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2024 Environmental, Social, and Governance (ESG) Report

Shenzhen AV-Display Co.,Ltd.

CONTENTS

01 About This Report



Report Introduction	04
Reporting Scope	04
Release Cycle	04
Preparation Basis	04
Data Sources and Explanations	05
Definition and Explanations	05
Report Publication Format and Access Channels	05
Chairman's Message	06

02 Glance at AVD



Company Profile	08
Development Strategy	10
Corporate Culture	11
Honors	12
ESG Ratings	13
Milestones	14
Performance in 2024	16

03 ESG Management



ESG Goals and Vision	18
ESG Governance	20
Stakeholder Engagement	21
Management of Key Issues	22
Material Issues Identification Results	23

04 Steadfast Operations: Strengthening Governance Efficacy



Corporate Governance Regulation	26
Investors' Rights and Interests Protection	30
Maintaining Integrity and Clean Governance	32

05 Green Development: Promoting Harmonious Coexistence



Climate Action	38
Environmental Compliance Management	44
Resource Management	51

06 Unwavering Execution: Creating a Paradigm of Value



Innovation as the Driver	58
Supply Chain Management	65
Product and Service Safety and Quality	69
Data Security and Privacy Protection	76

07 Valuing Talent: Empowering Employee Growth



Occupational Health and Safety	80
Protecting Employees' Legitimate Rights and Interests	90
Employee Training & Development	102

08 Commitment to Goodness: Courageously Shouldering Social Responsibility



Rural Revitalization	108
Public Welfare & Charity	109
Future Outlook	112
Appendix	114
Indicator Index Table	114
Feedback Form	116

About This Report

Report Introduction



This report is the second Environmental, Social, and Governance (ESG) Report disclosed by Shenzhen AV-Display Co.,Ltd (Stock Code: 300939; Stock Abbreviation: AVD). Adhering to the principles of objectivity, standardization, transparency, and comprehensiveness, the report details the actions and achievements in environment, society, and corporate governance by AVD and its wholly-owned subsidiaries and holding subsidiaries (hereinafter referred to as "holding subsidiaries") in 2024.

Reporting Scope



Timeframe: The report covers the period from January 1, 2024, to December 31, 2024. To improve the comparability and completeness of the report, some descriptions and data have been appropriately traced back or extended.

Organizational Scope: Unless otherwise specified, this report covers AVD and its holding subsidiaries (for details, refer to the *2024 Shenzhen AV-Display Co., Ltd Report*).

Release Cycle



This Environmental, Social, and Governance (ESG) Report is published annually.

Preparation Basis



- *No. 2 Guidelines of the Shenzhen Stock Exchange for the Self-discipline Regulation of Listed Companies on Growth Enterprise Market(GEM) Board*
- *No. 3 Guidelines of the Shenzhen Stock Exchange for the Self-discipline Regulation of Listed Companies on Preparation of Sustainability Reports*
- *No. 17 Guidelines of the Shenzhen Stock Exchange for the Self-discipline Regulation of Listed Companies on Sustainable Development Report (Trial Implementation)*
- *Sustainability Reporting Standards* of the Global Reporting Initiative (GRI Standards)
- *Guidelines for Corporate Sustainable Development Reporting in China (CASS-ESG 6.0)* of the China Enterprise Reform and Development Research Association
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Sustainable Development Goals (SDGs) of United Nations
- Sustainability Accounting Standards Board (SASB) Standards

Data Sources and Explanations



The financial data in this report is extracted from the *2024 Annual Report of Shenzhen AV-Display Co.,Ltd*. Other information and data are sourced from statistical summaries or public documents provided by the Company's relevant departments. This report contains no false records, misleading statements, or material omissions. Unless otherwise specified, all monetary amounts in this report are expressed in RMB.

Definition and Explanations



For ease of expression and reading, "Shenzhen AV-Display Co., Ltd" in this report may also be referred to as "AVD" "the Company" or "we" The above terms may also include wholly-owned subsidiaries and holding subsidiaries consolidated in the financial statements of Shenzhen AV-Display Co., Ltd. The following are some of the subsidiaries covered in this report, along with their abbreviations:

Term	Interpretation
Ganzhou AVD	Ganzhou AV-Display Co., Ltd
Ruidisheng	Shenzhen Ruidisheng Technology Co., Ltd.

Report Publication Format and Access Channels



This report is published in both Chinese and English. In Case of any discrepancy or conflict between the two versions, the Chinese version shall prevail. You can access and download the electronic version of the report on the official websites of the Shenzhen Stock Exchange (<http://www.szse.cn/>), CNINFO (<http://www.cninfo.com.cn/>), and Shenzhen AV-Display Co., Ltd. (<https://av-display.com.cn/>).

For any comments or suggestions regarding the report, please contact us through the following channels:

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Chairman's Message

Dear stakeholders, partners, employees, and friends from all walks of life who have been closely following AVD's sustainable development journey:

Looking back on 2024, we found that global economy growth lacked momentum amid a volatile international environment, frequent geopolitical conflicts, and rising trade protectionism—all of which brought significant uncertainty to the world economy. Amidst this era of challenges and uncertainties, AVD upheld its steadfast commitment to sustainable development. With unwavering determination, the Company tackled difficulties head-on, advanced all tasks in an orderly manner, actively fulfilled its environmental and social duty bearer, and steadily drove the Company toward high-quality development.

We deeply recognize that scientific and effective environmental management is a key driver for the Company to achieve both economy benefits and enhanced competition, as well as a core element for long-term development. In 2024, the Company will continue to expand its investments and initiatives in green production, green R&D, and green office practices. We conduct thorough greenhouse gas emissions inventories to fully assess our emissions and establish a solid foundation for developing precise, science-based emission reduction strategies. At the same time, we actively participate in the filling of CDP questionnaire and Ecovadis rating questionnaire, proactively enhance environmental information disclosure, and are committed to building a communication bridge for green development with all partners, sharing the achievements of green development, and contributing AVD's strength to advancing the industry's green transformation. Faced with escalating global Climate Change risks and the severe situation of extreme weather events—such as high temperatures, droughts, heavy rainfall, and floods—frequently ravaging many regions worldwide, the Company actively responds to the *United Nations Climate Action Initiative*. We remain steadfast in implementing the Company's ESG strategies, advancing climate change management efforts, and strengthening the identification and management of climate-related risks and opportunities. By continuously enhancing our capacity to address climate change, we contribute to safeguarding our planet.

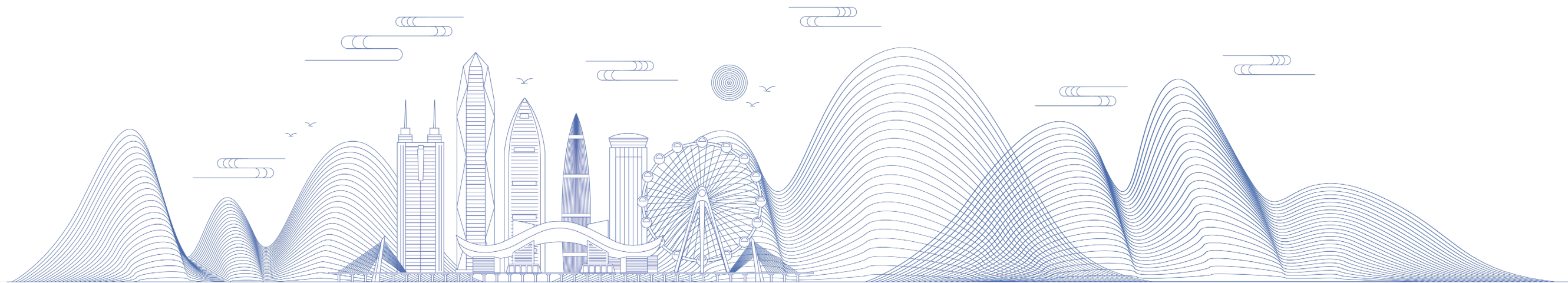
We fully recognize that enterprises and society form a closely interconnected community of shared destiny. Only through shared prosperity can we achieve stable and enduring progress. Guided by the mission to "Presenting the World, Restoring the Truth, Connecting Things and Creating Value," AVD collaborates with partners to actively engage in community development. Through innovative technologies and premium products, we contribute to national growth, advance global industrial innovation, and collectively build a better future. The Company steadfastly upholds the principles of lawful and ethical operations while continuously elevating product quality and service standards. We intensify R&D in green and low-carbon technologies, delivering efficient, high-performance solutions tailored to di-

verse and personalized customization needs, thereby enhancing customer satisfaction. In supply chain management, AVD rigorously ensures compliance with social responsibility and environmental standards across all stages, driving sustainable development throughout the entire industrial chain. Internally, we prioritize a "people-first" philosophy, fostering a safe, healthy, and inclusive workplace. We implement equitable compensation systems, provide comprehensive training and career development opportunities, and leverage diversified communication channels and promotion mechanisms to achieve mutual growth for employees and the enterprise. Moreover, AVD actively participates in social welfare initiatives. Through donations, consumption-driven poverty alleviation programs, volunteer services, and other forms of support, we sincerely give back to society, advocate for vulnerable groups, and fully demonstrate our commitment to corporate accountability and humanistic values.

We firmly believe that sound corporate governance serves as the cornerstone of sustainable enterprise development and directly reflects accountability to shareholders and all stakeholders. In 2024, the Company continued to optimize its corporate governance structure, refine internal control systems, and ensure full compliance and transparency in operations. During the year, we introduced new regulations, including the *Environmental, Social, and Governance (ESG) Management Regulations*, *Public Sentiment Management Guidelines*, *External Donation Policies*, and *Responsible Marketing Framework*, further embedding ESG principles deeply into all aspects of corporate governance and business practices. Concurrently, the Company prioritizes the protection of investor rights. We have established regular communication channels to strengthen engagement with investors, providing timely and accurate updates on strategic initiatives and operational achievements. This fosters greater understanding and support, collectively driving steady growth in the Company's long-term value. The share repurchase initiative implemented in 2024 underscores the Company's unwavering confidence in future growth and its strong sense of responsibility toward shareholders, while also sending a positive signal to the market.

Looking ahead, AVD will continue to deepen its commitment to ESG principles, actively exploring and pioneering new pathways for ESG-driven growth. In this era where sustainability has evolved from an aspirational ideal into a shared global imperative and a blueprint for collective action, we stand at the forefront of this transformative tide. Let us unite in vision, pool our strengths, seize opportunities within challenges, and pursue progress through innovation. Together, we will stride toward a future defined by sustainability, health, and shared prosperity!

Chairman of AVD, Huang Zhiyi



Glance at AVD

Company Profile

Shenzhen AV-Display Co., Ltd. was established in 2004 and was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange on January 28, 2021 (Stock Abbreviation: "AVD", Stock Code: "300939"). As a national high-tech enterprise, it specializes in the R&D, design, production, and sales of LCD and touch products. Upholding the corporate mission of "presenting the world, restoring the truth, connecting things and creating value," the Company provides customers with customized touch display integrated solutions and is committed to becoming a leading one-stop service provider for human-machine interface and intelligent control products. The Company headquarters is located in Shenzhen, Guangdong, with production bases in Shenzhen and Ganzhou (a production base in Thailand is planned), and has established marketing networks in South China, East China, North China, West China, Taiwan (China), Europe, North America, and the Asia-Pacific region. The Company's products are exported to North America (the United States and Canada), Europe (Germany, the United Kingdom, France, Belgium, Switzerland, the Netherlands, Turkey, etc.), Asia (Japan, South Korea, etc.), and Taiwan, China, enjoying a strong reputation in the market.



Ganzhou Factory



Shenzhen Headquarters and Factory



Shenzhen Industrial Base (Under Construction)

Glance at AVD

Development Strategy

AVD will continue to follow policy guidance, stay attuned to market demand, and leverage its continuously enhanced R&D system and deep technology expertise to actively drive technology upgrades and structural improvements for existing products. Aligning with industry trends and market needs, the Company will introduce new products and technologies while continuously optimizing its product portfolio and expanding application areas to deliver strong returns for investors.



Launch new products



Introduce new technologies



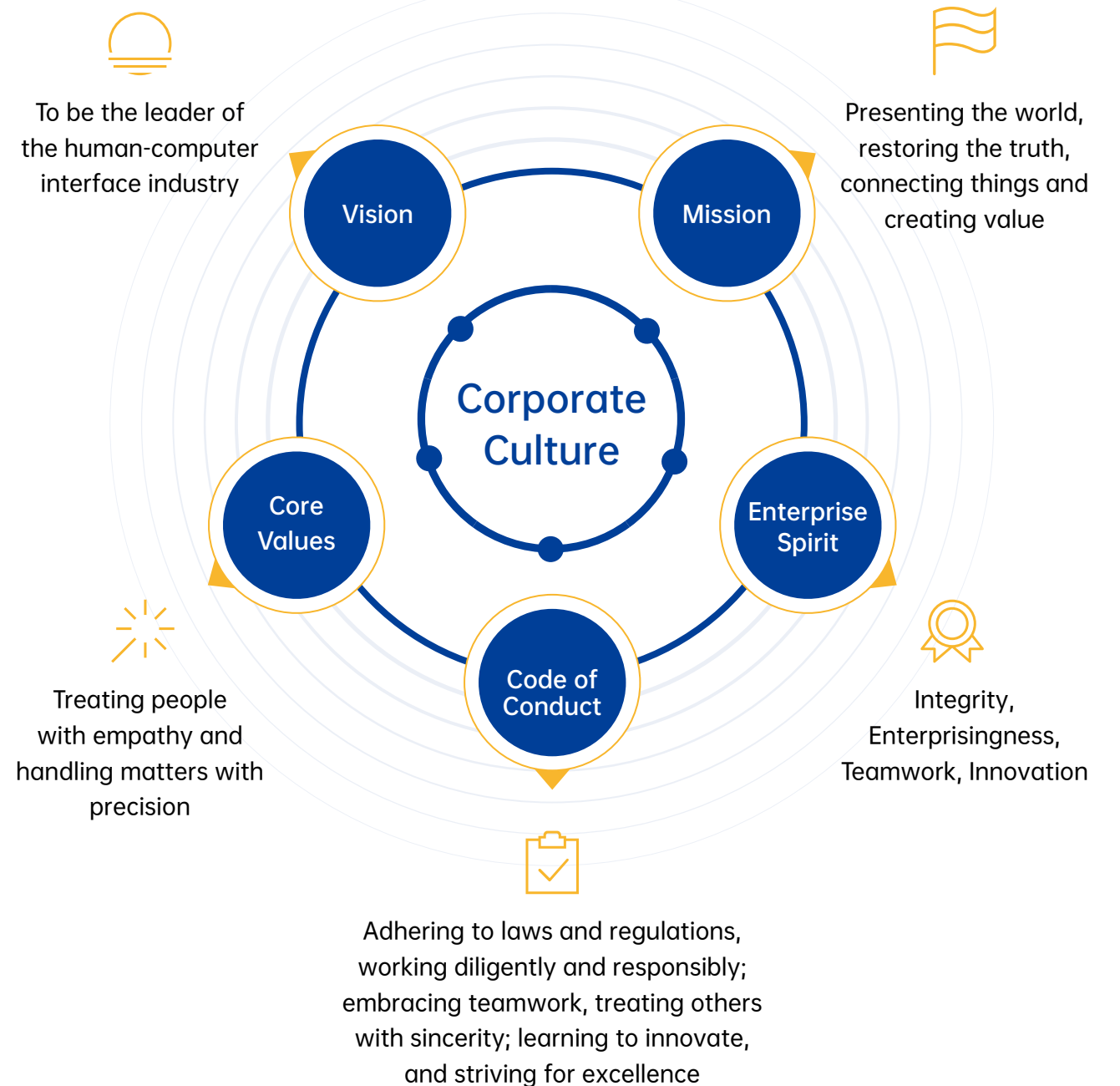
Improve the product
structure



Expand the application
fields of the products



Corporate Culture



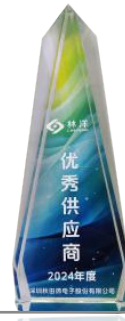
Glance at AVD

Honors



Outstanding Partners

Awarding Authority
Hexing Electrical Co., Ltd.



2024 Outstanding Suppliers

Awarding Authority
Jiangsu Linyang Energy Co., Ltd.



2024 ESG Value Communication Award for Company

Awarding
Authority
Shenzhen Valueonline Information
Technology Co., Ltd.



2024 Shanghai Securities News Golden Quality ESG Award

Awarding
Authority
Shanghai Securities News



19th China Listed Companies Board of Directors 'Golden Roundtable Award' - Special Contribution Award for Corporate Governance

Awarding
Authority
Board of Directors Magazine



Outstanding Contribution Award for Pilot Program

Awarding Authority
Guangdong Core Software
Engineering Research and
Development Committee

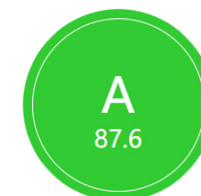


Excellence in Quality Award

Awarding Authority
LONGi Meter Co., Ltd.

ESG Ratings

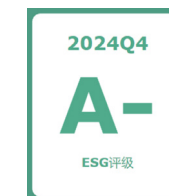
In 2024, the Company's continuous improvements in environmental protection, social responsibility, and corporate governance (ESG) were recognized by multiple rating agencies, and it achieved favorable evaluations in various ESG rating systems. According to public data as of April 2025, the Company received an "A" rating from Huazheng ESG Rating, an "A" rating from China Reform Holdings ESG Rating, an "A-" rating from SynTao Green Finance ESG Rating, and a "BBB" rating (ranked 47th out of 521) from Wind ESG Rating.



Huazheng ESG
Ratings



China Reform
Holdings ESG Rating



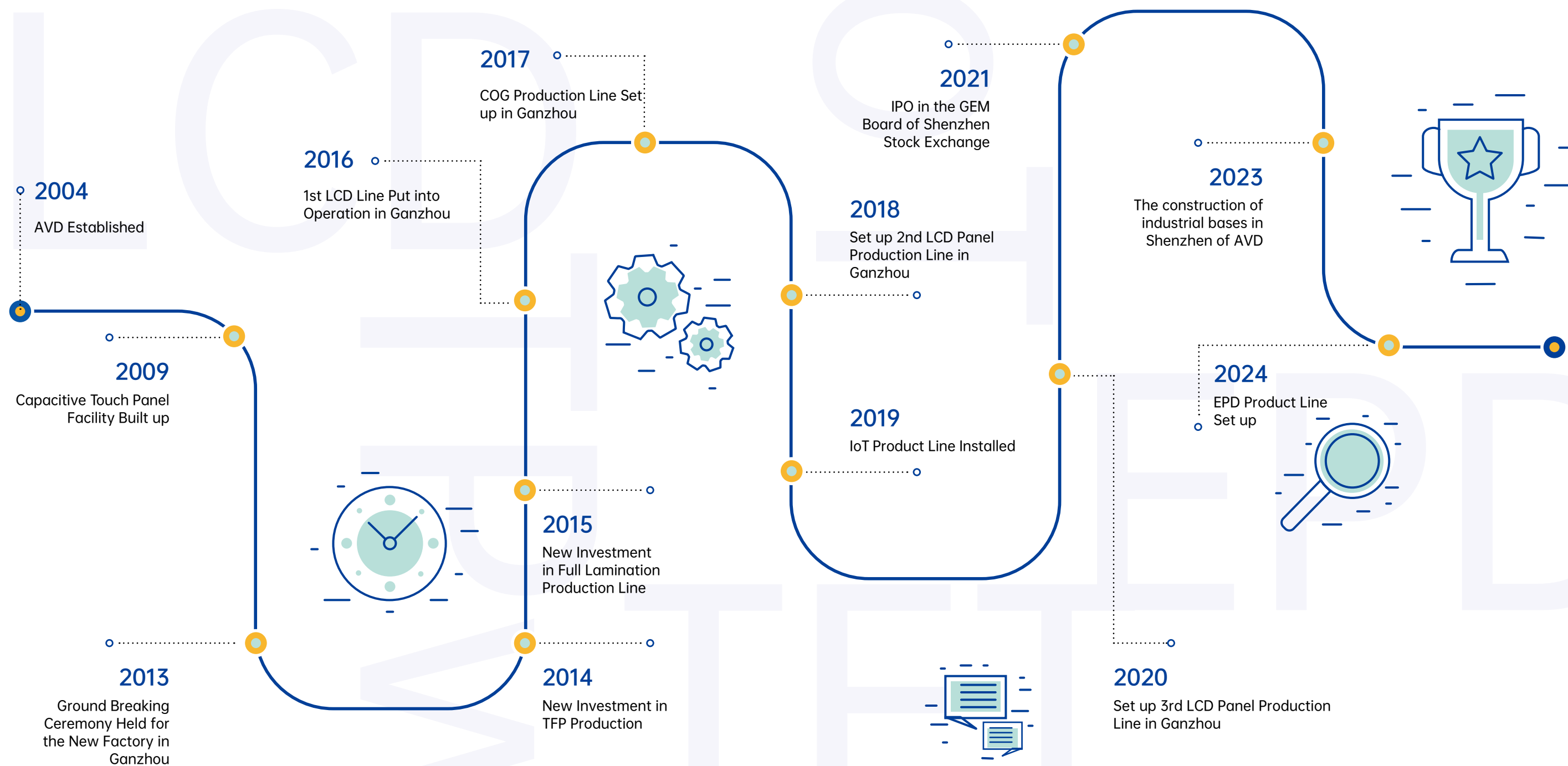
SynTao Green
Finance ESG Ratings



Wind ESG Ratings

Glance at AVD

Milestones



Performance in 2024

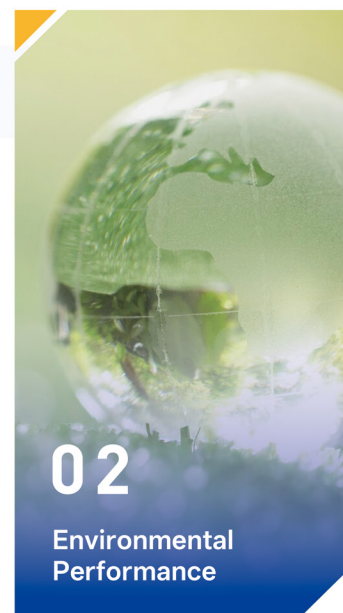


Operating Income	Net Profit Attributable to Shareholders of Parent Company	
108,466.55 RMB 10,000	9,060.59 RMB 10,000	
Total Assets	Total Taxes Payment	Basic Earnings per Share
165,114.44 RMB 10,000	3,128.26 RMB 10,000	0.76 yuan/share

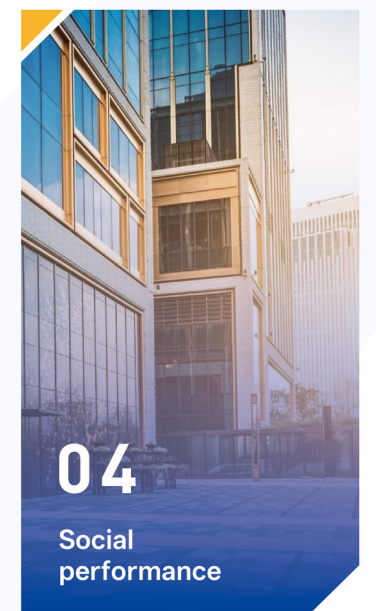


Number of General Meeting of Shareholders Held	Number of Board of Directors Meetings Held	Number of Supervisory Board Meetings Held
3 Times	7 Times	6 Times
Proportion of Independent Directors on the Board of Directors	Investor Communication Activities	Reply Interactive Exchange
42.86 %	6 Times	114 Articles
Anti-Bribery and Anti-Corruption Training	Anti-monopoly Training	
2 Times	1 Times	
Employee Signing Rate of the <i>Integrity and Self-Discipline Commitment Letter</i>		
100.00 %		

Investment in Environmental Protection Facilities	Number of Environmental Emergency Response Drills Conducted
297.70 RMB 10,000	4 Times
Renewable Energy Generation	Total Greenhouse Gas Emissions
24.32 10,000 kWh	165,596.58 tCO ₂ e
Growth in Reclaimed Water Reuse	Improvement Rate of Reclaimed Water Recovery Efficiency
0.79 10,000 tons	8.85 %
Total Factory Electricity Consumption	Hazardous Waste Compliance Disposal Rate
3,419.10 10,000 kWh	100.00 %







Research and Development Investment	Cumulative Patents Obtained	Data Safety Investment
8,037.32 RMB 10,000	156 Items	760.02 RMB 10,000
Total Number of Employees	Number of Female Employees	Employee Benefits Coverage Rate
2,279 People	1,141 People	100.00 %
Occupational Health and Safety (OHS) Investment	Safety Hazard Rectification Rate	Number of Safety Emergency Drill Sessions Conducted
229.50 RMB 10,000	100.00 %	23 Sessions









ESG Management

ESG Goals and Vision

AVD actively implements the new development philosophy of innovation, coordination, green development, openness, and sharing. It integrates this philosophy into all aspects and processes of business operations, contributing to society while promoting environmentally friendly practices and supporting the achievement of the United Nations Sustainable Development Goals (SDGs).

