
2-17	Collective knowledge of the highest governance body	Enhancing the ESG Management	
2-18	Evaluation of the performance of the highest governance body	Enhancing the ESG Management	
2-19	Remuneration policies	Employee Rights and Interests Protection	
2-20	Process to determine remuneration	Employee Rights and Interests Protection	
2-21	Annual total compensation ratio	Key Performance Table	
2-22	Statement on sustainable development strategy	Enhancing the ESG Management Message from the Chairman	
2-25	Processes to remediate negative impacts	Adhering to Business Ethics	
2-26	Mechanisms for seeking advice and raising concerns	Adhering to Business Ethics	
2-28	Membership associations	Joint Efforts for Win-Win Cooperation	

	2-29	Approach to stakeholder engagement	Enhancing the ESG Management
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Enhancing the ESG Management
	3-2	List of material topics	Enhancing the ESG Management
	3-3	Management of material topics	Enhancing the ESG Management
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Key Highlights in 2023 Key Performance Table
	201-2	Financial implications and other risks and opportunities due to climate change	Addressing Climate Change
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Contributing to Community Development Topic 2: Enhancing Rural Revitalization and Overcoming the Final Hurdle for New Energy Vehicles in Rural Regions
	203-2	Significant indirect economic impacts	Topic 1: Pioneering the Ultra-Fast Charging Revolution: Embracing "Charging Freedom" Topic 2: Enhancing Rural Revitalization and Overcoming the Final Hurdle for New Energy

			Vehicles in Rural Regions
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Adhering to Business Ethics
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Table
	302-3	Energy intensity	Addressing Climate Change
	302-4	Reduction of energy consumption	Addressing Climate Change
	302-5	Reductions in energy requirements of products and services	Addressing Climate Change
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Conserving Usage Resources
	303-2	Management of water discharge-related impacts	Conserving Usage Resources
	303-3	Water withdrawal	Key Performance Table
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Key Performance Table
	305-2	Energy indirect (Scope 2) GHG emissions	Key Performance Table
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Reducing Environmental Impact
	306-2	Management of significant waste-related impacts	Reducing Environmental Impact
	306-3	Waste generated	Key Performance Table
	306-4	Waste diverted from disposal	Key Performance Table
	306-5	Waste directed to disposal	Key Performance Table
GRI 308: Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	Joint Efforts for Win-Win Cooperation

2016			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Interests Protection
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Protecting Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Protecting Health and Safety
	403-3	Occupational health services	Protecting Health and Safety
	403-5	Worker training on occupational health and safety	Protecting Health and Safety
	403-6	Promotion of worker health	Protecting Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protecting Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Protecting Health and Safety
	403-9	Work-related injuries	Key Performance Table
	GRI 404: Training and	404-1	Average hours of training per year per employee

Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Empowering Employees Growth
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Key Performance Table
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Interests Protection
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Interests Protection
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Interests Protection
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Topic 2: Enhancing Rural Revitalization and Overcoming the Final Hurdle for New Energy Vehicles in Rural Regions
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	Joint Efforts for Win-Win Cooperation

GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Protecting Health and Safety
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring Information Security