Focus Areas	Corresponds to the Following Title	AVD 2024 Initiatives	SDGs
Corporate Governance	Steadfast Operations: Strengthening Governance Efficacy	The Company continuously improves its governance structure; strengthens compliance risk management and internal controls; prioritizes protection of rights and interests of investors and engages with investors through multiple channels and methods; strictly fulfills its disclosure obligations; and safeguards the legitimate rights and interests of stakeholders.	
Sustainable Manufacturing	Green Development: Promoting Harmonious Coexistence	AVD actively aligns with China's "Dual Carbon" strategy (carbon peaking and carbon neutrality) by implementing carbon audits, obtaining carbon footprint certifications, and adopting measures to manage climate-related risks while capitalizing on climate opportunities. We are advancing the transition from fossil fuels to renewable energy, exploring green packaging solutions, and enhancing pollution control infrastructure alongside the promotion of eco-friendly technologies.	  

Focus Areas	Corresponds to the Following Title	AVD 2024 Initiatives	SDGs
Social Responsibility	Unwavering Execution: Creating a Paradigm of Value	The Company continues to enhance its innovation and R&D capabilities, establishing a comprehensive talent support mechanism and technological innovation system. It actively develops a sustainable supply chain by incorporating sustainability criteria into supplier audits. The Company implements rigorous quality management throughout the product lifecycle while continuously improving its after-sales service management system. Additionally, it strengthens information security measures to safeguard both corporate and customer data privacy.	  
	Valuing Talent: Empowering Employee Growth	The Company has established an incentives compensation mechanism, values employees' right to democratic communication, and strengthens the protection of employee rights and interests and human rights protection; it is committed to building a learning organization, establishing a comprehensive staff training management system, and continuously improving the occupational health and safety management system.	    
	Commitment to Goodness: Courageously Shouldering Social Responsibility	The Company actively fulfills its social responsibility by advancing rural revitalization through initiatives such as consumer assistance and educational support. It collaborates with various sectors of society to foster positive community relations.	  

ESG Governance

ESG Governance

Governance Framework

To strengthen the social responsibility of the Company management and promote sustainable economy, social, and environmental development, AVD has established a clear, top-down ESG governance framework with defined responsibilities. The Company formulated and disclosed its *Environmental, Social, and Governance (ESG) Management System* in October 2024.



ESG Training

To improve ESG Management capabilities and strengthen ESG expertise, the Company conducted multiple ESG-related training sessions for management and employees across all departments during the reporting period. The training covered ESG-related laws and regulations, the Company's ESG management system, and work arrangements.




2024 ESG Report Project Kickoff Meeting



ESG Management System Training

Stakeholder Engagement

AVD values communication with stakeholders, establishing smooth and diverse communication channels with various stakeholder groups to share the Company's latest developments. We actively respond to stakeholder expectations and requests through concrete actions, working together to build a sustainable future.

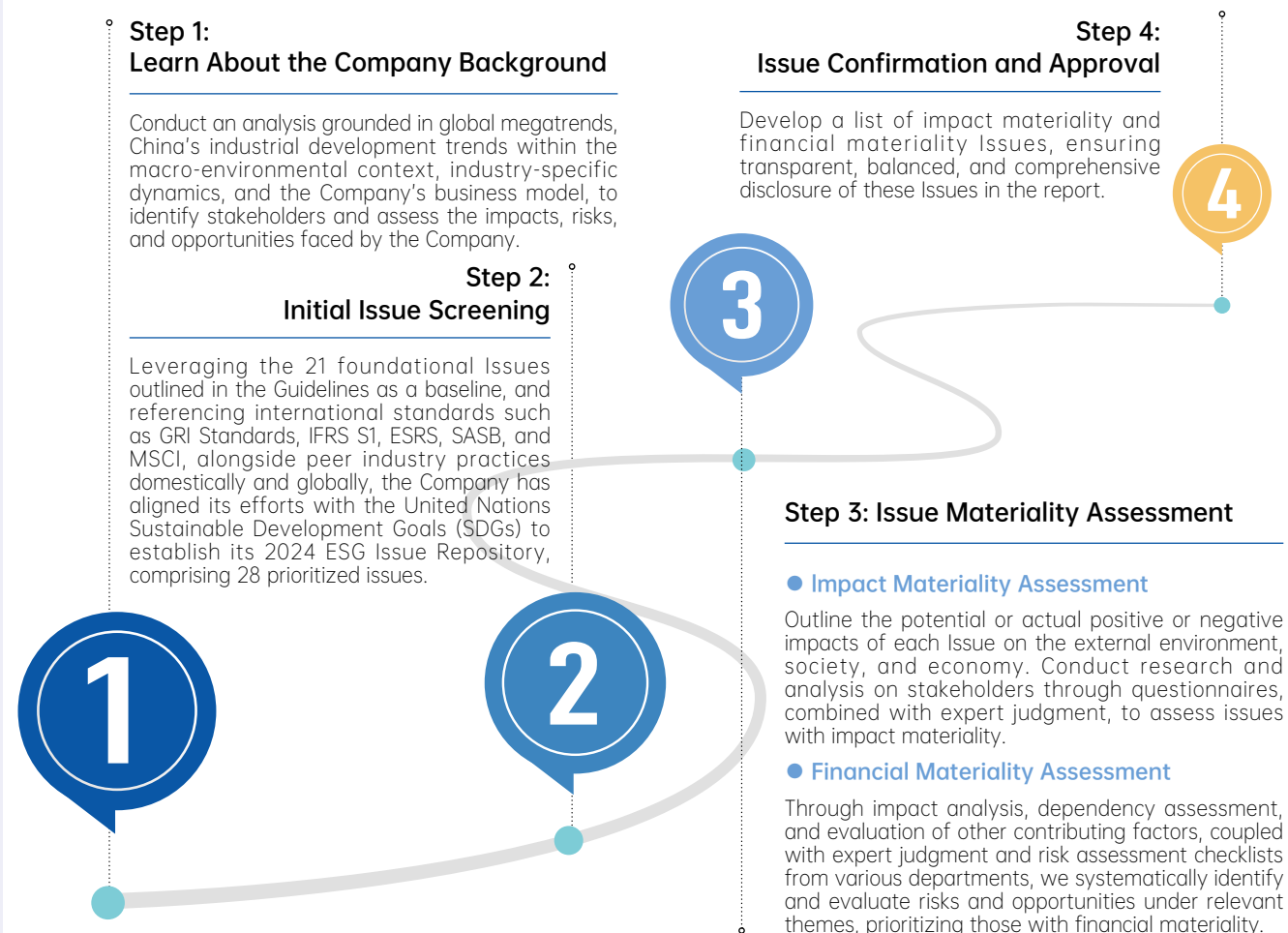
Stakeholders	Expectations and Requests	Our Response
 Government and Regulatory Authorities	<ul style="list-style-type: none"> ▶ Corporate Governance Regulation ▶ Compliance and Risk Management ▶ Tax Compliance ▶ Anti-Bribery and Anti-Corruption 	<ul style="list-style-type: none"> ▶ Corporate Governance Regulation ▶ Maintaining Integrity and Clean Governance
 Stakeholders and Investors	<ul style="list-style-type: none"> ▶ Protection of Stakeholders' Rights and Interests ▶ Anti-Bribery and Anti-Corruption ▶ Stakeholder Engagement ▶ Research and Development (R&D) and Innovation 	<ul style="list-style-type: none"> ▶ Stakeholder Engagement ▶ Investors' Rights and Interests Protection ▶ Encouragement of Research and Development Innovation ▶ Research the Platform Development
 Employees	<ul style="list-style-type: none"> ▶ Occupational Health and Production Safety ▶ Employee Training and Development ▶ Protecting Employees' Legitimate Rights and Interests 	<ul style="list-style-type: none"> ▶ Occupational Health and Safety ▶ Employee Rights and Interests Protection ▶ Compensation and Benefits Management ▶ Employee Training Management ▶ Employee Development Channel ▶ Enhance Democratic Management and Employee Care
 Customer	<ul style="list-style-type: none"> ▶ Data Safety and Privacy Protection ▶ Products and Services Safety and Quality 	<ul style="list-style-type: none"> ▶ Information Security Management ▶ Quality Management ▶ Customer Service Management
 Suppliers	<ul style="list-style-type: none"> ▶ Supply Chain Safety 	<ul style="list-style-type: none"> ▶ Supply Chain Management ▶ Responsible Procurement ▶ Conflict Minerals Management
 Environment	<ul style="list-style-type: none"> ▶ Climate Action ▶ Environmental Compliance Management ▶ Pollutant Emissions ▶ Waste Management ▶ Energy Utilization 	<ul style="list-style-type: none"> ▶ Greenhouse Gas Emissions Management ▶ Environmental Compliance Management ▶ Pollution Compliance Emissions ▶ Improvement of Resource Utilization Efficiency ▶ Implementation of Green Office Practices
 Community	<ul style="list-style-type: none"> ▶ Rural Revitalization ▶ Social Contribution 	<ul style="list-style-type: none"> ▶ Rural Revitalization in Supported Areas ▶ Participation in Social Welfare Activities

ESG Governance

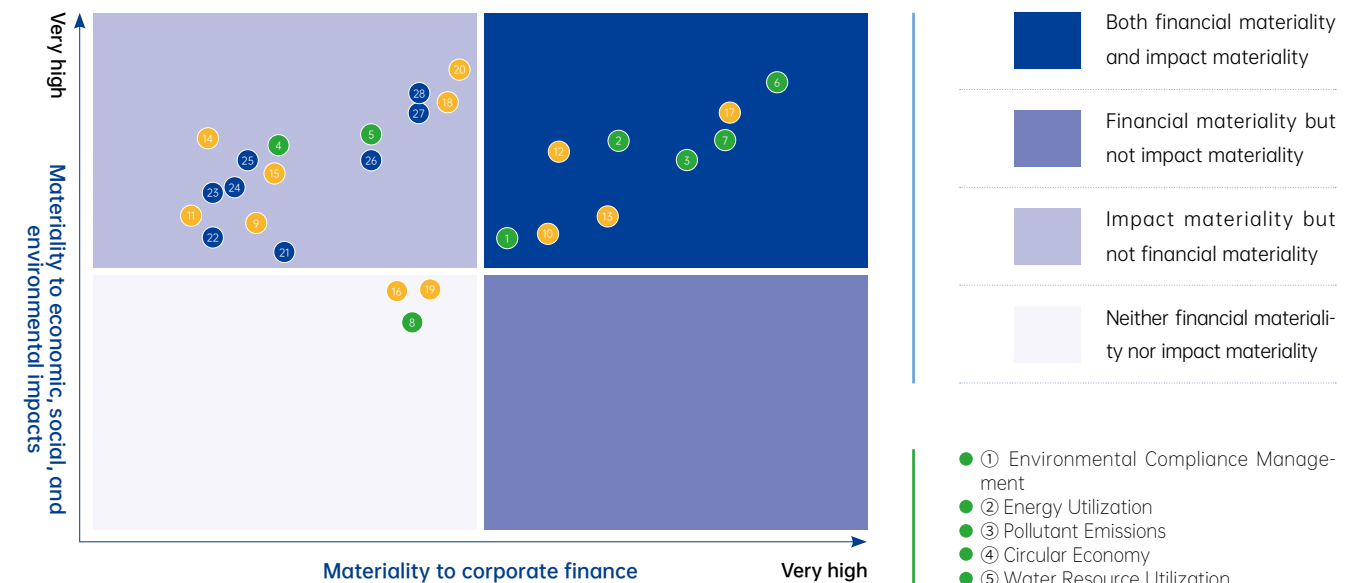
Management of Key Issues

Evaluation Process and Methods

The Company has fully referenced *No. 17 Guidelines of the Shenzhen Stock Exchange for the Self-discipline Regulation of Listed Companies on Sustainable Development Report (Trial Implementation)* (hereinafter referred to as the *Guidelines*) and closely integrated industry-specific characteristics with its operational realities. It conducted a comprehensive evaluation of its performance across relevant sustainability Issues to determine whether these Issues could exert significant impacts on economic, social, and environmental dimensions (Impact Materiality), while also assessing whether each issue might substantially affect the Company's business model, operations, strategic development, financial status, cash flow, financing methods and costs, and value chain (Financial Materiality). By applying this dual materiality analysis and aligning with international mainstream sustainability reporting standards, the Company systematically prioritized Issues within its sustainability agenda through the following steps:



Material Issues Identification Results



Dimension	Issues	Materiality Statement
E	Climate Action	Dual Materiality
	Environmental Compliance Management	Dual Materiality
	Pollutant Emissions	Dual Materiality
	Waste Management	Dual Materiality
	Energy Utilization	Dual Materiality
	Water Resource Utilization	Impact Materiality
	Circular Economy	Impact Materiality
	Ecosystem and Biodiversity Conservation	Neither Financial Materiality nor Impact Materiality
S	Protecting Employees' Legitimate Rights and Interests	Impact Materiality
	Employee Training & Development	Impact Materiality
	Occupational Health and Safety	Dual Materiality
	Information Safety and Privacy Protection	Impact Materiality
	Product Safety and Quality	Dual Materiality
	Customer Rights and Interests Protection	Impact Materiality
	Responsible Supply Chain Management	Dual Materiality
	Rural Revitalization	Impact Materiality
	Social Contribution	Impact Materiality
	Research and Development (R&D) and Innovation	Dual Materiality
G	Equal treatment for Small and Medium-sized Enterprises	Neither Financial Materiality nor Impact Materiality
	Technology Ethics	Neither Financial Materiality nor Impact Materiality
	ESG Governance	Impact Materiality
	Stakeholder Engagement	Impact Materiality
	Corporate Governance Regulation	Impact Materiality
	Compliance and Risk Management	Impact Materiality
	Tax Compliance	Impact Materiality
	Protection of Stakeholders' Rights and Interests	Impact Materiality
	Anti-Bribery and Anti-Corruption	Impact Materiality
	Anti-Unfair Competition	Impact Materiality



Steadfast Operations: Strengthening Governance Efficacy

Our Philosophy

AVD has established a scientific and rational internal governance structure, clearly defining responsibilities at all levels to ensure efficient decision-making and effective execution, thereby mitigating various potential risks. During operations, we prioritize positive engagement with investors, uphold integrity as our core value, strictly adhere to business principles, and make steady progress toward achieving high-quality development.

Our Actions

- Strengthening internal control
- Managing related-party transactions
- Standardizing corporate governance
- Protecting the rights and interests of investors
- Upholding business ethics

SDGs Responded

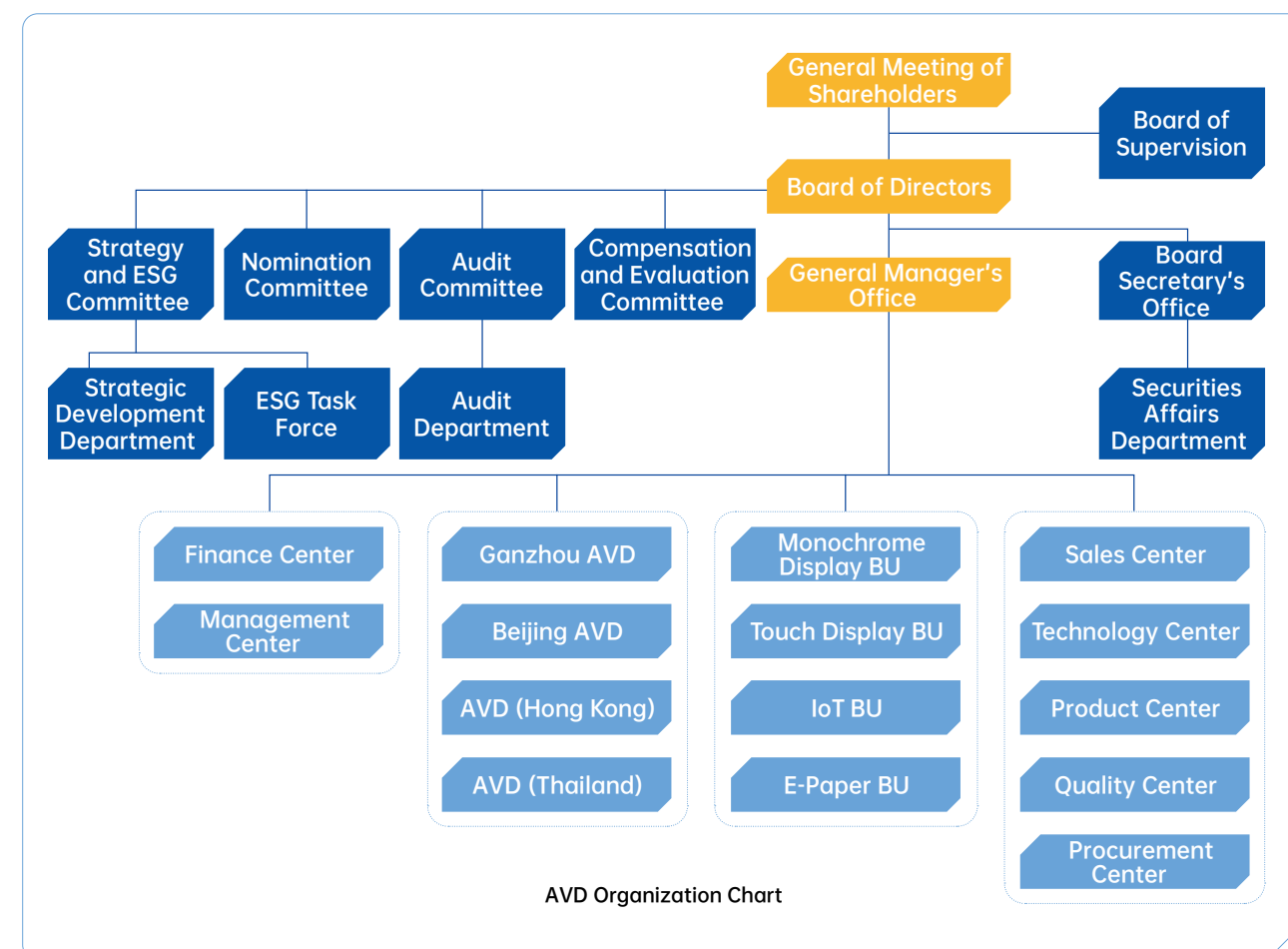


Corporate Governance Regulation

Outstanding corporate governance is the cornerstone and safeguard of AVD's steady advancement. The Company continuously improves its corporate governance structure, establishes and enhances internal management and control systems, consistently elevates governance standards, and ensures standardized operations.

Governance Framework

AVD strictly adheres to the requirements of the *Company Law of the People's Republic of China* (hereinafter the "Company Law"), the *Securities Law of the People's Republic of China* (the "Securities Law"), the *SZSE Listing Rules*, and other relevant laws and regulations. We have established internal governance systems, including the *Articles of Association of Shenzhen AV-Display Co., Ltd.* (the "Articles"), and implemented a modern three-tier governance structure comprising the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management. This framework ensures clearly defined responsibilities and standardized operational mechanisms, with each governance body fulfilling its distinct role, maintaining accountability, and collaborating effectively to guarantee compliant and efficient corporate operations.



Governance through the General Meeting of Shareholders, Board of Directors, and Board of Supervisors

General Meeting of Shareholders

The General Meeting of Shareholders serves as the supreme authority of the Company. AVD strictly complies with the *Company Law*, the *Securities Law*, and the *Rules for General Meeting of Shareholders of Listed Companies*. We have formulated the *Rules of Procedure for General Meeting of Shareholders* to standardize procedures for convening, proposal submission, notification, conduct, deliberation of agenda items, and voting. We ensure equal rights for all shareholders and fully safeguard the voice of minority shareholders during deliberations of every resolution.

Key Performance:

During the reporting period, the Company held **3** General Meeting of Shareholders, reviewing and approving **18** proposals.

Board of Directors

The Board of Directors is the decision-making body of the Company and is accountable to the General Meeting of Shareholders. The Company standardizes the internal structure, deliberation, and decision-making processes of the Board of Directors in accordance with the *Articles of Association* and the *Rules of Procedure of the Board of Directors* to ensure efficient and orderly operations. The Board of Directors has established four specialized committees: the Audit Committee, the Compensation and Assessment Committee, the Strategy and ESG Committee, and the Nomination Committee. Members of each committee perform their duties in accordance with the *Working Rules for Specialized Committees of the Board of Directors*, ensuring robust support for the professional and efficient deliberation and decision-making of the Board.

Key Performance:

During the reporting period, the Company held **7** board meetings and reviewed **44** proposals, with a **100%** attendance rate for the Board of Directors.

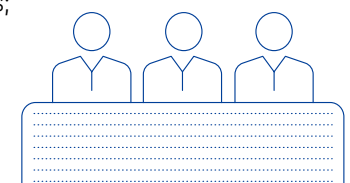
16 Compliance Management meetings were held, **39** proposals reviewed, including:

The Audit Committee held **6** meetings and reviewed **22** proposals;

The Compensation and Assessment Committee held **3** meetings and reviewed **5** proposals;

The Strategy and ESG Committee held **5** meetings and reviewed **5** proposals;

The Nomination Committee held **2** meetings and reviewed **7** proposals.



Diversity

When electing members of the Board of Directors, the Company takes into comprehensive consideration various factors such as gender, age, cultural and educational background, professional experience, and skills. Currently, the Company has one female director, accounting for 14.29% of the board. Each Board of Directors member possesses extensive work experience and diverse professional skills in fields such as applied chemistry, fine chemicals, environmental management system, electronic precision machinery, electronic physics and devices, law, and financial management, providing a solid foundation for the Company's decision-making.

Independence

The Company emphasizes the independence of the Board of Directors by establishing the *Working System of Independent Directors* to leverage the active role of independent directors in standardizing operations and safeguarding the interests of the Company and all stakeholders. Additionally, to support the fulfillment of independent directors' duties, the Company established the *Independent Directors Special Meeting Work System* in accordance with relevant regulations, providing convenience and support for convening special meetings of independent directors.

Key Performance:

During the reporting period, the Company had three independent directors, accounting for **42.86%** of the board; **2** special meetings of independent directors were held, reviewing **5** proposals.

Supervisory Board

The Supervisory Board serves as the highest oversight body of the Company. AVD's Supervisory Board comprises three Supervisors, including one employee representative Supervisor and two non-employee representative Supervisors. In accordance with the *Articles of Association* and the *Rules of Procedure for the Supervisory Board*, all Supervisors rigorously fulfill their responsibilities, effectively overseeing the compliance of significant corporate matters, financial status, and the performance of duties by Directors and Senior Management with legal and regulatory requirements, thereby safeguarding the legitimate rights and interests of all shareholders.

Key Performance:

During the reporting period, the Company held **6** Supervisory Board meetings and reviewed **25** proposals.

Compensation Management for Directors, Supervisors, and Senior Executives

The Company's Board of Directors has established a Remuneration and Evaluation Committee. Based on the Company's operational development and actual conditions, while referencing regional and industry-specific remuneration benchmarks for comparable roles in listed Companies, the Committee formulates and reviews remuneration policies and plans for directors and senior executives according to their positions, responsibilities, and work scope. Annually, the Committee assesses the performance of directors and senior management in fulfilling their duties, conducts annual performance evaluations, drafts remuneration proposals and corresponding reward/punishment mechanisms based on evaluation results, submits these for Board approval, and oversees implementation of approved plans. During the reporting period, the Company convened relevant meetings to approve the *2024 Remuneration Plan for Directors, Supervisors, and Senior Management* and reviewed the 2023 compensation packages for directors, supervisors, and senior executives.

Compliance Management

Internal Control

In compliance with relevant laws and regulations such as the *Corporate Governance Guidelines for Listed Companies* and the *Basic Standards for Enterprise Internal Control*, AVD has formulated its *Internal Control Management System*, which encompasses all operational phases including environmental control, business process control, accounting system control, information system control, information dissemination control, and internal audit control. The Company has established a three-tier internal control structure: ultimate accountability rests with the Board of Directors, oversight functions are exercised by the Board of Supervisors, and primary responsibility lies with functional departments and subsidiaries. At both board and management levels, the Company continuously enhances risk identification, monitoring, and mitigation capabilities while conducting inspections and evaluations to ensure effective operation of the internal control system. An annual comprehensive assessment is performed to evaluate the effectiveness of internal controls, with truthful disclosure of the internal control self-assessment report to the public.

The Company has established an *Internal Audit System*, setting up the Audit Committee under the Board of Directors and a dedicated Audit Department. These entities are responsible for supervising internal audit activities, evaluating and optimizing the internal control system, and conducting risk analysis on major investment projects in operation. Quarterly internal audits are conducted with corresponding work reports generated. During the reporting period, the Company completed 13 audit projects, identifying 18 issues. As of the report's disclosure date, all identified issues have been rectified, achieving a 100.00% rectification rate.

Risk Management

The Company regularly identifies, analyzes, and evaluates internal and external factors in its operations that may hinder the achievement of internal control objectives, assessing their potential impact and likelihood to determine appropriate risk response strategies. Additionally, based on risk assessment results, the Company implements corresponding control measures to ensure policies or procedures are properly executed. These measures include approval, verification, reconciliation, review, periodic inventory checks, record verification, division of responsibilities, asset protection, and comparisons with plans, budgets, and prior performance, thereby keeping risks within acceptable limits.

AVD continues to enhance Risk Management training, further strengthening risk management awareness. The Company conducts regular and ad hoc specialized training to enhance its risk management capabilities and resilience, ensuring stable development. During the reporting period, the Company was not involved in any main plant litigation, serious violations, or dishonest behavior.

2024

During the reporting period, the Company was not involved in any main plant litigation, serious violations, or dishonest behavior.



Compliance Training

Key Performance:

During the reporting period, the Company conducted **9** internal risk training sessions, with **2,284** participants attending internal risk control training, totaling **152.00** hours of training.

Tax Management

AVD strictly complies with national laws and regulations such as the *Law of the People's Republic of China on Tax Collection and Administration*, the *Provisional Regulations of the People's Republic of China on Value-Added Tax*, and the *Enterprise Income Tax Law of the People's Republic of China* when formulating its *Financial Management System*, continuously enhancing its tax management framework. The Company proactively fulfills its tax obligations, with centralized income tax filings and payments handled by the Finance Center, while other tax obligations are managed by the finance departments of respective business units. Concurrently, the Company strengthens invoice management processes to effectively mitigate tax risks and elevate overall tax management proficiency.

Related Party Transaction Management

To standardize decision-making procedures for related party transactions between the Company, its holding subsidiaries, and affiliated parties, and to prevent such transactions from impairing the interests of the Company and minority shareholders, the Company has established the *Related Party Transaction Decision-Making System* and the *Prevention of Capital Appropriation by Major Shareholders and Other Related Parties System* in accordance with the *Company Law*, relevant regulations, and the *Articles of Association*. These systems clearly define the review and disclosure procedures, pricing methodologies, and other aspects of related party transactions. The Company strictly enforces a related party abstention mechanism, requiring recusal of related directors and shareholders during deliberations on related party transactions. We consistently uphold the principles of fairness, impartiality, and transparency in all transactions with related parties, ensuring that the Company's related party transactions do not compromise the interests of the Company and its shareholders.

Investors' Rights and Interests Protection

AVD continuously optimizes its information disclosure mechanisms to ensure timely, accurate, and comprehensive information dissemination. Meanwhile, we continuously improve internal management and enhance decision-making transparency, taking concrete actions to safeguard investors' legitimate rights and interests while working together to create value.

Information Disclosure

AVD strictly complies with relevant laws and regulations such as the *Company Law*, *Securities Law*, and *Measures for the Administration of Information Disclosure by Listed Companies*. The Company has established a series of internal rules and regulations, including the *Information Disclosure Management System*, *Major Information Internal Reporting System*, and *Public Opinion Management System*. These systems clarify the scope of material information, define the review and disclosure procedures, and ensure the truthfulness, accuracy, completeness, timeliness, and fairness of the Company's information disclosure. The Board Secretary is designated as the primary contact for external information dissemination, with clear assignment of responsibilities for major information reporting across departments. Additionally, the Company emphasizes the confidentiality of non-public information, fostering employee compliance awareness through enhanced education and strengthened daily management to mitigate information disclosure risks and prevent insider trading.

Key Performance:

During the reporting period, the Company issued a total of **125** announcements and related documents and was not penalized for any violations in information disclosure.

Investor Relations Management

AVD emphasizes communication with investors by implementing its *Investor Relations Management System*, effectively safeguarding the legitimate rights and interests of investors, particularly public investors. The Company has established multi-channel communication platforms, including periodic Reports, interim Reports, and ESG Reports, to promptly and accurately convey governance progress and achievements across various aspects. Through investors hotlines, online reception events, performance briefings, and IR email, we address investors' concerns and build effective communication bridges.

Key Performance:

During the reporting period, the Company conducted **6** investor communication activities, including **1** performance briefing, **1** online collective reception day for investors, and **4** offline institutional research sessions. It hosted **58** offline investor visits, responded to **65** investor inquiries with a **100.00%** response rate, replied to **114** Reply Interactive Exchange, and answered **255** investor calls.

Protection of Stakeholders' and Creditors' Rights and Interests

Shareholder Returns

AVD prioritizes shareholder returns and strictly adheres to the profit distribution provisions outlined in the *Articles of Association*. The company has formulated the *AVD Shareholder Returns Plan for the Times Three Years (2023-2025)* to ensure reasonable investment returns for shareholders, enhance the transparency and operability of profit distribution decisions, and facilitate shareholder oversight of corporate operations and dividend policies.

Cash Dividend Distribution of the Company in the Past Three Years

Indicators	Unit	2022	2023	2024 ^{Note}
Cash Dividend Per Share	yuan	0.40	0.40	0.40
Total Dividend Payout	RMB 10,000	4,800.00	4,742.96	4,742.96
Proportion of Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements	%	30.14	38.78	52.35

Note: The Company's 2024 profit distribution proposal must be reviewed and approved by the shareholders' meeting before implementation.

Protection of Creditors' Rights

In all main plant operational decisions, the Company fully considers the legitimate rights of creditors, ensuring financial stability and the safety of assets and funds, protecting creditors' lawful interests from infringement, and maintaining the Company's strong reputation.

Maintaining Integrity and Clean Governance

AVD actively fosters a clean and upright corporate culture, resolutely opposing all unethical behaviors that undermine integrity and reputation, with zero tolerance for commercial bribery, unfair competition, and other violation activities. The Company steadfastly adheres to market competition principles, builds upon the foundation of integrity in operations, actively fosters a fair and free market environment, shapes a positive corporate image through concrete actions, and strives to establish a trustworthy and orderly business ecosystem.

Anti-Bribery and Anti-Corruption

Integrity Management System

AVD rigorously adheres to the *Criminal Law of the People's Republic of China*, the *Public Security Administration Punishments Law*, and other relevant laws and regulations. We uphold and support the Ten Principles of the United Nations Global Compact, firmly opposing all forms of extortion, bribery, and corrupt practices. The company has established internal policies such as the *AVD Code of Conduct*, *Ethical Management Guidelines*, and *Labor Ethics Risk Assessment Procedures*, which explicitly define anti-corruption measures, whistleblowing mechanisms, and compliance standards. These frameworks foster a culture of integrity, rigorously mitigate corruption risks, and ensure alignment with global ethical benchmarks.

The Company has established a Code of Conduct Working Group with an affiliated Office of the Code of Conduct Working Group, composed of the General Manager, Deputy General Managers, and department heads from the Securities Affairs department, Audit department, and General Manager's Office. At the same time, each department has appointed integrity and self-discipline supervisors to oversee and advance the development of integrity initiatives.

Prevention and Control of Corruption Risks

AVD has developed and refined the *Risk and Opportunity Analysis and Assessment Form* to identify and evaluate ethical risks in procurement, production activities, sales activities, internal Company operations management, and other processes, resulting in the *Ethical Risk Identification and Evaluation Report*. The Company regularly conducts specialized audits and oversight of business operations to promptly identify integrity risks. Key areas such as sales and collections, procurement and payments, production, R&D, inventory management, fixed asset management, and capital management are prioritized for inspection. Additionally, the Company actively promotes its culture of transparency. To further strengthen the Company's integrity and self-discipline initiatives, the Company has included the integrity agreement signing rate as a performance appraisal metric. The Human Resources Department will compile monthly statistics on the percentage of key personnel who have signed integrity agreements. In 2024, the signing rate of the *Integrity and Self-Discipline Commitment Letter* by the Company's employees reached 100.00%.

2024

In 2024, the Company experienced no incidents of commercial bribery or corruption, was not investigated by relevant authorities, and faced no lawsuits against the Company or its Directors, management personnel, or employees for commercial bribery or corrupt practices.

Integrity Culture Development

AVD has always placed high importance on integrity compliance education for employees and continuously advances the cultivation of a corporate integrity culture. The company's Executive Office and relevant departments regularly conduct integrity and self-discipline training programs, covering issues such as compliance regulations and ethical values for integrity in the workplace, integrity risk exposure points and preventive measures for critical roles, disciplinary policies for violations, and lessons-learned education. Through in-person lectures and interactive Q&A sessions, AVD reinforces employees' awareness of integrity and self-discipline, ensuring that operations progress steadily on a path of compliance and ethical integrity.



Integrity and Self-Discipline Training

Anti-Commercial Bribery and Anti-Corruption Training Status

Indicators	Unit	2024
Number of Anti-Commercial Bribery and Anti-Corruption training sessions	Times	2
Number of Managers Trained in Anti-Commercial Bribery and Anti-Corruption Practices	People	53
Percentage of Management Personnel Participating in Anti-Commercial Bribery and Anti-Corruption Training	%	89.83
Total hours of Anti-Commercial Bribery and Anti-Corruption Training for Managers	Hours	212.00
Management's Average Training Hours on Anti-Commercial Bribery and Anti-Corruption Compliance	Hours per person	3.59
Number of Employees Trained in Anti-Commercial Bribery and Anti-Corruption Compliance Programs	People	766
Percentage of Employees Trained in Anti-Commercial Bribery and Anti-Corruption Compliance	%	70.99
Total hours of Anti-Commercial Bribery and Anti-Corruption Training for Employees	Hours	1,532.00
Employees' Average Training Hours on Anti-Commercial Bribery and Anti-Corruption Compliance	Hours per person	1.42

Reporting Channels

The Company prioritizes maintaining open channels for internal monitoring, reporting, and complaints. It encourages employees, suppliers, clients, and other stakeholders to report any illegal activities, disciplinary violations, or breaches of corporate ethics policies through the official website, complaint hotlines, and email, either openly or anonymously. The Company has established a whistleblower protection mechanism to safeguard the legitimate rights and interests of whistleblowers, strictly prohibiting the disclosure of their personal information to prevent retaliatory actions.

Reporting methods



Reporting Hotline:
0755-86106838



Contacting Email:
COC@av-display.com

Anti-Monopoly and Anti-Unfair Competition Compliance

Anti-Monopoly Management System

AVD strictly complies with national laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, respects market competition principles, and has established the *Anti-Monopoly and Fair Competition Management System*. The Legal Department is primarily responsible for collecting relevant laws and regulations on anti-monopoly and fair competition, formulating institutional systems aligned with the Company's business operations, and conducting awareness training. The Company identifies and addresses potential compliance risks in its business activities, issues the Anti-Monopoly and Unfair Competition Risk Identification and Evaluation Report, and ensures all departments adhere to relevant regulations and uphold fair competition principles. During the reporting period, the Company has not incurred any litigation or administrative penalties related to violations of anti-monopoly or anti-unfair competition laws.

2024

During the reporting period, the Company has not incurred any litigation or administrative penalties related to violations of anti-monopoly or anti-unfair competition laws.

Anti-Monopoly Training

The Company continuously conducts education on anti-monopoly laws and regulations to foster a healthy, transparent business environment and promote fair commercial Competition.

Case AVD Conducted Training on Anti-Monopoly and Fair Competition Compliance Management Measures

In December 2024, to strengthen all employees' understanding and compliance with anti-monopoly laws and regulations, the Company's Legal department organized training on the Anti-monopoly and Fair Competition Compliance Management System for employees across all departments. The training covered an overview of the *Anti-monopoly Law of the People's Republic of China* and fair competition, relevant case analysis, and an introduction to compliance measures for anti-monopoly and fair competition.



Training on Anti-Monopoly and Fair Competition Compliance Management Measures

Key Performance:

During the reporting period, the Company conducted **1** anti-monopoly and fair Competition training session, with **655** participants and a total training duration of **1,310.00** hours.

Reporting Channels

AVD has established complaint, reporting, and appeal mechanisms for anti-monopoly and anti-unfair competition practices. Any employee, supplier, customer, or other relevant party of the Company has the right to submit real-name or anonymous reports to the Company's management and audit department through various channels such as telephone, email, the Company's official WeChat account, or company mailbox, regarding any monopolistic practices or violations of fair competition within or outside the Company. The Company provides protection to whistleblowers and strictly prohibits any form of retaliation.

Reporting methods



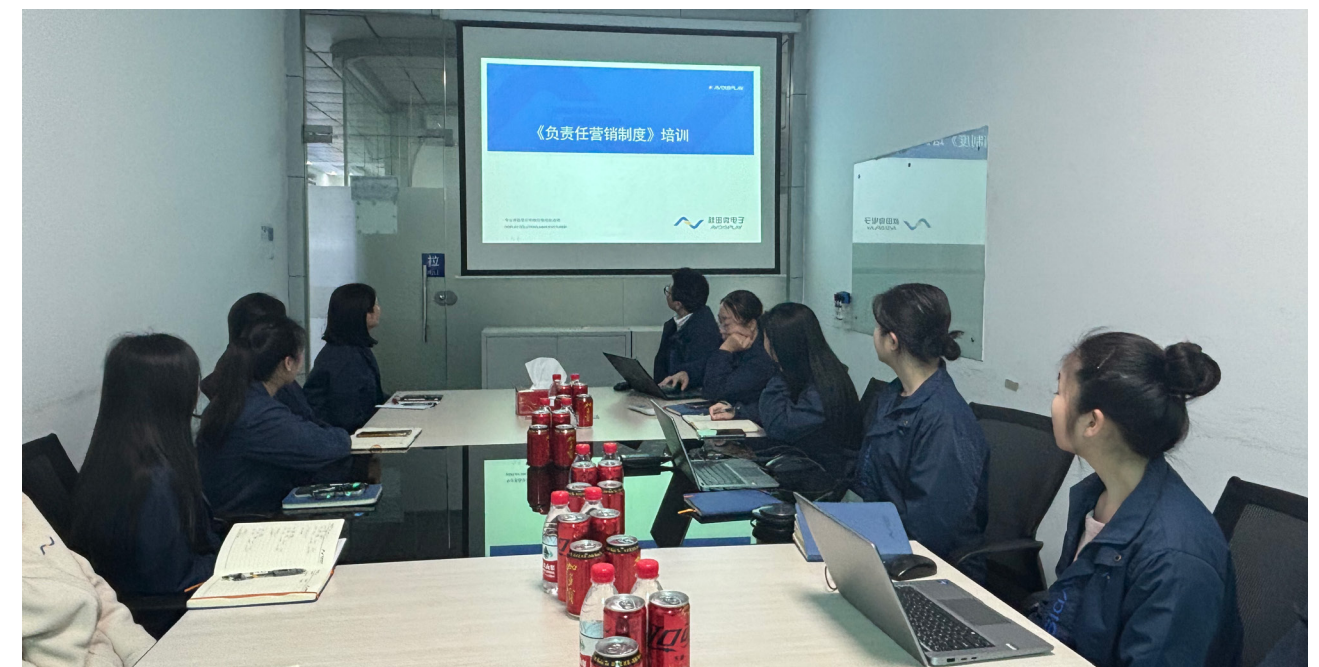
Reporting Hotline:
0755-86106838



Contacting Email:
COC@av-display.com

Responsible Marketing

AVD upholds the business philosophy of Compliance and integrity, implements the *Responsible Marketing system*, and commits to conducting business with high ethical standards, taking responsibility for Customers, investment, and society. The Company strictly adheres to the principle of fair competition, ensuring all marketing activities are lawful, proper, and honest, with all marketing content being truthful and non-misleading. At the same time, the Company continues to provide employee education and training, promoting responsible marketing awareness among all marketing staff, key personnel involved in external communications, and third-party representatives, while implementing specific responsible marketing requirements across all business activities.



Training of Responsible Marketing System



Green Development: Promoting Harmonious Coexistence

Our Philosophy

AVD adheres to the principles of green development strategy, integrating the concept of green operation into production and operation, continuously promoting energy conservation and emission reduction, effectively implementing resource recycling, and making positive contributions to global climate action and ecological environment improvement, achieving harmonious coexistence between industry and nature.

Our Actions

- Climate action
- Greenhouse gas emission management
- Environmental management system
- Pollutant emissions
- Waste management
- Energy utilization
- Water resource utilization
- Circular economy
- Green office

SDGs Responded



Climate Action

AVD actively responds to the economic opportunities and challenges that climate change may bring to the Company, integrating climate change response into company management and operational practices, making greenhouse gas emission reduction an important part of its environmental management, integrating carbon management into the entire lifecycle of company operations, and seeking an economic model to address climate change risks.

Governance

AVD integrates climate change risk and opportunity responsibilities into the ESG governance framework, establishing a top-down climate governance system led by the Board of Directors.



Climate Governance Work System

The Board of Directors is responsible for guiding and improving climate-related strategy formulation, supervising and reviewing the implementation of climate change response actions; at the same time, it is responsible for identifying, assessing, and managing significant climate risks and opportunities. The Strategy and ESG Committee is responsible for identifying climate-related risks and opportunities, assessing the impact of risks and opportunities on the Company's business, and formulating development plans related to green production and green operation. The ESG Special Task Force is responsible for benchmarking against industry best practices, designing climate risk response measures based on the Company's actual situation, identifying and conducting basic assessments of climate risks, and carrying out climate change risk management work.

The Company has formulated the *Greenhouse Gas Quantification and Reporting Management Procedures*, established a greenhouse gas management team, with the Safety Committee Director serving as the team leader, and convened various departments to form an informal organization for greenhouse gas quantification and reporting.

At the same time, the Company actively conducts climate action training, sets up energy conservation and carbon reduction statistical monitoring, establishes an energy conservation assessment and reward system, links carbon reduction performance with the compensation of relevant department personnel, and further promotes the Company's climate action and carbon reduction practices.



Carbon Emission Inventory Training

Strategy

Climate change is having a profound impact on human health, supply chain stability, global trade, etc. AVD fully recognizes the complex systemic connections between climate-related risks and opportunities, following the recommendations of TCFD (Task Force on Climate-Related Financial Disclosure), identifying the risks and impacts of climate change on the Company, and actively taking response measures.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence ¹	Impact Duration ²	Expected Financial Impact	Countermeasures
Physical Risks	Acute Risks	Extreme weather such as typhoons, floods, heavy rains, and heat waves may lead to facility damage, transportation difficulties, supply chain disruptions, and operational interruptions, affecting the Company's normal production and operations.	Medium	Short and Medium Term	Facility repairs and transportation interruptions will affect the supply of raw materials, leading to production or service interruptions, resulting in increased costs and reduced revenue.
	Chronic Risks	Extreme high temperatures and rising sea levels caused by global warming will affect the Company's production and operations.	Low	Medium and Long Term	1. Establish an emergency management organization, strengthen the response mechanism, and enhance the Company's operational resilience. 2. Combine weather forecast information to provide timely warnings and strengthen hidden danger inspections, effectively preventing risks brought by extreme weather. 3. Establish a diversified supply chain, develop alternative suppliers and logistics channels, and reduce the risk of supply chain disruptions.
Transition Risks	Policy and Legal Risks	Domestic and international organizations require companies to reduce their carbon emissions, putting pressure on corporate carbon reduction efforts. Failure to comply on time will result in fines and damage the Company's brand image.	High	Short and Medium Term	1. Implement constant temperature and humidity management in production workshops, provide employees with heat relief benefits, and reduce production losses caused by rising temperatures. 2. Adjust working hours and environment appropriately according to temperature changes and employee needs. 3. Continuously monitor changes in relevant policies and laws, assess their impact, and promptly develop response plans. 4. Actively carry out energy-saving and emission reduction management work based on the Company's actual production and operations. 5. Continuously innovate in technology, promote low-carbon emission reduction technologies; prioritize the use of low-energy-consuming equipment, gradually phase out high-energy-consuming equipment; continuously increase the proportion of clean energy use, and gradually reduce the Company's carbon emissions.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence ¹	Impact Duration ²	Expected Financial Impact	Countermeasures
Transition Risks	Technological Risks	Slow progress in the development of low-carbon technologies or green products.	High	Short, Medium, and Long Term	Decline in product competitiveness, difficulty in adapting to new market demands, leading to reduced sales.
	Market Risks	Rising prices of raw materials and energy; failure to effectively meet customer demand for green and low-carbon products.	High	Short, Medium, and Long Term	Rising prices of raw materials and energy lead to increased product costs; reduced customer demand results in loss of company revenue and market share.
	Reputational Risks	If the Company fails to properly address climate change, it may lead to decreased support from stakeholders and adversely affect the Company's brand image and reputation.	Low	Medium and Long Term	Reputation damage leads to loss of market share and decreased sales revenue.
Opportunities	Product and Service Opportunities	Green production and energy-saving and carbon reduction have become trends, and market demand for low-carbon products is increasing.	High	Short, Medium, and Long Term	Market leadership drives product and customer structure transformation, enhances corporate competitiveness, and boosts sales growth.

¹Likelihood of occurrence refers to the frequency interval and probability of a risk/opportunity materializing, assessed based on historical probability, external scenarios, policy implementation progress, and expert forecasts. The likelihood of occurrence is graded from "low" to "high".

²Impact time frame refers to the varying time periods in which different climate-related risks and opportunities will affect the Company. The Company categorizes the impact time frame into: short-term (0-1 year), medium-term (1-5 years), and long-term (beyond 5 years).

Impact, Risk, and Opportunity Management

AVD will incorporate climate change risks into the Company's risk assessment and control system, establish standardized climate risk identification, assessment, and management processes, and proactively formulate policies and measures in line with its business planning to seize value creation opportunities.

Risk Identification

Refer to the TCFD's recommended disclosure framework, based on national laws, regulations, policy requirements, and domestic and international sustainable development trends, fully consider the Company's actual operating conditions, and identify the risks and opportunities the Company faces in climate action.

Risk Assessment

Based on risk identification, the Company assesses the likelihood, impact cycle, and potential major financial impacts of climate change risks and opportunities.

Risk Response

Develop targeted risk response strategies based on the results of risk assessment to reduce or eliminate the adverse impacts of climate change risks on the Company's operations and financial status.

Risk Review

The Company regularly organizes relevant departments to conduct internal reviews and external verifications of climate change risks to validate their effectiveness.

Indicators and Goals

The Company continuously improves its climate change management system, sets phased climate goals, and commits to achieving carbon peak by 2030 and carbon neutrality by 2060.

Objective Content	Achievement Status
Using 2020 as the baseline, by 2025, the carbon emissions per unit of industrial added value for Scope 1/2 will decrease by 16.00% compared to 2020; by 2030, the decrease will reach 30.00%; by 2050, achieving net-zero carbon emissions per unit of industrial added value for Scope 1/2.	In Progress
By 2030, the proportion of suppliers participating in Scope 3 emission reduction actions will reach 30.00%; meanwhile, the unit carbon emissions for Scope 3 need to achieve an annual average reduction of 3.50%.	In Progress

Greenhouse Gas Emission Management

Global climate change is currently an important environmental issue and consensus faced by the world. Based on the environmental concept of sustainable development, the Company is committed to greenhouse gas emission inventory and control, maintaining the sustainable development of the global ecological environment.

Greenhouse Gas Emissions

The Company formulates the *Greenhouse Gas Quantification and Management Procedure*, establishes a greenhouse gas management team, conducts annual greenhouse gas inventory work, and prepares relevant reports, which are reviewed and published by third-party institutions. During the reporting period, the Company and Ganzhou AVD have completed the 2023 greenhouse gas inventory work in accordance with the ISO14064-2018 standard requirements. As of the date of this report's disclosure, the 2024 greenhouse gas inventory work for the Company and Ganzhou AVD is underway.

The Company actively manages greenhouse gas emissions, conducts carbon footprint accounting and certification for LCM and TFT products produced by the Company according to the ISO14067-2018 carbon footprint accounting standard, and has conducted carbon footprint accounting and certification for the 7-inch touch display integrated screen products produced by the Company according to the carbon footprint labeling certification standards of the Guangdong-Hong Kong-Macao Greater Bay Area.

Indicator	Unit	2023	2024
Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	1,459.65	2,018.80
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	17,458.17	19,470.28
Greenhouse Gas Emissions (Scope 1 + Scope 2)	tCO ₂ e	18,917.82	21,489.08
Greenhouse Gas Emission Intensity (Scope 1 + Scope 2)	tCO ₂ e / RMB 10,000 sales	0.19	0.20
Other Indirect Greenhouse Gas Emissions (Scope 3)	tCO ₂ e	122,799.02	144,107.50
Total Greenhouse Gas Emissions	tCO ₂ e	141,716.84	165,596.58

³If there are any discrepancies or conflicts between the greenhouse gas emission-related data in this report and the *2024 Greenhouse Gas Inventory Report*, the *2024 Greenhouse Gas Inventory Report* shall prevail.

Greenhouse Gas Emission Reduction Measures

AVD actively responds to the national call for carbon peak and carbon neutrality. By adopting photovoltaic power generation and purchasing clean energy, the Company conducts internal energy-saving and consumption-reduction activities. Through carbon audits and carbon footprint data sharing, the Company discusses with customers the optimization of reasonable sleep functions for display products, and with suppliers on improving logistics and transportation methods and resource-saving solutions, guiding customers and suppliers in greenhouse gas emission reduction efforts. At the same time, the Company is committed to green technology research and development, creating green and low-carbon products, and supporting the national "dual carbon" goals with practical actions.

Case Electronic Paper Display Products

Electronic paper is an innovative display technology that occupies an important position in the field of display technology due to its unique reflective display principle, significant low energy consumption characteristics, wide viewing angles, eye-friendly display effects, thin and flexible physical properties, excellent durability, and environmental advantages.

The Company focuses on the research and development of small and medium-sized electronic paper products, which can be applied in price tags, nameplates, smart homes, and other fields. Early collaborations with Shenzhen Tsinghua Research Institute, Southern University of Science and Technology, and Hong Kong University of Science and Technology completed the development of key optoelectronic materials. The Company has achieved full-chain independent research and development from pigment particle modification, electrophoretic liquid compounding, capsule synthesis, film coating, to electronic paper module processing. As of December 31, 2024, the company has filed 32 patents related to e-paper technology, including 6 granted invention patents and 8 utility model patents. During the reporting period, the company continued to increase investment in e-paper projects, vigorously advancing production line construction and optimizing its personnel allocation system. Currently, the company has essentially established mass production capabilities for e-paper products and has achieved small-scale shipments. Moving forward, the company will closely align with industry trends and market demand to drive continuous iteration and upgrades in e-paper technology, while actively expanding the application boundaries of its products.

Environmental Compliance Management

AVD always adheres to the ecological and environmental protection concept of "Lucid waters and lush mountains are invaluable assets" and the responsibility policy of "Improving the environment, saving resources; reducing hazards, green production", taking resource conservation and environmental protection as its mission. The Company continuously improves its environmental management system, formulates and strictly implements environmental management systems, and continuously enhances environmental management levels, contributing to environmental protection and ecological balance maintenance.

Environmental Management System

The Company strictly follows national laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, *Water Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the requirements of the operating locations, leading with green development, and continuously and efficiently operates the environmental management system.

2024

As of the end of the reporting period, the Company has passed the ISO14001 Environmental Management System Certification. During the reporting period, the Company did not experience any major environmental accidents or violations in the environmental field.



AVD Environmental
Management System
Certification Certificate



Ganzhou AVD Environmental
Management System
Certification Certificate

Governance

The Company has formulated environmental management systems such as the *Environmental Management Operation Guidelines*, *Three Wastes and Noise Protection Control Procedures*, *Environmental Pollutant Emission Standards*, and *Hazardous Waste Management Regulations*. The Company has established an Environmental Protection Office to coordinate and handle environmental protection-related matters, and has set up environmental protection-related KPI indicators, regularly conducting functional assessments of responsible personnel. The Equipment Department, Process Department, Manufacturing Department, and Administration Department, in conjunction with their respective responsibilities, collaborate with the Environmental Protection Office to manage and prevent pollutants such as exhaust gas, wastewater, and waste.

Indicator	Unit	2023	2024
Environmental Protection Investment	RMB 10,000	169.00	297.70
Pay Environmental Protection Tax	yuan	5,922.00	12,187.00

Strategy

AVD has always regarded environmental risk prevention and control as an important task for enterprise development. As a key pollutant discharge unit in Shenzhen, the Company always maintains a keen focus on environmental issues and actively identifies environmental-related risks and opportunities.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Policy Risk With the increasingly strict environmental protection policies and regulations of the government, the Company may face high fines and litigation compensation if there is non-compliant discharge.	High	Short Term	Increase operating costs	1. Pay timely attention to and strictly comply with laws and regulations related to pollutants and waste. 2. Maintain and update environmental protection facilities in a timely manner. 3. Conduct regular environmental hazard inspections.
	Reputation Risks If the Company has problems in the treatment of pollutants and waste, which causes public dissatisfaction, it may face public protests, boycotts, and other situations, and the Company will face public opinion pressure.	Low	Long Term	Revenue Decline	Strengthen communication with stakeholders and disclose information on pollutant and waste emissions in a timely and correct manner.

Type of Risk/ Opportunity		Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Op- portu- nities	Re- source Effi- ciency	Reduce water resource consumption and wastewater discharge through measures such as wastewater reuse and water-saving technologies; improve resource utilization efficiency and reduce resource waste through waste classification, recycling, and reuse.	High	Long Term	Reduce operating costs	1. Optimize production processes and introduce advanced technologies and equipment to improve resource utilization. 2. Strengthen the resource utilization of waste, tap potential from all aspects, and achieve efficient resource allocation and benefit transformation.

Impact, Risk, and Opportunity Management

Environmental Risk Management

AVD attaches great importance to environmental risk management and has formulated the *Environmental Factor Identification and Evaluation Operation Guide*. Through regular internal environmental protection inspections, third-party agency commissioned inspections, and external regulatory agency environmental protection special inspections, the Company identifies and evaluates its environmental factors, outputs the *Summary and Evaluation Table of Important Environmental Factors*, and implements hierarchical control of the identified important environmental factors, formulating corresponding risk prevention and control measures to achieve effective control of environmental risks.

Hazard Identification

The Company regularly organizes internal and external professionals to conduct in-depth inspections of various aspects such as production workshops and the operation of environmental protection facilities, focusing on whether the waste gas and wastewater treatment systems are operating normally, whether the storage and disposal of hazardous waste are compliant, and whether there are potential environmental risks in the use of raw materials. At the same time, with the help of advanced monitoring equipment and information technology, the Company collects and analyzes environmental data in real time to ensure timely detection of potential hazards and rapid initiation of the rectification process.

Key Performance:

In 2024, the Company conducted **28** special environmental protection inspections and **14** environmental hazard inspections, with a **100.00%** rectification rate.

Emergency Drill





The Company has formulated the *Emergency Plan for Sudden Environmental Incidents* to standardize environmental emergency management, improve the ability to respond to and prevent sudden environmental incidents, and ensure that in the event of a sudden environmental incident, it can be handled in a timely, orderly, efficient, and proper manner according to the predetermined plan, minimizing casualties and property losses, and reducing environmental damage and social impact. The Company has conducted a detailed feasibility assessment of the identified and established plan items, included them in the annual plan, and conducted drills. At the same time, the Company has comprehensively analyzed the problems encountered during the drills and continuously improved the emergency plan. During the reporting period, AVD updated the *Emergency Plan for Sudden Environmental Incidents* based on the current actual situation of the Company and completed the filing.

Key Performance:

In 2024, AVD and its subsidiaries organized a total of **4** environmental emergency drills.

Indicators and Goals

AVD strictly monitors the emission indicators of various pollutants and wastes, complies with and implements the national and local emission standards, and the limits specified in the pollutant discharge permits. The Company ensures that all emission indicators are controlled within the permitted range, steadily advancing ecological environmental protection and green sustainable development.

Indicator		Achievement Status
	Number of Qualified Waste Emission Concentration Standards	100.00%
	Number of Times Pollutant Emissions Failed to Meet Standards	0
	Wastewater Reuse Rate	72.36%
	Total Emission Intensity of Wastewater, Waste Gas, Pollutants, and Hazardous Waste Per 100 Million Yuan of Output Value	11.71 tons/100 million yuan

Environmental Protection Training

To deeply implement environmental awareness and take environmental actions, the Company continuously educates all employees on environmental protection during the establishment of the environmental management system. The Company's Safety Committee organizes environmental protection training activities, popularizing professional knowledge of environmental protection, conducting special training on hazardous waste knowledge, and clean production training for employees. The training content includes relevant legal and regulatory requirements, basic environmental protection knowledge, and specialized knowledge and skills for important positions, ensuring that participants comprehensively understand the knowledge related to environmental management. At the same time, the Company focuses on the professional ability training of environmental protection-related personnel. During the reporting period, one person obtained the Environmental Protection Head Teacher Certificate issued by the Shenzhen Longgang District Ecological Environment Industry Association, and one person obtained the Wastewater Operation Certificate issued by the Shenzhen Longgang District Ecological Environment Industry Association.

Key Performance:

In 2024, the Company organized a total of **7** environmental protection training sessions, with **18** participants and a total training duration of **60.00** hours.

Pollutant Emissions

All new construction, renovation, and expansion projects of the Company are conducted in accordance with legal and regulatory requirements for environmental impact assessment and acceptance, and relevant environmental protection administrative permits are obtained, including but not limited to environmental impact assessment approvals, environmental protection facility acceptance approvals, and pollutant discharge permits. The Company conducts self-monitoring in accordance with regulations, formulates self-monitoring plans, and continuously improves monitoring accuracy by increasing the construction of monitoring stations and updating environmental monitoring equipment. The Company's self-monitoring includes wastewater and exhaust gas monitoring, and it entrusts qualified testing companies to conduct regular inspections to ensure legal and compliant emissions. During the reporting period, all tests were within the limits, and no impact was observed on employees or surrounding residents.

2024

During the reporting period, all tests were within the limits, and no impact was observed on employees or surrounding residents.

Indicator	Unit	2023	2024
Pollutant Monitoring Compliance Rate	%	100.00	100.00
Environmental Protection Facility Synchronization Operation Rate	%	100.00	100.00
Construction Project Environmental Protection"Three Simultaneous" Implementation Rate	%	100.00	100.00

Wastewater Management

The wastewater generated by the Company mainly comes from processes such as pre-cleaning, etching, developing, stripping, pre-printing cleaning, liquid crystal cleaning, and post-cleaning. The Company has built a wastewater treatment station with a treatment capacity of 30.00 t/d. The wastewater is collected through pipelines and treated using methods such as Fenton, anaerobic, aerobic, and sedimentation. After treatment, the wastewater meets the first-level standard of the second phase of the *Guangdong Province Water Pollutant Discharge Limits* (DB44/26-2001), and is discharged into the municipal pipe network to the water purification plant, with some being reused in production. Ganzhou AVD has built a wastewater treatment station with a treatment capacity of 650.00 t/d. The wastewater meets local wastewater treatment requirements after treatment.

In addition, the Company has added COD automatic monitors at the front and middle sections of the wastewater system to control the concentration of incoming water quality. An automatic online monitoring system is installed at the comprehensive wastewater discharge outlet, with a 100.00% compliance rate for main monitoring factors throughout the year and a 99.00% effective data upload rate. Other general monitoring factors are sampled on-site monthly by qualified third parties, and the test results are all up to standard.

Indicator	Unit	2023	2024
Wastewater Treatment Volume	Ton	135,739.00	201,955.00
astewater Treatment Intensity	tons/RMB 10,000	1.36	1.86

Exhaust Gas Management

The exhaust gas generated during the Company's production process mainly includes organic exhaust gas from processes such as screen printing, baking, coating, and exposure; soldering exhaust gas from the reflow soldering process; and acidic exhaust gas from the etching process. The Company currently has 5 sets of exhaust gas treatment facilities, including 3 sets using activated carbon adsorption, 1 set using UV photolysis + activated carbon adsorption, and 1 set using a chemical spray tower (alkali solution). Ganzhou AVD currently has 5 sets of exhaust gas treatment facilities, including 3 sets using activated carbon adsorption and 2 sets using a chemical spray tower (alkali solution). Workshop exhaust gas is collected by the exhaust gas collection system and discharged through high-altitude pipelines to the rooftop, where it is treated by various facilities to meet standards before being discharged at high altitude. The Company's exhaust gas is tested semi-annually by qualified third parties, and the treated exhaust gas emissions comply with the *Printing Industry Volatile Organic Compound Emission Standards* (DB44/815-2010) and the *Guangdong Province Air Pollutant Emission Limits* (DB44/27-2001). The treated exhaust gas emissions of Ganzhou AVD comply with the *Integrated Emission Standard of Air Pollutants* (GB/T 16297-1996).

Indicator	Unit	2023	2024
Exhaust Gas Emissions	Ton	59,044.00	48,024.20
Organic Waste Gas Treatment Volume	Ton	46,566.00	28,692.20
Acidic Waste Gas Treatment Volume	Ton	11,478.00	19,332.00
Waste Gas Emission Intensity	tons/RMB 10,000	0.58	0.44

Noise Management

The Company strictly follows the requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008) for noise management. To reduce boundary noise, the Company adopts low-noise and silent equipment and keeps the workshop enclosed. At the same time, the Company conducts regular maintenance and upkeep of the equipment to ensure it is in optimal operating condition, avoiding abnormal noise due to equipment failure. The Company's boundary noise is tested once a year by a qualified third party, and the results are always controlled within the standard range, meeting relevant requirements and effectively reducing the impact on the surrounding environment and residents' lives.



Waste Management

AVD continuously standardizes the waste management process, clarifies the responsibilities of the generating unit, utilizing unit, and disposal unit, and reduces environmental risks. The general solid waste generated by the Company in the production and operation process mainly includes waste paper, waste plastic, waste glass, waste electronic materials, etc.; hazardous waste mainly includes waste cutting fluid, waste alkali liquid, waste cleaning agent, waste engine oil, waste rags, online testing waste liquid, waste sludge, waste activated carbon, etc. Hazardous waste is collected in the hazardous waste temporary storage area, and measures such as windproof, rainproof, sunproof, anti-loss, and anti-leakage are taken. After unified collection, it is regularly transferred and disposed of by qualified institutions.

Indicator	Unit	2023	2024
General Waste Generation Volume	Ton	205.00	371.96
General Waste Disposal Volume	Ton	251.00	371.96
Hazardous Waste Generation Volume	Ton	69.07	111.06
Hazardous Waste Disposal Volume	Ton	69.64	111.33

Waste Entrustment Processing:

- ④ The Administrative Department is responsible for the external disposal of general waste: developing and selecting qualified institutions for recycling and disposal.
- ④ The Environmental Protection Office of the Safety Committee is responsible for the external disposal of hazardous waste: developing and selecting qualified institutions for recycling and disposal. Hazardous waste treatment suppliers must have relevant business licenses issued by the government authorities and need to sign formal hazardous waste treatment agreements with them.

Waste Reduction and Recycling:

- ④ The Environmental Protection Office of the Safety Committee and the Administrative Department are responsible for monitoring the quantity of various types of waste each month. When a significant increase in waste emissions is detected, timely feedback is provided to the responsible departments, which are then responsible for taking targeted management measures or recycling measures to reduce waste emissions.
- ④ General waste can be recycled and processed by recycling companies. When selecting a waste recycling company, it is necessary to verify its business qualifications.
- ④ Hazardous waste can be treated using internal sewage treatment facilities or by adding other equipment and facilities. The economic feasibility and operability should be evaluated, and internal digestion treatment measures and methods should be established to reduce external disposal.
- ④ For hazardous waste that has established cooperative suppliers and can be recycled (such as empty chemical barrels, waste oil, etc.), it is necessary to clearly agree on recycling requirements with the suppliers to ensure that the entire recycling process complies with relevant laws, regulations, normative documents, and company requirements for hazardous waste management.

Resource Management

Resources and energy are important material foundations for national economic and social development. AVD strictly adheres to the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China* and other national and local laws and regulations, taking practical actions to implement the concept of green development.

Resource Management System

Governance

AVD firmly establishes and practices the concept that "lucid waters and lush mountains are invaluable assets." Based on the ISO50001 standard, a sound energy management system is established, and documents such as the *Energy Operation Control Procedure* are formulated to manage the resources and energy used by the Company. The Company has an energy management organization group, with the production management responsible person as the group leader and personnel from various departments as group members, mainly responsible for energy consumption, quota control, daily statistics, and analysis work. At the same time, the Company has an energy consumption statistics specialist to statistically analyze the Company's energy consumption. The main energy used by the Company is electricity (including photovoltaic power generation), and the water resources used mainly come from municipal water supply. As of the end of the reporting period, the Company has passed the ISO50001 energy management system certification.



AVD Energy
Management System
Certification Certificate



Ganzhou AVD Energy
Management System
Certification Certificate

Strategy

To further achieve safe, healthy, and green development, the Company analyzes the energy structure used, continuously promotes energy management optimization through risk and opportunity identification and assessment, and reduces energy consumption and energy usage risks.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures	
Transition Risks	Market Risks	As energy prices rise, the Company need to pay higher energy costs.	Medium	Short Term	Costs increase, profits decrease	1. Strengthen energy management and set reasonable energy consumption targets. 2. Optimize energy use structure and continuously promote photovoltaic power generation. 3. Analyze the rationality of energy consumption, promptly identify and improve abnormal energy usage.
Opportunities	Technological Opportunities	With the country's emphasis on sustainable development, companies can adopt advanced production technologies and equipment to reduce energy consumption and improve energy efficiency.	High	Short to Long Term	Cost reduction	1.Continuously optimize production processes. 2. Carry out energy management.Center construction, central air conditioning intelligent control system construction and other technical energy-saving projects.

Impact, Risk, and Opportunity Management

The Company regularly organizes factories to conduct energy reviews, formulate the *Energy Review Control Procedure*, and use methods and tools such as direct measurement, on-site investigation, energy balance, energy audit, energy efficiency benchmarking, energy-saving monitoring and statistical model analysis to conduct energy reviews, identify the current use and management status of energy in the Company and improvement opportunities, and use methods such as yes-no judgment, comparative analysis, and scoring to evaluate and rank the identified major energy performance improvement projects, and determine priority energy performance improvement projects. At the same time, the Company formulates documents such as the *Energy Operation Control Procedure* and the *Energy Monitoring and Measurement Management Procedure* to standardize daily energy use management, formulate energy use standards and energy goals, conduct daily, weekly, monthly, and annual energy consumption statistics and management, and promptly follow up on the use status and goal achievement of energy.

Indicators and Goals

AVD combines the actual situation of the Company to formulate energy goals and detailed energy management implementation plans to continuously improve the Company's energy efficiency management level.

Energy Consumption Unit	Energy Performance Parameters	2024 Target	2024 Achievement	2025 Target
Company	kgce/pcs Comprehensive energy consumption per unit of production kgce/pcs	≤0.160	0.150	≤0.145
	Comprehensive energy consumption per unit of output value kgce/RMB 10,000	≤24.50	24.17	23.37
Ganzhou AVD	kgce/set Comprehensive energy consumption per unit of production kgce/set	≤1.83	1.668	1.618
	Comprehensive energy consumption per unit of output value kgce/RMB 10,000	≤155	162	158

Energy Utilization

The Company actively responds to the national "carbon peak" and "carbon neutrality" requirements, deepens green operations, and vigorously promotes the use of clean energy to further reduce greenhouse gas emissions. The Company attaches great importance to energy conservation and emission reduction work and carries out energy-saving and consumption-reducing activities. During the reporting period, the Company conducted energy-saving diagnoses, collected statistical data such as ledgers, reports, and on-site records that reflect the energy consumption status of each link in the Company's production, identified problems and weak links, analyzed and compared to tap energy-saving potential, sought energy-saving directions, reduced energy consumption and production costs, and improved economic benefits.

Energy-saving Technical Transformation

- Power-saving of air conditioning system: By increasing the temperature of water freezers at stages, using fixed frequency and differential pressure frequency conversion for air conditioning cabinets, and other methods to save energy and reduce electricity usage.
- Power-saving of compressed air system: By using "0" gas consumption adsorption dryers, adding end buffer tanks to stabilize air supply pressure, and regularly (quarterly) checking for air leaks in the air compressor system pipelines, and other measures to save electricity.

Documentation Related to Energy Conservation

- Collect relevant measured data to form documents for subsequent parameter settings corresponding to ambient temperature, regularly check and improve the situation of running, leaking, dripping, and leaking in various areas.

Daily Inspection and Audit Management

- Collect energy consumption in various areas of the entire factory to monitor whether there are abnormal fluctuations.
- Conduct irregular inspections of various areas of the factory every week and promptly report problems to the energy-saving and consumption-reducing working group.
- Organize relevant departments to hold energy-saving and consumption-reduction meetings.
- Promote and train energy-saving awareness, and post energy-saving labels.

Case Photovoltaic Power Generation

The Company has built rooftop photovoltaic power generation equipment to increase the use of clean energy and further reduce carbon emissions. In 2024, the Company used 243,200 kWh of solar photovoltaic power generation.



Indicator ⁴	Unit	2023	2024
Total Electricity Consumption of Factories	10,000 kWh	2,999.13	3,419.10
Total Electricity Consumption of Large-scale Manufacturing	10,000 kWh	2,687.67	2,642.05

The electricity consumption of factories includes that of large-scale manufacturing. The consolidated standard for electricity consumption includes Shenzhen AVD (the disclosure scope of Shenzhen AVD is its Shenzhen headquarters and factory), Ganzhou AVD, and Ruidisheng.

Water Resource Utilization

AVD strictly adheres to relevant laws and regulations such as the *Water Law of the People's Republic of China*, continuously promoting comprehensive control of water resources. The equipment department inspects various equipment and facilities daily, promptly repairs any equipment or facilities with leaks, and strictly prevents water resource waste. We implement scientific water use, improve the water metering system, analyze and compare monthly water consumption, and deeply explore water-saving potential. During the reporting period, the Company carried out water resource energy-saving and consumption-reduction work. The tap water usage in the production line decreased by 22.86% compared to 2023, the reclaimed water usage increased by 7,900 tons compared to 2023, and the recycling efficiency of reclaimed water increased by 8.85% compared to 2023.

Water-saving Measures

- ◎ Collect and classify the rinse water discharged from the workshop for treatment, improve the recycling efficiency of reclaimed water, and reduce tap water usage.
- ◎ Collect and treat the concentrated water produced by pure water equipment for recycling, reducing tap water usage.
- ◎ Improve the reuse efficiency of the reclaimed water reverse osmosis system.

Water-saving Achievements

- ◎ Reclaimed water recovery efficiency 72.36%.

Indicator	Unit	2023	2024
Industrial Water Consumption	Cubic Meters	318,918.00	397,783.00
Fire-fighting Water Consumption	Cubic Meters	104.00	68.00
Recycled Water Consumption	Cubic Meters	47,842.00	47,864.00
Domestic Water Consumption	Cubic Meters	117,908.00	139,241.00
Total Water Consumption	Cubic Meters	436,930.00	523,451.00



Circular Economy

AVD has formulated the *Green Ecological Design Rules*, implementing the concept of circular economy from three aspects: product design, packaging design, and material selection. The Company continuously strengthens the recycling management of waste, promotes the resource utilization of waste, thereby promoting the sustainable development of the environment and society, and improving the level of ecological civilization.

Product Design

- ◎ When selecting structural and electronic designs, fully consider requirements such as low power consumption, high precision, durability, minimal material use, easy assembly, and easy disassembly.

Packaging Design

- ◎ Reduce packaging weight and volume, improve utilization.
- ◎ Optimize packaging methods to reduce the use of disposable packaging materials.
- ◎ Prioritize the use of recyclable materials for packaging.
- ◎ Recycle and reuse packaging materials multiple times to reduce waste generation.

Material Selection

- ◎ Material selection complies with environmental requirements such as ROHS, REACH, and halogen-free control.
- ◎ Prioritize the use of recyclable materials for raw materials.
- ◎ Reduce the use of virgin plastic packaging, and use biodegradable materials for packaging as much as possible.

Green Office

AVD actively promotes green culture construction, persistently advocates for employees to fulfill green workplace behaviors, formulates the *Office Management Guidelines*, clarifies green office-related requirements, guides all employees to comprehensively and deeply practice green office concepts and green lifestyles, fosters a good atmosphere of energy conservation, rational consumption, and green healthy living, and contributes to building a green home.

Water Conservation

- ◎ Turn off faucets promptly to avoid long-running water.
- ◎ Post water-saving signs and promote water-saving concepts.

Electricity Conservation

- ◎ Encourage employees to save electricity and set air conditioning to no lower than 26 degrees Celsius.
- ◎ Remind employees to turn off lights and other office equipment when leaving workplaces and meeting rooms.

Paper Conservation

- ◎ Promote paperless office practices.
- ◎ Advocate for double-sided printing to reduce paper use and unnecessary paper waste.

Waste Sorting

- ◎ Implement waste sorting and recycling to reduce environmental pollution.



Unwavering Execution: Creating a Paradigm of Value

Our Philosophy

AVD is committed to becoming an industry leader in human-machine interface technology. We actively explore cutting-edge technologies, closely monitor industry trends, and enhance our independent innovation capabilities. The Company practices responsible procurement by establishing long-term, stable partnerships with suppliers based on integrity. We continuously improve product quality control measures to deliver high-quality products and services to customers. Furthermore, we strengthen information security management to ensure stable system operations and robust data protection.

Our Actions

- R&D innovation
- Intellectual property protection
- Supply chain optimization
- Responsible procurement
- Strict quality control
- Hazardous substance management
- Optimized customer service
- Information security & privacy protection

SDGs Respected



Innovation as the Driver

AVD continuously improves the R&D innovation system, grounding technological innovation in cutting-edge application technologies that align with policy development directions, industry characteristics, market demands, and the Company's resource status, driving future development through technological innovation.

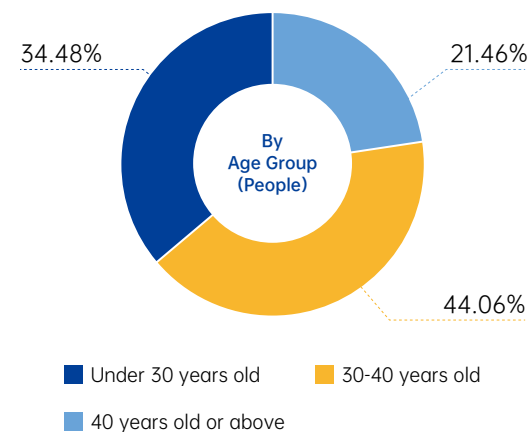
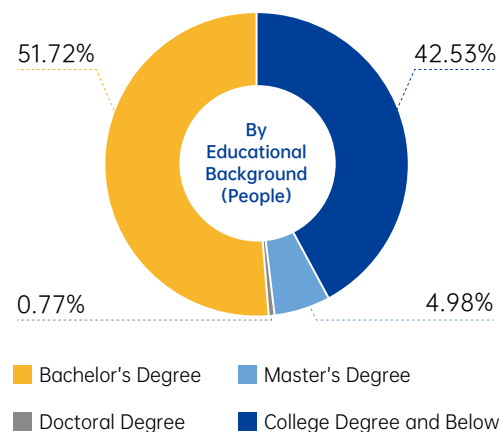
Innovation Management System

Governance

AVD has established systems such as the *New Project Development Operation Guidelines* and the *Advanced Product Quality Planning (APQP) Control Procedures* to standardize the project development process from project initiation, design, sample, to trial production. The Company continuously improves the R&D innovation system, clarifies innovation management departments, and actively carries out the improvement of existing products and the development of new products in various business units, striving to achieve product leadership through technological innovation.



Innovation is the primary driving force, talent is the primary resource. The Company continuously strengthens the construction of the R&D team, values the cultivation of core technical teams, increases the introduction of high-end technical talents, and ensures the continuous growth and long-term stability of core technical personnel. During the reporting period, the Company's R&D team consisted of 261 people, accounting for 11.45% of the total staff.



Strategy

AVD identifies and evaluates risk factors in the business process, taking effective measures to reduce the impact of risks. At the same time, the Company actively seizes market opportunities, develops competitive new products, and ensures that products are highly aligned with customer needs.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Fi- nancial Impact	Countermeasures	
Risk	Market Com- petition Risks	In recent years, the domestic touch display industry has developed rapidly and the competition is relatively intense. At the same time, with the rapid growth of demand in the downstream industries of the touch display industry, the application fields of products are continuously expanding, and customers have put forward higher requirements for technology and product performance.	Medium	Short, Medi- um, and Long Term	Market share decreases and revenue declines	Actively promote the tech- nological update iteration and structural improvement of existing products, while following industry trends and market demands to launch new products and technologies, accelerating the Company's transforma- tion from a touch display product supplier to a com- prehensive solution provider for human-machine inter- faces and intelligent control products.
	Risk of Techno- logical Product Devel- opment and Innova- tion	If the Company cannot de- velop new products through technological innovation and other means, and cannot meet customers' customized needs, the Company may face risks of losing techno- logical advantages and prod- uct substitution.	Medium	Short, Medi- um, and Long Term	Market share decreases and revenue declines	Pay attention to the de- velopment trends of the display and touch product market, be market-orient- ed, adjust the Company's R&D direction and goals in a timely manner, and en- sure the synchronization of product development with market demands.
Opportunities	Techno- logical Oppor- tunities	The rapid development of new technologies in industry application fields brings new industry opportunities to the Company.	High	Short, Medium, and Long Term	Revenue Increase	1. Actively introduce high- end technical talents, strengthen the R&D team building, and enhance the strategic planning manage- ment of technology R&D. 2. Continuously increase R&D investment, deeply explore cutting-edge tech- nologies, and maintain the advancement of core key technologies.
	Product and Service Oppor- tunities	With the popularization of sustainable development concepts, customers' de- mand for green and low-car- bon products has increased.	High	Short, Medi- um, and Long Term	Revenue Increase	Increase the development of green and low-carbon products.

Impact, Risk, and Opportunity Management

AVD actively collects risk management information from both internal and external operating environments, identifies and evaluates the risks and opportunities faced by the Company through SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, and takes timely response measures to control them. The Company continuously improves its innovation management system based on the changing market environment and technological development, constantly adjusts its management model, and strives to survive in competition, seek development in changes, and create benefits in operations.

Indicators and Goals

Technology innovation serves as the cornerstone of our Company's core competitiveness and market leadership. We will continue to intensify R&D investments to drive iterative upgrades of existing products, optimize current technologies, and accelerate next-generation technology development, ensuring our offerings remain highly responsive to market demands while strengthening customer loyalty. Through close monitoring of industry trends and in-depth market research, we actively explore cutting-edge technologies while reinforcing forward-looking technology roadmaps and product development initiatives – all aimed at achieving product leadership through technological breakthroughs. Meanwhile, we are committed to building a world-class R&D workforce by prioritizing the development of core technical teams and recruiting top-tier talent, thereby ensuring the sustained growth and long-term stability of our key technical personnel.

Indicator	Unit	2023	2024
Investment in R&D	10,000 Yuan	6,426.01	8,037.32
Proportion of Total R&D Investment to Operating Revenue	%	6.46	7.41

R&D Innovation Initiatives and Achievements

Stimulating Innovation Vitality

To standardize the performance evaluation system for the technical department personnel and motivate them to exceed the annual business tasks, the Company formulated the *2024 Design In Incentive Plan*, established and improved the technological innovation incentive mechanism, and clarified the academic achievements, objects, conditions, standards, and implementation rules that need to be rewarded. The evaluation and issuance of academic achievement rewards are carried out in accordance with the principles of openness, fairness, and justice. Collectives and individuals who have made outstanding contributions to promoting technological progress and academic research are rewarded to stimulate employees' enthusiasm for innovation and enhance the Company's innovation level.

Innovation Achievements

AVD always adheres to serving customers as the core and promotes industrial upgrading, optimizes the industrial structure, and brings high-quality display products to various industries. As a national high-tech enterprise, the Company has already obtained multiple invention patents and utility model patents, and possesses advanced production equipment, diversified product lines, and intelligent testing equipment, which can provide customers with customized touch display overall solutions.

In design practice, the Company's R&D team has accumulated core technologies such as ARM control boards, industrial computers, industrial displays, intelligent serial port display modules, multi-platform embedded control systems, industrial IoT human-machine interface systems, electronic paper materials and display modules, special optical touch display modules, high-performance touch display modules, reflective TFT LCD display modules with front light, high-performance PMVA-LCD, fast-response liquid crystal light valves, automotive anti-glare liquid crystal light valves, automotive automatic dimming sunshade liquid crystal light valves, high-reliability electric meters, industrial control LCDs, and many more. At the same time, through extensive production practice, the Company has accumulated rich experience in many production processes such as COG/FOG bonding, optical lamination, SMT, glass cutting, plasma cleaning, etching corrosion, liquid crystal filling, cell assembly, static elimination, etc., maintaining a high technical level and yield rate. During the reporting period, the Company carried out projects such as the development of in-vehicle curved touch display module lamination technology, in-vehicle high-contrast touch and display driver integrated display touch module product development, anti-noise liquid crystal module project research, anti-static LCD project research, etc., to help achieve product diversification and enhance the Company's competitiveness.

Key Performance:

By the end of the reporting period, the Company has accumulated **156** patents, including **21** invention patents, **132** utility model patents, and **3** design patents; we has obtained **17** computer software copyrights, **24** trademarks, and published **3** papers.



Enhancing Innovation Capability

AVD insists on cultivating an innovative culture and actively creates a good atmosphere that encourages bold innovation, dares to innovate, and tolerates innovation. The Company regularly conducts professional training to stimulate employees' innovative thinking, improve their professional skills and comprehensive quality, and enhance their problem-solving abilities, so as to better respond to market changes and customer needs, ensuring the Company's sustainable business development.



AVD Product-related Professional Training

Promoting Industry Development

AVD continuously strengthens technical exchanges and cooperation at home and abroad, keeps pace with the development of the global display industry, builds a high-level open innovation ecosystem, and effectively promotes the coordinated development of the industrial chain.

Case 2024 Display Week Exhibition in the United States

In May 2024, AVD participated in the 2024 Display Week Exhibition in the United States. The Company's exhibition staff provided detailed explanations to the visitors about the Company's exhibited wide-temperature wide-view IPS-TFT, AMOLED products and technologies.



Case Munich Exhibition, Germany

In November 2024, AVD participated in the electronica Munich trade fair held at Messe München. Our technical team provided detailed presentations to attendees about the showcased display technologies, including In-cell TFT, PMVA-LCD, and e-paper solutions.



Intellectual Property Protection

AVD adheres to the intellectual property management policy of "Respecting Intellectual Property, Creating Intellectual Property, Protecting Intellectual Property, and Leading Development Through Technological Innovation." The Company strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and other relevant laws and regulations. It focuses on building an intellectual property protection system to safeguard its own business intellectual property while avoiding infringement of others' intellectual property.

Intellectual Property Protection Mechanism

AVD has formulated and implemented documents such as the *Intellectual Property Acquisition Control Procedures*, *Intellectual Property Dispute Handling Control Procedures*, *Intellectual Property Maintenance and Application Control Procedures*, and *Intellectual Property Risk Management Control Procedures*, establishing a scientific and standardized intellectual property management system. The Company's Technology Center is the designated department for managing patents, copyrights, and trademarks. It is responsible for managing and evaluating patents, copyrights, and trademarks, and for reviewing and controlling changes, transfers, abandonments, and licensing of patents, copyrights, and trademarks. The Company is a national high-tech enterprise and an AEO (Authorized Economic Operator) advanced certification enterprise by China Customs. It has passed the GB/T29490-2023 intellectual property management system certification and has developed a core technology and product system with independent intellectual property rights. In addition, the Company continuously strengthens



Intellectual Property Management System Certification



AEO Advanced Certification Enterprise

its awareness of intellectual property risks. Based on the manifestations and causes of intellectual property risks in the enterprise, the Company takes targeted measures to enhance intellectual property risk control.

Non-Infringement of Others' Intellectual Property

In the course of its business activities, AVD uses genuine software and equipment for research and development, clearly defining the procurement process for production equipment and software to avoid infringing on others' intellectual property. At the same time, the Company has established a domestic and international intellectual property tracking and retrieval mechanism for the research and development process. We regularly retrieve the progress of domestic and international technologies and the status of intellectual property applications for R&D projects, conduct avoidance designs, and avoid redundant research and development.

Protection of Its Own Intellectual Property

The Company attaches great importance to the protection of its intellectual property rights, implements the requirements of laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and safeguards its legitimate rights and interests through patent applications, trademark registrations, litigation and rights protection, etc., thereby preventing the infringement of R&D achievements by others.

Supply Chain Management

AVD continuously enhances its supply chain management by establishing a rigorous multi-dimensional supplier evaluation system to select qualified partners. Through ongoing monitoring and improvement initiatives, the Company strengthens supply chain stability while driving green transformation across the entire value chain, setting exemplary standards for the industry.

Supply Chain Management System

Governance

AVD has implemented comprehensive regulatory frameworks including the *Procurement Control Procedures* and *Supplier Evaluation & Control Procedures* to standardize procurement operations and supplier management processes, ensuring the selection of suppliers capable of consistently delivering high-quality, cost-competitive materials, products, and services that comply with HSF (Hazardous Substance Free) regulations. The Company stipulates that the Procurement Center is responsible for supplier qualification and raw material procurement activities. It also stipulates the Technical, Process Engineering, Equipment, and Quality Control Departments are responsible for verifying compliance with the Company's ethical, environmental, safety, and quality standards. At the same time, to drive continuous supply chain optimization, the Company has established measurable supply chain ESG objectives and implemented functional performance evaluations for the Procurement Center.

Supplier Management Process

Access

Conduct multi-stage assessments including initial supplier selection, supplier investigation, supplier qualification confirmation, sample management, and supplier evaluation to ensure that the products and services provided by suppliers meet the Company's requirements.

Assessment and Evaluation

Based on the performance of suppliers in terms of qualifications, delivery capabilities, integrity, etc., and combined with the Company's business planning and strategic goals, suppliers are scored and selected. Every six months, the Company organizes the quality and technical departments to conduct semi-annual comprehensive performance rating evaluations of suppliers of materials from the first to the fourth categories, and formulates an annual supplier audit plan based on a 5-year full coverage approach, implementing survival of the fittest to promote continuous improvement of suppliers at all levels while ensuring fair and just evaluations.

Elimination

The Company provides guidance and follow-up for the improvement of specially approved, unqualified, and C-level suppliers to avoid direct elimination. After improvement guidance and follow-up, suppliers that are still deemed unable to meet the Company's requirements upon re-evaluation are disabled.

Key Performance:

During the reporting period, AVD collaborated with a total of **322** suppliers, spread across the country. Among them, there were **148** suppliers in Shenzhen, accounting for **68.52%** of localized procurement; **9** suppliers in Ganzhou, accounting for **5.66%** of localized procurement.

Strategy

Supply chain risks arise from factors such as supplier instability, logistics delays, and market demand fluctuations. To ensure the smooth operation of the supply chain, AVD identifies and assesses related risks while exploring more possibilities for optimizing supply chain management.

Type of Risk/Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Fi- nancial Impact	Countermeasures	
Risk	Supply Chain Disruption	The electronics indus- try is highly dependent on the global supply chain, and any disrup- tion in supply, such as raw material shortag- es, transportation de- lays, or supplier bank- ruptcy, may lead to production stagnation.	Low	Short Term	Sales revenue decreased	1.Establish a diversified supplier system to reduce reliance on a single supplier. 2.Track the progress of pro- curement materials, com- municate in real time about anomalies (delays, cancella- tions, changes) that affect delivery, and adjust plans in a timely manner.
Opportunity	Supply Chain Collaboration	Strengthen collabora- tion with suppliers, customers, and logis- tics service providers to achieve information sharing, resource opti- mization, and mutual benefits.	High	Medium and Long Term	Improve man- agement efficiency and increase revenue	Continuously promote sup- plier ESG management and build a sustainable respon- sibility chain.

Impact, Risk, and Opportunity Management

AVD actively identifies and evaluates potential risks and opportunities in supply chain management, establishing a risk management mechanism to ensure the stability and efficient operation of the supply chain.

Management Process	Management Measures
Risk Identification	Identify and collect information on potential risks of qualified suppliers, including supplier information and raw material sources
Risk Assessment	Use qualitative and quantitative methods to comprehensively assess risks in the supply chain
Risk Monitoring	Strengthen supply chain monitoring, adopt advanced technologies to improve supply chain response and information update speed, and provide timely feedback on different situations
Risk Management	Establish backup suppliers to reduce reliance on a single supplier; closely cooperate with existing suppliers to enhance cooperation stability

Indicators and Goals

AVD has established a scientific supply chain management index system, comprehensively controlling each link, continuously optimizing processes, and effectively improving operational efficiency and market competitiveness

Supplier Review		
Key Indicators	Unit	2024
Number of suppliers with quality management system certification	items	161
Number of suppliers with environmental management system certification	items	87
Number of suppliers with occupational health and safety management system certification	items	26
Number of suppliers terminated due to non-compliance	items	0
Number of potential suppliers rejected due to non-compliance	items	0

Supplier ESG Management

In terms of supplier ESG management, AVD always adheres to high standards. The Company gradually incorporates environmental, social, and governance factors into the supplier evaluation system, prioritizing suppliers that excel in energy conservation, labor rights protection, and ethical operations At the same time, we actively promote information sharing and exchange in the supply chain, regularly organize training, share ESG practical experiences, enhance partners' ESG awareness, and work with suppliers to practice sustainable development concepts, creating greater value for society and the environment.

Case AVD Conducts Supplier Sustainability Training

In July 2024, to enhance suppliers' awareness of social responsibility and supply chain sustainability, the Company organized sustainability training for all suppliers. The training content included social responsibility, integrity and transparent cooperation, environmental supply chain sustainability, and conflict minerals.



Supplier Sustainability Training

Responsible Procurement

AVD consistently adheres to the concept of sustainability throughout the entire procurement management process. The Company has formulated the *Supplier Codes of Conduct*, emphasizing various elements such as environmental protection, anti-discrimination, health and safety, labor, wages and compensation, and business integrity, establishing corresponding sustainable procurement processes and capabilities. At the same time, based on the values of "Integrity and Win-win," the Company achieves resource sharing and deep cooperation with various supplier partners in terms of quality, delivery, and cost, jointly building a symbiotic and win-win ecosystem.

Integrity Procurement

To strengthen transparent cooperation with suppliers and advocate for supplier integrity governance, the Company, through mutual agreement, signed the *Supplier Codes of Conduct* containing integrity and transparent cooperation content. The Company is committed to respecting the cooperative interests of suppliers under the principles of legality, legitimacy, and mutual benefit, and firmly opposes any unit or individual from using inappropriate means to induce or promise Company employees for the benefit of AVD. Company employees must not solicit or accept cash, gifts, securities, payment vouchers, shopping cards, gifts, tobacco and alcohol, valuable items, rebates, benefits, Token of Appreciation, intermediary fees, commissions (remuneration), etc., in any form. Company employees must not accept any form of commercial bribery from suppliers or through third parties.

Smart Procurement

AVD is committed to improving procurement efficiency and transparency through digital and intelligent means. The Company continuously optimizes a series of information systems such as OA, SAP, ERP, and MES, coordinating production activities across departments, optimizing procurement processes, and ensuring the efficiency and accuracy of raw material procurement. In addition, we have enhanced the transparency and sustainability of the supply chain, laying a solid foundation for the Company's long-term development.

Conflict Minerals

AVD adheres to responsible mineral sourcing practices, ensuring all products comply with the Conflict-Free Sourcing Initiative (CFSI) by verifying that materials originate from sources aligned with the Organization for Economic Co-operation and Development (OECD) *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* or equivalent internationally recognized frameworks. The Company guarantees that tantalum, tin, tungsten, and gold used in manufacturing are neither directly nor indirectly procured from the Democratic Republic of the Congo (DRC) or its adjacent regions.



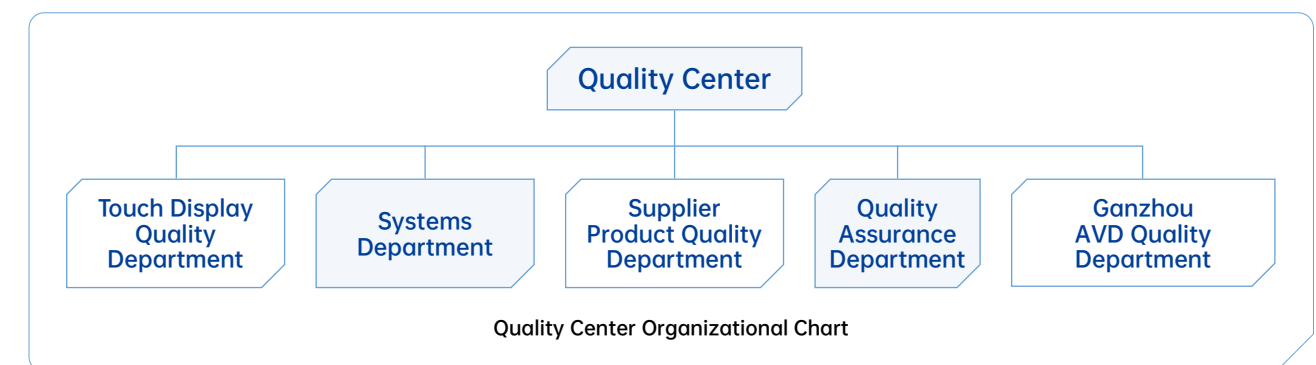
Product and Service Safety and Quality

AVD follows the quality policy of "Customer First, Quality Foremost, Innovation-Driven, and Continuous Excellence," firmly believing that excellent products and services are the foundation of the enterprise. The Company continuously improves and optimizes the existing quality management system while focusing on the construction of customer service management systems, deeply understanding and meeting the diverse needs and expectations of different customers, and continuously enhancing customer experience.

Quality Assurance System

Governance

AVD consistently upholds its quality policy of "Customer First, Quality Foremost, Innovation-Driven, and Continuous Excellence." To ensure products meet customer quality requirements, the Company strictly complies with the *Product Quality Law of the People's Republic of China* and other relevant regulations. We have established comprehensive quality assurance documents including the *Advanced Product Quality Planning (APQP) Control Procedures*, *Product Design and Development Control Procedures*, and *Product Monitoring and Measurement Control Procedures* to implement full-process quality control. At the same time, the Company has established a Quality Center responsible for building the quality management system and ensuring product quality. AVD has obtained multiple international quality management system certifications including ISO 9001:2015, IATF 16949:2016, and ANSI/ESD S20.20:2021. Both our subsidiaries, Ganzhou AVD and Ruidisheng, have also achieved ISO 9001:2015 quality management system certification. This integrated approach demonstrates our unwavering commitment to delivering superior quality products and services.




Strategy

AVD identifies and evaluates risks and opportunities based on internal/external factors and stakeholder expectations/requirements, formulates corresponding response measures, and continuously improves product quality.

Type of Risk/Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Product Quality Issue	High	Short and Medium Term	Damage to brand reputation, decline in sales revenue.	Strengthen raw material inspection, optimize production processes, improve the quality management system, and conduct regular product quality testing.
Opportunity	Intelligent and Digital Transformation	High	Short, Medium and Long Term	Cost decrease and income increase.	Increase R&D investment, introduce advanced technology, improve the quality management system, strengthen quality inspection and after-sales service.

Impact, Risk, and Opportunity Management

The Company has formulated the *Guidelines for Risk and Opportunity Response Measures Control* to continuously improve the risk and opportunity management processes for products and services.



Risk and Opportunity Identification

Identification of risks and opportunities related to system certification shall be organized by the System Department with participation from all relevant departments.



Risk Assessment

The identified risks shall be evaluated in accordance with the relevant provisions of the assessment criteria, with separate evaluations conducted for severity, occurrence frequency, and detectability. Based on the evaluation results, the risk coefficient shall be determined, and corresponding measures shall be implemented according to the risk coefficient.



Risk Response

Each implementation department should assess the identified risks and take reasonable response measures based on the assessment results to achieve the goal of reducing or eliminating risks. Risk response methods include risk acceptance, which is suitable for risks that cause small losses and have high repeatability; risk reduction, which involves taking measures to reduce the damage or loss caused by potential risks; risk avoidance, which eliminates risks or the conditions for risk occurrence through planned changes, protecting the target from the impact of risks.



Risk and Opportunity Review

The risk and opportunity review should be conducted at least once a year, and its effectiveness should be verified. After the risk and opportunity review is completed, documents such as the risk and opportunity analysis and evaluation table, residual risk analysis, and improvement measures/plans should be formed.

Indicators and Goals

The Company has established clear and feasible quality and service goals to improve the Company's quality and service management system.

Indicator	Target Content	Achievement Status
On-time Delivery Rate	≥ 90.00%	Achieved
Product Shipment Qualification Rate	≥ 97.00%	Achieved
Customer Satisfaction	≥ 90.00 points	Achieved

Product Quality Management Measures

Full Life Cycle Management

AVD conducts full-cycle quality management from product development, material supply, production, and market operations, adhering to the principle of quality first, creating products that satisfy users, and laying the foundation for the Company's sustainable development.

Product Design and Development	After collecting market demands, the Technical Department conducts feasibility analysis and controls the entire process of product and service.
Production Phase	Follow the <i>DFMEA Work Instructions</i> and <i>PFMEA Work Instructions</i> for sample production and trial production. For products using new materials and processes, the Company follows the <i>Material Development Work Instructions</i> . At the same time, we conduct multi-dimensional product inspections during the production process to ensure product quality meets audit standards and requirements.
Feedback Evaluation	During order execution, the Quality Center organizes corrective actions for internal abnormalities and customer feedback, summarizes the corrective action process, and updates relevant documents. The Quality Center and Sales Center need to summarize and analyze the achievement of customer goals and requirements annually and promote continuous improvement.
Rework and Repair	Non-conforming products found during self-inspection, mutual inspection, and sampling inspection in the production process or final inspection need to be identified and isolated first. If determined to require rework/repair, the reworked/repared products need to be re-inspected. At the same time, continuously improve employees' ability to handle product rework/repair to reduce process loss, shorten production cycle time, and control the quality of reworked products.
Product Recall	For the execution of the product recall process, the Quality Center is responsible for providing detailed information on the products that need to be recalled. The Sales Center issues the <i>Product Recall Notice</i> to customers, follows up on the recall of customers and end products, and tracks the handling and final disposal of the recalled products. At the same time, the Quality Center needs to regularly summarize and analyze product recall situations.

Key Performance:

During the reporting period, the Company's product qualification rate was **98.25%**.

Hazardous Substance Management

To standardize the Company's hazardous substance management, AVD has established the *Restricted Hazardous Substances List* and the *HSF Product Testing Operation Guidelines*, which conduct hazardous substance testing on all materials, tooling fixtures, semi-finished products, and finished products during the Company's production process, and strictly control them. During the reporting period, the Company obtained certification for the hazardous substance process management system (IECQ QC080000).



Quality Culture Construction

To improve the Company's quality assurance capabilities and promote continuous improvement in product quality, the Company promotes the zero-defect concept of "full participation, doing it right the first time". The Quality Center System Department guides all departments to actively participate through quality promotion, quality activities, specialized cultural training, and specific theme improvements, enhancing the quality awareness of all employees, implementing "starting from me", and improving product quality.

Case 2024 Quality Month Activity

In 2024, the Company launched the Quality Month activity with the theme "Establish Quality Awareness, Foster Innovation Spirit, Let's Win with Quality". The activities included co-creating quality boards, a quality PONC analysis competition, and quality speech activities. Each activity had rewards for outstanding performers, encouraging all employees to participate and actively focus on quality improvement activities.



Group Photo at the Kick-off Meeting



Quality PONC Analysis Competition Award Ceremony

Case Zero-Defect Quality Training

In October 2024, the Company conducted "Zero-Defect Quality Training". The training content included the four basic principles of zero-defect, process mode method explanation, and quality PONC analysis calculation methods. An assessment was conducted after the training based on the training content. A total of 33 employees participated in this training, with a pass rate of 100.00%.



Zero-Defect Quality Training

Case Continuous Improvement of the Process of Project Promotion

The Company established a Continuous Improvement Committee, formulated the annual continuous improvement promotion plan and decomposed it by department, organized the Company's daily continuous improvement affairs, and encouraged employees to actively participate in continuous improvement activities. Continuous improvement activities are divided into three major types based on the scope of the object, project difficulty, expected cycle, and project expected benefits: proposal improvement, QCC, and Six Sigma projects. During the reporting period, a total of 37 continuous improvement activity projects were promoted, including 3 Six Sigma, 6 QCC, and 28 proposal improvements. A total of 55,600.00 yuan was awarded to the members of the above project groups, and the assessed improvement benefits were 3.4069 million yuan.



Continuous Improvement Project Review Site

Key Performance:

During the reporting period, the Company conducted **445** quality culture training sessions, with **10,694** participants and a total training duration of **18,006.22** hours.

Protecting Customer Rights

Customer Service Management

Customer service management is an important means of shaping the Company's brand image and enhancing market competitiveness. The Company has established a scientific and reasonable customer service management system, formulated internal regulations such as the *Customer Service Control Procedures*, *Customer Service Operation Guidelines*, and *Sales Business Behavior Operation Guidelines*, and is committed to continuously improving the quality of customer service. The Company's customer service process can be divided into three stages: pre-sales, in-sales, and after-sales. Pre-sales work is completed by the business department, including establishing files for new customers and entering customer information; in-sales work involves the participation of the business, sales, and R&D departments, including establishing project information tables, tracking order completion, and communicating feedback with customers; if there is a return of defective products after sales, the customer service department will lead the relevant departments to handle it, providing customers with returns or repairs.

Customer Complaint Response Mechanism

The Company always adheres to the principle of customer first, establishing a comprehensive after-sales service mechanism and formulating the *Customer Complaint Handling Operation Guidelines*. The Company implements hierarchical management for customer complaints. Based on the level of loss caused by the complaint and its impact on the Company's reputation, customer complaints are divided into general complaints, major complaints, and quality accidents, with multiple departments collaborating to handle customer complaint matters. At the same time, the Company's quality center regularly reviews customer complaint matters, forms summary and analysis reports, proposes effective improvement measures, and transforms these measures into standardized documents, training relevant personnel to improve subsequent service quality and efficiency.

Key Performance:

During the reporting period, there were **71** customer complaints, and all **71** were resolved.

Customer Satisfaction

The Company formulates the *Customer Satisfaction Survey Operation Guidelines* and conducts an annual customer satisfaction survey, with the survey cycle covering the entire year. The satisfaction survey includes aspects such as product quality satisfaction, after-sales service satisfaction, and compliance with environmental requirements. The *Customer Satisfaction Survey Form* is distributed by the Customer Service Department based on the confirmed annual list of customers participating in the satisfaction survey, and is tracked and collected within one month after issuance, with a required recovery rate of no less than 80.00%.

Key Performance:

During the reporting period, the Company issued **73** customer satisfaction questionnaires, with an effective recovery rate of **98.65%** and a customer satisfaction rate of **92.63%**.

Data Security and Privacy Protection

AVD believes that good data security and privacy protection are the foundation of mutual trust and long-term cooperation between the Company and its partners, customers, and employees. AVD has established and continuously improved its information security management system, continuously enhancing data security protection capabilities, and comprehensively adhering to the safety bottom line.

Information Security Management System

AVD strictly complies with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, and formulates the *Information Security Incident Control Operation Guidelines* and *Confidentiality System Management Operation Guidelines* based on actual conditions to ensure the stable operation of the Company's information systems and equipment. The Company has established an Information Technology Department responsible for handling information security incidents, and conducts functional assessments of the Information Technology Department on a quarterly basis. In addition, the Company has signed a *Confidentiality Agreement* with all employees to ensure the security of the Company's key information and safeguard its legitimate rights and interests.

Key Performance:

During the reporting period, the Company invested **7,600,217.00** yuan in data security, and no data security incidents or customer privacy breaches occurred.

Information Security Control Measures

Information Security Risk Assessment

To comprehensively identify and address information security risks and opportunities in production and management activities, the Information Technology Department follows the Company's *Guidelines for Controlling Measures to Address Risks and Opportunities*, establishes identification and response methods, confirms departmental risks, and based on the assessment results, creates a risk and opportunity analysis and assessment table. Control measures implemented for identified risks include conducting an annual information security risk assessment, installing information security management systems and security defense systems on Company computers, etc.

Information Security Training

The Company emphasizes daily assessment of the information security management system and the enhancement of all employees' security awareness. It conducts periodic promotional training on information security and confidentiality systems to continuously improve employees' confidentiality awareness and basic knowledge and skills in information security. During the reporting period, the Company conducted 3 information technology security training sessions, with 100 employees participating.

Case 2024 Network Information Security Awareness Training

In June and November 2024, the Company conducted two information technology security training sessions for employees from various departments. The training content was the 2024 network information security awareness training, mainly covering the necessity of security awareness training and security protection recommendations for common scenarios. After the training, there was an assessment to test the learning outcomes, with a pass rate of 100.00%.



Information Technology Security Training

Emergency Incident Management

AVD has formulated emergency plans and response mechanisms such as the *Network Security Emergency Plan Operation Guidelines*, establishing a scientific, effective, and rapid emergency response mechanism to ensure that measures can be quickly taken in emergency situations such as the discovery of information system abnormalities, striving to reduce the loss and impact of incidents. The Company conducts irregular emergency drills annually to test the effectiveness of emergency responses. In 2024, the Company conducted information technology emergency drills in June and December, with the drill content being database server recovery. The drill results were evaluated after the drills were completed. The two drills enhanced employees' ability to handle emergencies, accumulated experience for accident handling, and achieved the expected drill results.



Valuing Talent: Empowering Employee Growth

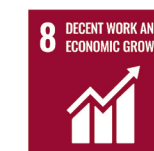
Our Philosophy

AV-Display Co., Ltd. implements a “people-oriented” talent development strategy, adhering to the principle of “cultivating internal talent while recruiting externally.” We systematically attract, utilize, and retain talent, nurturing highly skilled professionals with specialized expertise. To foster shared growth between employees and the Company, we have established a diversified incentive system that aligns individual and organizational interests, thereby stimulating employee engagement and innovation. Furthermore, we conduct structured training programs to enhance overall professional competence and cultural literacy, laying a solid foundation for sustainable corporate development.

Our Actions

- Ensuring occupational health and safety
- Maintaining equal employment opportunities
- Improving compensation and benefits systems
- Strengthening democratic management
- Emphasizing employee training and development

SDGs Responded



Occupational Health and Safety

AV-Display Co., Ltd. consistently upholds the principle of "Safety First, Prevention as Priority; Responsibility Implementation, Safety Assurance; Compliance with Regulations, Enhanced Management; Environment Improvement, Health Protection" as its occupational health and safety policy. The Company is committed to eliminating major safety hazards at the source, thereby ensuring a secure operational environment for sustained business continuity.

Occupational Health and Safety Management System

Governance

The Company strictly complies with national laws and regulations including the *Work Safety Law of the People's Republic of China* and the *Occupational Disease Prevention and Control Law of the People's Republic of China*. We have established comprehensive occupational health and safety management documents such as the *Occupational Health Operation & Surveillance Control Procedures*, *Hazard Identification and Risk Assessment Work Guidelines*, and *Safety Inspection and Accident Assessment Management Regulations*, forming a complete occupational health and safety management system to comprehensively safeguard employees' health and safety. As of the end of the reporting period, both Shenzhen AV-Display Co., Ltd. and Ganzhou AV-Display Co., Ltd. have obtained ISO 45001 Occupational Health and Safety Management System certification.

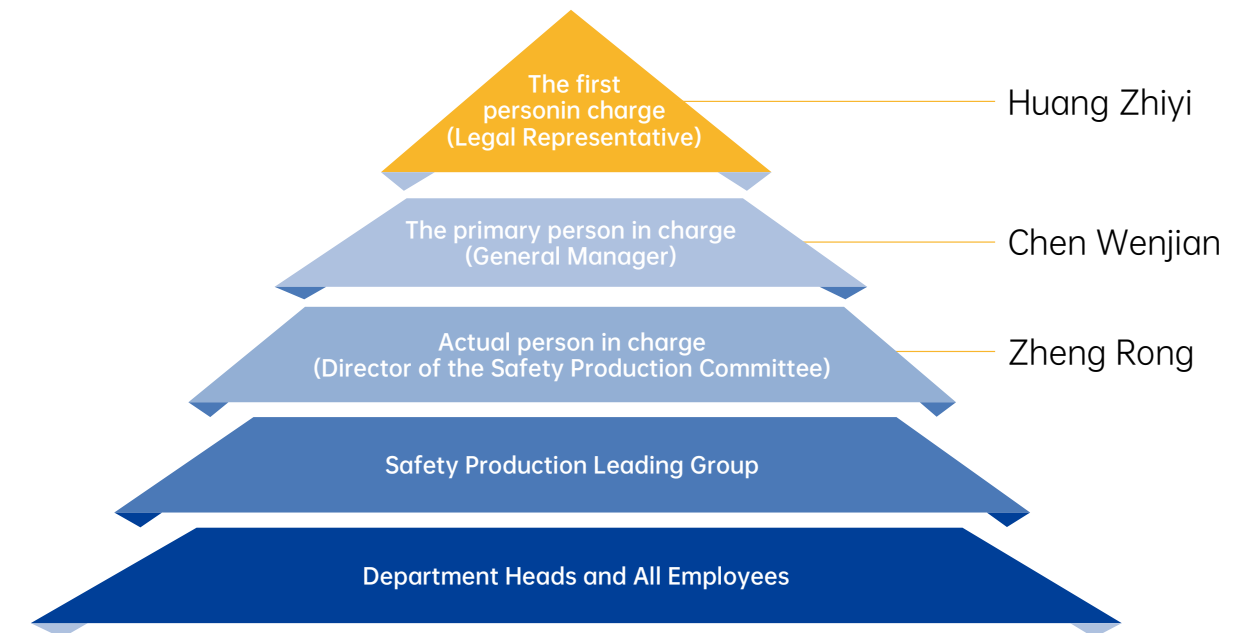


Shenzhen AV-Display Co., Ltd. ISO 45001 Occupational Health and Safety Management System Certification



Ganzhou AV-Display Co., Ltd. ISO 45001 Occupational Health and Safety Management System Certification

AV-Display Co., Ltd. has established a Safety Production Committee responsible for overseeing and leading the Company's work safety operations, supervising the implementation of major work safety decisions and deployments, and upholding fundamental work safety principles. The Company has developed a robust safety accountability system that strengthens primary safety management responsibilities. We sign a Letter of Responsibility for safety production, periodically evaluate our adherence to safety production standards, and perform comprehensive assessments of our achievements in meeting safety production objectives and benchmarks.



AV-Display Co., Ltd. Work Safety Management Organizational Structure

Strategy

The Company identifies and evaluates potential hazardous factors in the production process, promptly detects safety risks in the workplace, and implements appropriate corrective measures to minimize safety risks and safeguard employees' lives.

Type of Risk/Opportunity		Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Operational Risk	In case of occupational health or work safety incidents, the business of the Company may be disrupted, requiring substantial capital investment for incident resolution.	Low	Short Term	Increased operational costs/fines	1. Conduct potential hazard inspections and strengthen risk source control. 2. Develop emergency response plans and conduct regular drills. 3. Implement occupational health protection measures and provide employees with protective equipment.
Opportunities	Management Efficiency	By implementing occupational health management, the Company can more effectively prevent and control potential hazards in the work environment, improve employee productivity, and avoid large-scale financial expenditures.	High	Short, Medium, and Long Term	Reduced ex- penses	Introduce more advanced production equipment, improve process flows, and actively promote digital transformation to enhance enterprise management efficiency.

Impact, Risk and Opportunity Management

AV-Display Co., Ltd. implements a dual prevention mechanism in compliance with the relevant provisions of the *Work Safety Law of the People's Republic of China*, and has established institutional documents including the *Hazard Identification and Risk Assessment Management Regulations*, *Hazard Identification and Risk Assessment Work Guidelines*, and *Safety Inspection and Accident Assessment Management Regulations* to continuously improve the Company's risk management processes.

Hazard Identification and Assessment

- The Safety Production Committee annually organizes relevant departments to identify and assess risk sources in production activities and office environments, establishing the Company's *Hazard Identification and Risk Assessment Register*.
- When hazard sources change during the identification process, risk reassessment shall be conducted with corresponding updates to the *Hazard Identification and Risk Assessment Register*.
- The Safety Production Committee promptly organizes re-identification and reassessment of hazard sources based on departmental assessment results.
- Upon completion of hazard identification and assessment, differentiated control measures shall be implemented according to risk levels.

Potential Hazard Investigation

- Conduct in-depth special rectification and improvement actions for safety production, implementing internal hazard investigations and cross-site inspections per Company regulations to ensure effective hazard rectification.
- Perform comprehensive investigations on electrical safety, fire safety, chemical safety, and other potential risks, enhancing source control, systematic management, and comprehensive governance.
- During the reporting period, the Company performed 24 special safety inspections, identified and addressed 374 potential hazards, achieving a 100% remediation rate. At our Ganzhou facility, 57 safety inspections were conducted resulting in 292 hazard corrections, also maintaining a perfect 100% resolution rate.

Emergency Response Plan

- The Company has developed comprehensive emergency response plans for various contingencies including fire hazards, hazardous chemical leaks, forklift accidents, and pressure vessel explosions. These plans are reinforced through systematic training programs and practical drills, with each exercise followed by thorough evaluation and performance assessment to maximize employee safety awareness and emergency response capabilities, thereby ensuring workforce protection.
- In 2024, the Company conducted a total of 23 safety emergency drills across all operational facilities.

Case Fire Evacuation Drill at Shenzhen AV-Display Co., Ltd.

In May 2024, the Company organized a comprehensive fire emergency evacuation drill. The exercise included on-site emergency evacuation procedures, first aid training, fire extinguisher operation demonstrations, and fire safety knowledge quizzes with rewards. This initiative significantly strengthened all departments' and management levels' understanding of fire safety principles, particularly the "Unobstructed Exits & Dual Response Capability" and "Four Understandings & Four Skills" fire safety awareness programs. Participants acquired proper fire equipment operation skills, enabling them to take correct emergency actions during fire incidents. The drill has made positive contributions to the Company's work safety operations.



Pre-Drill Detail Coordination



Procedure Rehearsal Verification



Emergency Personnel Evacuation



Cardiopulmonary Resuscitation Demonstration



Portable Fire Extinguisher Hands-on Training



Fire Safety QR Code Quiz Activity

Case Ganzhou AV-Display Co., Ltd. Fire Evacuation Drill

In November 2024, Ganzhou AV-Display Co., Ltd. conducted a comprehensive fire emergency evacuation drill. The exercise focused on developing fundamental operational skills for fire extinguishing equipment and enhancing evacuation capabilities in fire scenarios. This initiative significantly strengthened fire safety awareness among all departments and management levels, particularly regarding the "Clear Exits & Dual Response Capability" principle and the "Four Understandings & Four Skills" fire safety framework. By mastering proper fire equipment operation techniques, employees are now better equipped to respond appropriately during fire emergencies, making valuable contributions to the Company's work safety performance.



Personnel Assembly & Accountability Check



Portable Fire Extinguisher Briefing



Emergency Personnel Evacuation



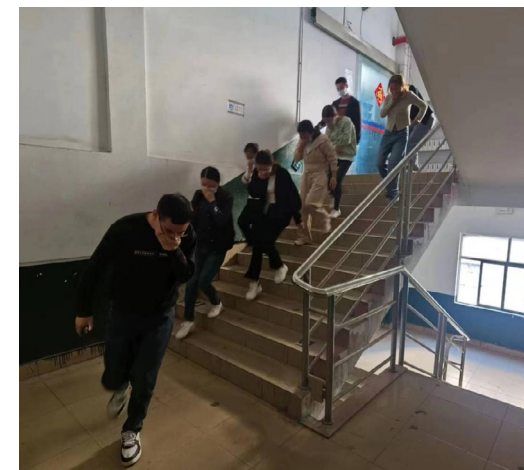
Portable Fire Extinguisher Hands-on Training

Case Ruidisheng Fire Evacuation Drill

In 2024, Ruidisheng organized a comprehensive firefighting and evacuation drill for all employees. Through this exercise, staff gained deeper understanding of fundamental fire safety knowledge, ensuring every on-duty employee firmly establishes the fire prevention concept of "Prevention First, Combining Prevention and Firefighting." The drill effectively enhanced employees' mastery of fire safety knowledge, strengthened safety awareness, improved self-rescue capabilities during fire incidents, and served as a constant reminder of the importance of fire hazard prevention awareness.



Fire Extinguisher Operation Training



Fire Evacuation Drill Training



On-site Sprinkler Fire Suppression Drill

Indicators and Targets

AV-Display Co., Ltd. conducts quarterly assessments of the implementation status of its work safety standardization, along with comprehensive evaluations on the achievement of work safety objectives and targets. This process standardizes the Company's work safety management and establishes a long-term management mechanism.

Indicator	Target Content	Achievement Rate
Hazard Rectification Rate	100.00%	100.00%
Emergency Plan Implementation Rate	100.00%	100.00%

Case EHS Training for Safety Management Personnel

In January 2024, the Company organized EHS training for safety management personnel, covering topics including the correlation between hazard inspection frequency and safety incidents, methodologies for hazard reduction and rectification implementation, as well as the formulation of specific corrective measures. Through this training program, the professional competencies of safety management staff were further enhanced, providing solid safeguards for the Company's safety operations.



EHS Training for Safety Management Personnel

Key Performance:

In 2024, the Company invested **2,295,000** yuan in work safety initiatives, with **50,400** yuan specifically allocated to safety education and training programs. A total of **9,374** personnel participated in **141** safety training sessions, accumulating **4,191** training hours while maintaining **100.00%** training coverage. Notably, there were zero work-related fatalities throughout the reporting period.

Safety and Health Management Measures

AV-Display Co., Ltd. actively implements the work safety principle of "Safety First, Prevention Foremost" and has established regulatory documents including the *Safety Training Management Regulations* to strengthen employee safety management. These measures continuously enhance staff safety awareness, mitigate potential safety risks, and ensure both production safety and employee health.



Stakeholder Safety Management

- Ensure all stakeholders entering Company operational areas comply with corporate safety standards and procedures through signed safety agreements and safety education/training programs.



Production Equipment Management

- Achieve 100% coverage of safety operating procedures and visual warning indicators for all production facilities/equipment. New equipment must undergo safety department inspection prior to commissioning.



Operations Management

- On-site supervisors and operators shall strictly adhere to safety operating procedures and regulations. Violations including unauthorized commands, improper operations, and labor discipline breaches are prohibited.
- Post-completion engineering projects require safety department acceptance inspections.
- Implement safety duty schedules and leadership on-site shift systems during critical periods.
- Establish high-risk work permit systems prohibiting unauthorized operations without safety agreements, valid certifications, or safety department approval.



Safety Awareness Enhancement

- Conduct legal/regulatory education and standardized safety knowledge training, with focused campaigns during national "Work Safety Month" and "Fire Safety Awareness Month".
- Develop and execute annual safety training plans specifying content and schedules.
- Provide mandatory annual retraining for all employees to enhance professional competencies.
- Deliver specialized "Four New" (new technologies/equipment/processes/materials) training prior to implementation.

Occupational Health Protection

AV-Display Co., Ltd. has established regulatory documents including the *Occupational Health Operation & Monitoring Procedures* and *Occupational Health Monitoring Standards* to systematically identify, analyze, and control occupational hazard factors that may arise during work processes. The primary occupational health hazards present in Company workshops include hydrochloric acid, noise, sodium hydroxide, and acetone. Annually, the Company engages third-party certified agencies to conduct comprehensive workplace occupational hazard assessments, implementing immediate protective measures based on test results. Concurrently, we strengthen routine monitoring and inspection of occupational hazards while enforcing strict employee compliance with health protection measures, thereby ensuring robust safeguards for employee health.



Occupational Health Examinations

The Company arranges corresponding occupational health examinations for employees engaged in positions with occupational hazard factors, including pre-employment, annual in-service, and pre-departure check-ups. These examinations help employees effectively monitor their health status and enhance their self-protection awareness.



Provision of Occupational Disease Protective Equipment

In accordance with occupational disease risk prevention requirements, the Company provides appropriate protective equipment such as protective masks, earplugs, and safety shoes to operators in positions with potential occupational disease hazards, while ensuring strict employee compliance with usage protocols.



Occupational Hazard Factor Monitoring

Following legal and regulatory requirements, the Company identifies monitoring points for occupational hazards based on existing risk sources and third-party occupational health evaluation reports, conducting routine safety inspections accordingly.



Product Design Phase

During the design and review stages, the Company evaluates potential environmental and occupational health and safety risks arising from product use or production. We advocate for adopting non-toxic and harmless process technologies, substituting toxic substances with non-toxic alternatives and highly toxic substances with less toxic ones.



Equipment Upgrades

The Company replaces high-noise equipment with low-noise alternatives and installs vibration-damping and noise-reduction facilities, implementing sound insulation/absorption measures to prevent noise exceedance. Equipment failing to meet safety requirements is systematically upgraded or phased out according to plan.

Key Performance:

In 2024, the Company achieved a **100.00%** certification rate for personnel engaged in special operations, with **875,400** yuan invested in work injury insurance. Employee physical examination coverage reached **100.00%**, alongside **100.00%** testing rate for occupational hazard factors. Notably, zero new occupational disease cases were reported.



Protecting Employees' Legitimate Rights and Interests

AV-Display Co., Ltd. consistently adheres to a people-oriented philosophy, regarding employees as the most valuable asset in corporate development. The Company respects individual differences and actively fosters an equal and inclusive work environment; provides comprehensive compensation, benefits, and training systems to achieve mutual growth for employees and the enterprise; and implements meticulous employee care initiatives to further enhance organizational cohesion.

Respecting and Safeguarding Human Rights

AV-Display Co., Ltd. strictly complies with international standards including the United Nations *Universal Declaration of Human Rights* and human rights provisions of the Responsible Business Alliance (RBA) Code of Conduct, as well as national laws and regulations such as the *Labor Law of the People's Republic of China* and operational requirements in overseas jurisdictions. The Company has established institutional documents including the *Employee Handbook*, *Personnel Management Guidelines*, *Labor Ethics Risk Assessment Guidelines*, and *AVD Code of Conduct* to continuously strengthen employee management, prohibit any human rights violations, and respect and protect human rights.

The Company guarantees equal pay for equal work between genders and safeguards female employees' rights, firmly opposing all forms of discrimination and differential treatment. We protect employees from sexual harassment, threats, or intimidation in the workplace, prohibit all forms of forced labor, and eliminate child labor, thereby creating a safe and equitable work environment.

Commitment to Equal Employment

AV-Display Co., Ltd. adheres to the principle of equal employment in its management practices. The Company prohibits discrimination or unfair treatment of employees regarding employment, compensation, training, and promotion opportunities based on race, color, age, gender, sexual orientation, ethnic classification, disability, pregnancy, religion, political affiliation, trade union membership, or marital status. The Company implements equal pay for equal work between male and female employees. During recruitment, except for positions legally designated as unsuitable for women, AV-Display Co., Ltd. does not reject female applicants or impose higher hiring standards based on gender, nor does it discriminate against female employees based on marital or childbearing status. Equal treatment is guaranteed in housing allocation and welfare benefits for all employees regardless of gender.

The Company has established a complaint and grievance mechanism. Employees who experience unfair treatment may report their concerns to management at various levels. Management will provide reasonable responses based on the actual circumstances and develop resolution plans within one week. Additionally, the Company has set up both physical "Suggestion Boxes" and digital channels via its official corporate WeChat account. Employees may submit reports of unfair treatment through these channels. The Company's Human Resources Department, labor union, and management will address all discrimination cases, conduct thorough investigations, and take appropriate actions in accordance with internal policies and applicable laws and regulations.

Key Performance:

As of the end of the reporting period, the Company employed **11** persons with disabilities and **184** ethnic minority employees, including **1** ethnic minority member in management positions.

Prohibition of Child Labor

The Company is committed to protecting the rights of minors and expressly prohibits the employment of child labor (persons under 16 years old). Prior to hiring, the Company verifies and retains legally documented proof of age. In cases where child labor is inadvertently hired, the Company will immediately report to local labor authorities and provide free medical examinations. Should the child become ill, the Company will provide free medical treatment until recovery, then cooperate with labor authorities to safely return the child to their place of origin under parental or guardian care.

2024

AV-Display Co., Ltd. recorded no incidents of employing child labor, hiring minors for hazardous work, or any forced labor.

Protection of Women's Rights

In full compliance with *Labor Law of the People's Republic of China*, *Trade Union Law of the People's Republic of China*, *Special Regulations on Labor Protection for Female Employees* and other relevant laws/policies, AV-Display Co., Ltd. has established the *Special Collective Contract for Female Employees* through negotiation with the labor union, effectively safeguarding women's legitimate rights and special interests. Furthermore, the Company and all subsidiaries actively organize International Women's Day celebrations, distributing commemorative red envelopes and floral bouquets to female staff, thereby enhancing their sense of belonging and work motivation.



International Women's Day Activities at
Shenzhen AV-Display Co., Ltd.



International Women's Day Activities at
Ganzhou AV-Display Co., Ltd.

The Company respects and cares for female employees, safeguarding their legitimate rights and interests during menstrual, pregnancy, maternity, and breastfeeding periods. We ensure female employees enjoy special labor protection in accordance with the law, fostering a work environment that respects and supports women. The Company strictly prohibits female employees from performing high-altitude, low-temperature, cold-water operations, or Category III physically demanding labor (as nationally defined) during menstrual periods. Special nutritional meals and dedicated dining areas are provided for pregnant employees. Nursing rooms are established in both office and production areas to accommodate breastfeeding employees.



Post-Maternity Leave Return-to-Work Employee Care



Key Performance:

In 2024, **45** employees utilized maternity leave benefits while **30** employees claimed paternity leave. Female representation within the Company's management team accounted for **31.32%** of total managerial personnel.

Talent Recruitment and Retention

Diversified Recruitment Channels

AV-Display Co., Ltd. continuously strengthens workforce development by formulating annual recruitment plans aligned with corporate business strategies and evolving position requirements. The Company attracts top talent through multiple channels including campus recruitment, social recruitment, and employee referrals, thereby infusing innovation vitality into organizational development.



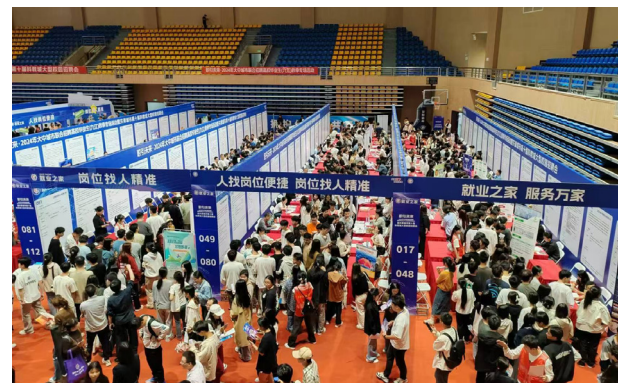
AV-Display Co., Ltd. Harbin Institute of Technology Recruitment Session



AV-Display Co., Ltd. Jilin University Recruitment Session



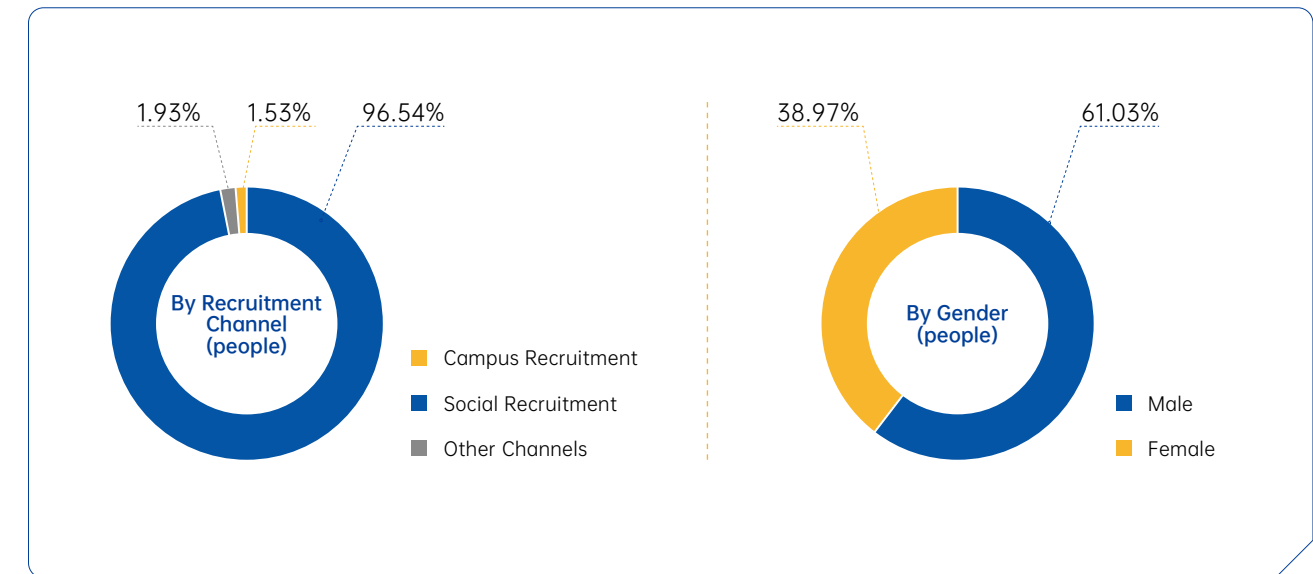
AV-Display Co., Ltd. Social Recruitment Campaign



Ganzhou AV-Display Co., Ltd. Campus Recruitment Initiative

Key Performance:

In 2024, the Company achieved a **100.00%** labor contract signing rate and conducted **36** recruitment events.



Diverse Talent Composition

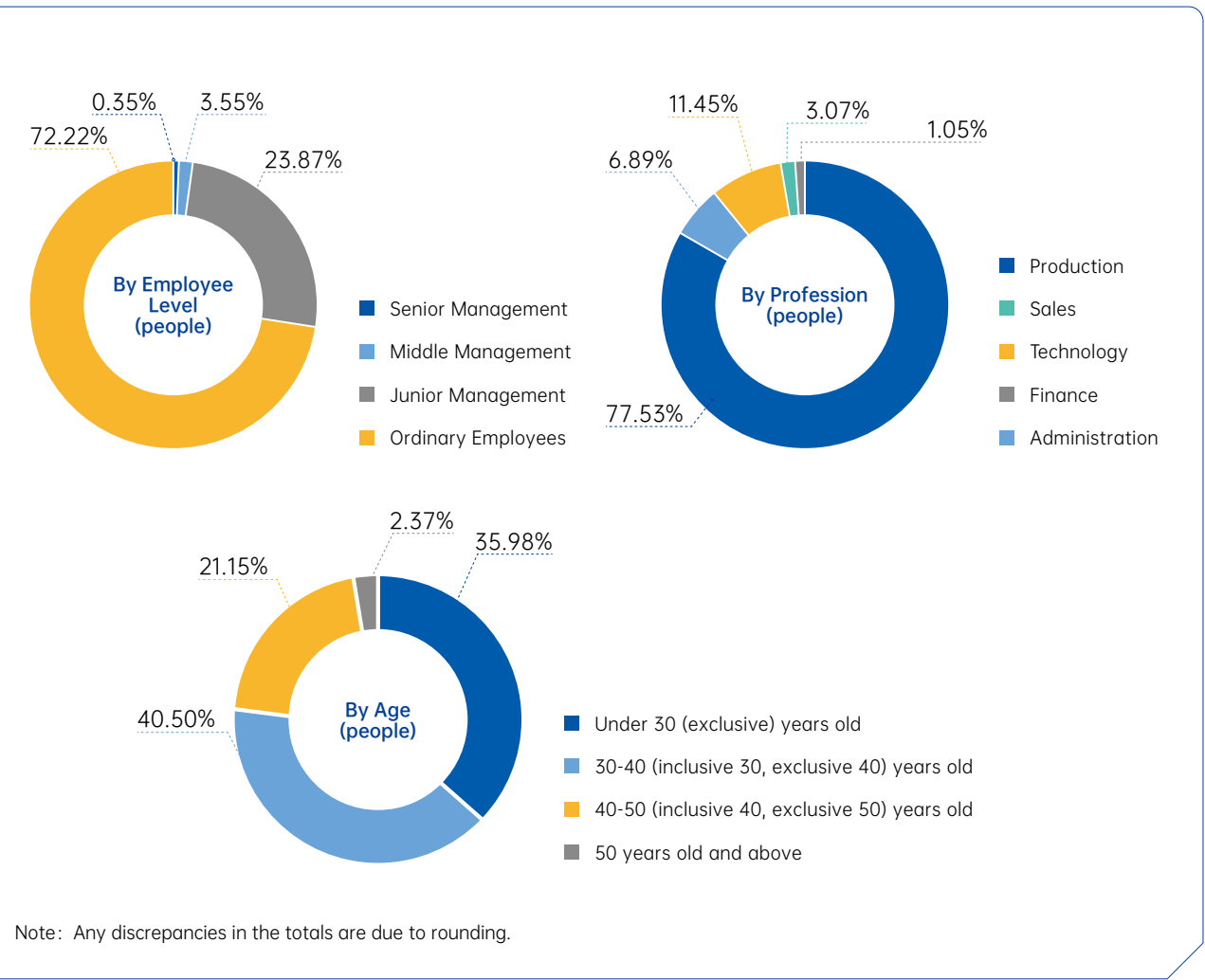
The Company respects differences and encourages diversity, striving to promote organizational growth and sustainable profitability through rigorous, transparent, fair, and standardized hiring processes. By analyzing departmental structures across multiple dimensions including gender, age, education level, and position, we continuously optimize our workforce. As of the reporting period end, AV-Display Co., Ltd. maintains 2,279 full-time employees.

Key Performance:

By the end of the reporting period, female employees represent **50.07%** of AV-Display Co., Ltd.'s workforce, with male employees comprising **49.93%**. By educational attainment: doctoral degree holders account for **0.09%**, master's degree holders **0.75%**, bachelor's degree holders **10.53%**, and those with sub-bachelor qualifications **88.64%**.

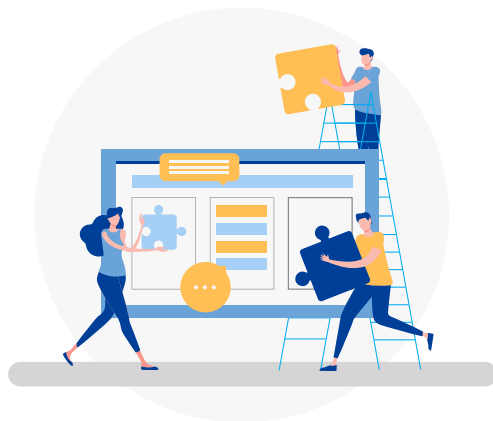
Note: Any discrepancies in the totals are due to rounding.





Key Performance:

By the end of the reporting period, Shenzhen AV-Display Co., Ltd. recorded a total employee turnover rate of **3.43%**, while Ganzhou AV-Display Co., Ltd. and Ruidisheng reported turnover rates of **5.40%** and **9.41%** respectively.



Remuneration and Benefits Management

Remuneration and Performance Evaluation

To standardize salary and benefits administration while enhancing employee motivation, the Company has established regulatory documents including the *Salary Management Guidelines* and *Objective Management Evaluation and Incentive Measures*, creating a performance-based compensation system that delivers fair and competitive remuneration packages. The salary structure comprises fixed base pay and variable components, with the latter directly linked to individual performance evaluations.

The company conducts regular quarterly and annual KPI performance evaluations for all employees in accordance with its annual operational objectives, corresponding bonus and commission distribution standards are established. These assessments cover factors such as work performance and serve as the objective basis for determining performance bonuses, salary adjustments, promotions/demotions, annual excellence awards, and job role changes.

Welfare System

AV-Display Co., Ltd. actively implements comprehensive welfare policies and has established the *Benefits Administration Guidelines* to develop a holistic employee benefits framework. The Company makes full and timely contributions to the mandatory social insurance and housing fund programs (five social insurances and one housing fund), while providing various allowances including job position allowances, technical skill allowances, and high-temperature work subsidies. Employees are legally entitled to annual leave, marriage leave, sick leave, maternity/paternity leave, and other statutory holidays. During traditional festivals such as New Year's Day, Spring Festival, Lantern Festival, Dragon Boat Festival, and Mid-Autumn Festival, as well as employee birthdays, the Company distributes seasonal gifts and birthday presents, enabling every staff member to experience the warmth of the corporate family. During the reporting period, the Company achieved 100.00% coverage for both social insurance enrollment and employee benefits provision.

Diversified Employee Welfare System		
Welfare Classification	Welfare Type	Employee Coverage
Basic Welfare	Pension Insurance, Medical Insurance, Work Injury Insurance, Unemployment Insurance, Maternity Insurance, Housing Provident Fund	All Employees
Care and Benefits	Holiday Benefits, Position Allowance, Birthday Celebrations, High-Temperature Subsidies, Night Shift Allowance, Technical Subsidies, Benefits for Female Employees, Team Building, Dining Benefits, Medical Checkups	All Employees
Special Welfare	Household Registration Support for Recruited or Transferred Employees, Talent Housing, Educational Enhancement Subsidies, Couple Dormitories, Marriage Allowance, Service Awards	Eligible Employees



Employee Birthday Celebration

Key Performance:

In 2024, the Company invested **2.8574** million yuan in employee care benefits, with an average of **6.04** days of paid annual leave per employee.



Strengthening Democratic Management

Facilitating Communication Channels

The Company strictly complies with the requirements of laws and regulations such as the *Trade Union Law of the People's Republic of China* and the *Regulations on Democratic Management of Enterprises*, establishing an open and democratic employee communication mechanism. Through convening staff representative conferences and signing *Collective Labor Contracts* with the trade union, the Company safeguards employees' democratic rights, including the right to know, participate, express, and supervise, thereby achieving a balance between corporate development and the protection of employees' rights and interests. In accordance with the *Company Law* and the *Articles of Association*, the Company has elected one employee representative as a supervisor through the staff representative conference to assist employees in exercising their democratic management rights in accordance with the law. The Company actively supports the trade union in carrying out its duties legally, fully leveraging its role in safeguarding employee interests and internal coordination, thereby enhancing employees' sense of belonging and loyalty and fostering a positive corporate atmosphere.

The Company continuously enriches employee communication channels by encouraging suggestions and feedback through official corporate social media accounts, employee suggestion boxes, staff communication meetings, and other means. The Company places high importance on employee opinions, and employees may also provide feedback through annual satisfaction surveys. Based on the collected feedback and suggestions, the Company implements necessary improvement measures.



Employee Communication Meetings

Key Performance:

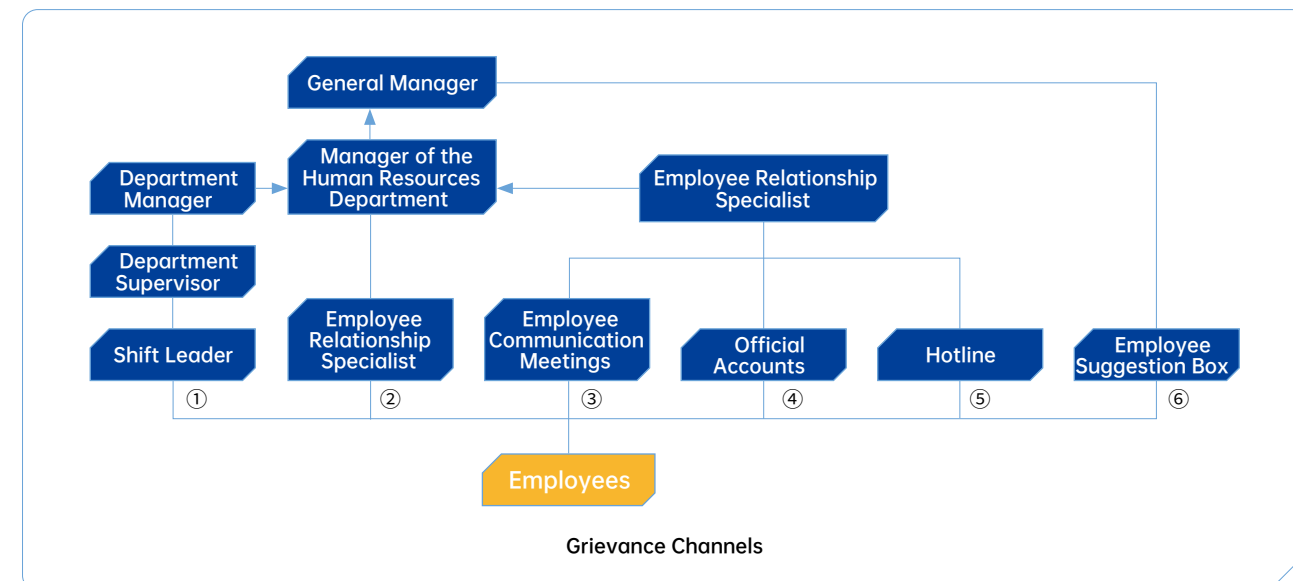
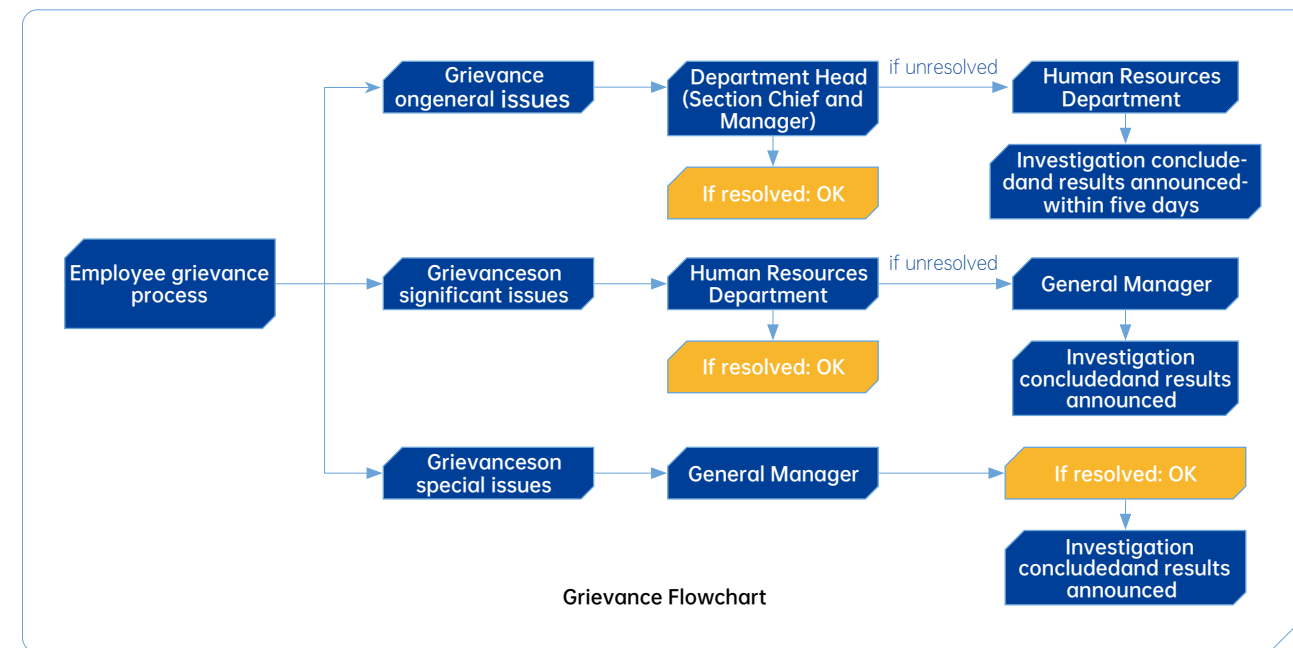
In 2024, AV-Display Co., Ltd. Microelectronics held **1** Staff Representative Conference and **10** employee communication meetings, while Ganzhou AV-Display Co., Ltd. held **1** Staff Representative Conference and **13** employee communication meetings, achieving a **100.00%** case resolution rate for all employee feedback.

Employee Satisfaction Survey

AV-Display Co., Ltd. conducts an annual employee satisfaction survey to collect feedback on employees' concerns, opinions, suggestions and overall satisfaction levels. The Company responds to and addresses these inputs in a timely manner to cultivate employees' sense of ownership and continuously improve its human resource management standards. In 2024, AV-Display (Shenzhen) conducted the satisfaction survey covering dimensions such as compensation & performance management, training management and employee care, collecting 762 valid questionnaires with a participation rate of 78.86%. The overall satisfaction score reached 80.15 points, representing a 12.18% increase compared to 2023. AV-Display (Ganzhou) collected 949 valid questionnaires with a participation rate of 89.70%, achieving an overall satisfaction score of 78.10 points, a 0.26% improvement year-on-year.

Employee Grievance Mechanism

To protect the legitimate rights and interests of both the Company and its employees, AV-Display Co., Ltd. has formulated the *Employee Complaint and Grievance Handling Guidelines* to establish a comprehensive complaint and grievance mechanism. The Company provides unimpeded and confidential grievance channels for all employees to report or file grievances regarding issues such as corruption, abuse of power for personal gain, disclosure of confidential information, violation of rules in directing operations, abuse of authority, and other incidents causing dissatisfaction in a timely manner. The Company has implemented a comprehensive whistleblower protection mechanism, stipulating that no one may retaliate against employees for lawful grievances. Any violation discovered will result in severe disciplinary action by the Company, including direct termination of employment contracts. In serious cases, legal liability will be pursued in accordance with the law.



Employee Care

AV-Display Co., Ltd. continuously implements employee welfare initiatives to create a "warm and harmonious" working environment. We demonstrate full respect and care for our employees by proactively assisting those in need and organizing diverse recreational activities, thereby enhancing employee happiness and corporate cohesion.

Employee Support & Assistance

AV-Display Co., Ltd. is committed to providing comprehensive support for employees. We conduct annual care programs for employees facing difficulties, focusing on resolving their most pressing concerns through concrete actions. Our efforts ensure targeted coverage for both employees in need and special cases involving family members. Additionally, the Company actively organizes festive celebrations and annual events to deliver various benefits, conveying our care and warmth to all employees.



Lantern Festival Celebration



Annual Gala Event

Mental Health Support

AV-Display Co., Ltd. attaches great importance to the mental health of its employees. Adhering to the purpose of "developing and promoting mental health knowledge in our factory and community, and serving the mental health of our employees and community members", and with the goal of "self-development and improvement, enhancing mental health awareness, improving problem-solving skills and helping others", the Company has established a Psychological Assistance Association and set up a Soul Station.

The Company regularly organizes mental health education activities, including psychological growth workshops, one-on-one counseling services, and mental health guidance sessions, to build a platform for corporate communication and employee psychological development. These initiatives drive and lead innovation in corporate management to contribute to the healthy

development of community employees. During the reporting period, the Company conducted stress relief and emotional management training, using case studies and teaching stress relief techniques to help employees improve their mental health and better cope with pressures in work and life.



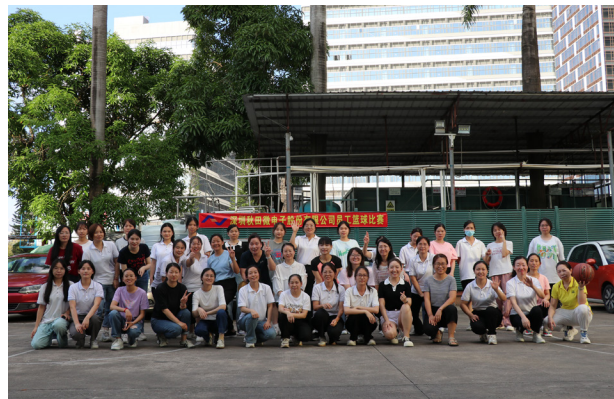
Stress Relief and Emotional Management Training

Enriching Employee Activities

The Company prioritizes work-life balance and strives to meet employees' growing spiritual and cultural needs. We actively promote the establishment of sports and recreational clubs, organizing a variety of engaging activities to enhance employees' happiness, sense of belonging, and strengthen corporate cohesion. Additionally, the Company regularly hosts employee sports meets, competitive events, and encourages participation in recreational activities organized by labor unions and government institutions.



Men's Basketball Tournament



Women's Shooting Competition



Employee Singing Competition



Movie Screening Event



Fun Sports Meet



Retiree Farewell Party



Employee Tug-of-War Competition



Zoo Visit Activity



Teachers' Day Appreciation Ceremony (Internal Trainers)



Outdoor Team-Building Activities

Employee Training & Development

We adhere to the talent principle of “both integrity and competence”, and committed to building a learning organization that fosters employee growth. The Company has established a comprehensive training system, providing employees with extensive career development platforms to continuously stimulate their initiative, innovation, and engagement, thereby maximizing the value of talent.

Employee Training Management

Improving Training Mechanisms

The Company closely aligns talent development with corporate strategic goals by establishing systems such as the *Training Management Work Guidelines*. The Company provides employees with comprehensive, flexible, and diversified training programs, covering essential competencies, job-specific skills, safety training, leadership development, and more, to meet their needs for professional knowledge enhancement and core vocational skills. Employees are encouraged to pursue self-directed learning, enabling both personal growth and sustained corporate development. The HR Department is responsible for continuously refining the internal training system and overseeing all training-related matters, including the formulation of annual training plans, training evaluation, assessment, and continuous improvement.

Internal Trainer Management

The Company actively promotes the development of its internal trainer team to fully leverage internal training potential, enrich training resources, and advance the standardization, systematization, and normalization of the Company's training framework. The Company has established the *Training Management Work Guidelines*, which cover internal trainer selection criteria, qualification assessment, teaching procedures, responsibilities, incentive standards, and daily management. Following each training session, routine evaluations are conducted to assess training effectiveness and enhance the quality of the internal trainer team. During the reporting period, the Company maintained a pool of 112 internal trainers, with 9 newly certified trainers added.

Tiered Training System

AV-Display Co., Ltd. has developed tailored training programs for employees at different management levels, business functions, and educational backgrounds, including management staff, technical personnel, and production workers. The Company's employee training can be categorized into pre-employment training, on-the-job training, re-employment training, and development training. These programs are delivered through a combination of internal and external approaches, utilizing various effective methods such as internal trainers, external professional instructors, external training programs, and team-building exercises to comprehensively enhance employees' overall qualities and work capabilities.

Pre-employment Training

The Company's pre-employment training includes new employee orientation and job induction training. The training content mainly covers Company introduction, rules and regulations, code of conduct, basic job knowledge, work instructions, and other relevant materials. This helps employees gain better understanding of the Company and work environment, quickly integrate into teams, comprehend job requirements, and rapidly adapt to work conditions, thereby improving their workplace skills and building a talent pipeline with potential for the Company.

On-the-job Training

AV-Display designs specialized knowledge and skill training programs according to departmental characteristics and job responsibilities to promote comprehensive employee development. The Company implements Company-level training organized by the Human Resources Department, providing different courses for employees at various levels and positions, including general knowledge courses, professional skills courses, management courses, safety training, and system-related courses. Individual departments also conduct department-level training covering professional theory, skills training, and practical operations for their employees based on departmental functions. During the reporting period, AV-Display Co., Ltd. conducted leadership training programs for mid-level potential leaders and newly promoted managers to enhance their leadership and professional management capabilities, while also providing systematic professional training for employees across all job categories. The Company remains committed to developing a comprehensive training system that supports employee growth and organizational success.

Training Participants	Training Content
Management Personnel	Modern enterprise management theories, cutting-edge technical knowledge, organizational decision-making capabilities, corporate and system strategic management
Professional Technical Staff	Professional technical training, fundamental theory training, business operation training
Internal System Auditors	Relevant system knowledge training, internal auditor skills training, system-related laws and regulations training
Design, Process, Production, QC, and Intellectual Property Related Personnel	Professional knowledge refresh training for implementation certification systems
Information Security Related Personnel	Information security related knowledge training
Corporate Legal Representatives, Customs Executives, and Trade Related Personnel	Customs laws and regulations training, as well as job-related trade security, information security, supply chain security, and crisis management knowledge training

Job Transfer and Re-employment Training

AV-Display Co., Ltd. establishes training objectives, develops training plans, implements training programs, and tracks post-transfer training effectiveness for employees transitioning to new positions, using these results as assessment criteria for job transfers and promotions. For employees returning from extended leave, their respective department supervisors arrange and ensure completion of pre-return training.

Development Training

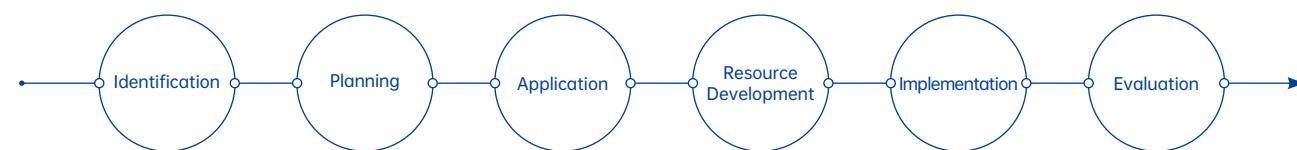
To meet the requirements of work-related further education or pre-appointment training for new positions due to promotion, the Company recommends relevant personnel for external training. Trainees are required to compile their acquired knowledge into manuals, which are then submitted to the Human Resources Department for archiving as internal training materials. Based on internal training needs, qualified trainees may serve as instructors to teach or share relevant knowledge with other employees.

Key Performance:

In 2024, the Company's total investment in employee training reached **773,200** yuan with **538** training sessions conducted, accumulating **66,281.84** training hours, achieving a **100.00%** employee training coverage rate.

Strengthening Training Assessment

The Company emphasizes the effectiveness of training by implementing systematic management across all stages, including training needs identification, planning, application, resource development, implementation, and evaluation. The Human Resources Department is responsible for the proper management of training resources and records. Additionally, the Company has established a robust training quality monitoring mechanism. After internal training, employees are assessed through written tests, oral exams, practical operations, and reflection reports to facilitate iterative improvements in the training system and continuously enhance training outcomes.



Employee Career Development Pathways

To meet the diverse career development needs of employees, AV-Display Co., Ltd. has formulated the *Personnel Promotion Management System* and the *Reserve Talent Cultivation Mechanism and Management Measures for College Graduates*, establishing three career development pathways: Management Sequence (M), Technical Sequence (T), and Sales Sequence (S). This creates a position management system characterized by "defined sequences for roles, clear growth channels, and ample development space," enabling "vertical integration and horizontal connectivity" among the management, technical, and sales sequences. Through this "multi-channel" model, the Company continuously optimizes employee development paths, providing comprehensive growth opportunities. We have abolished the "lifelong single-position" system, clarifying promotion requirements for each level to consistently motivate employees to enhance their professional and managerial capabilities.

Management Track		Technical Track		Marketing Track		Remarks
Position grade	Management	Position grade	R&D/Equipment/ Process/Quality	Position grade	Sales	
M7	General Manager					Promotion pathways available across three sequences
M6-2	Senior Deputy General Manager	T6-2	Senior Chief Engineer	S6-2	Senior Vice President of Sales	
M6-1	Deputy General Manager	T6-1		S6-1	Vice President of Sales	
M5-2	Senior Director	T5-2	Chief Engineer	S5-2	Senior Director of Sales	
M5-1	Director	T5-1		S5-1	Sales Director	
M4-2	Senior Manager	T4	Principal Engineer	S4	Sales Manager / Customer Service Manager / Marketing Manager	
M4-1	Manager					
M3	Section Chief	T3	Senior Engineer	S3	Customer Service Supervisor	
M2	Administrator	T2	Engineer	S2	Salesman / Customer Service Director	
M1	Shift Head	T1	Assistant / Assistant Engineer	S1	Customer Service Representative / Marketing Specialist	
			Clerk/Technician			Grassroots Position
10-3	Team Leader/Quality Controller/Material Management Officer/Machine Debugging Officer					
10-2	Multi-skilled Operator/Machine Operator					
10-1	General Operator (including Cleaning Personnel/Caterer/Security Staff)					

Employee Career Development Pathways

Key Performance:

In 2024, **191** employees of AV-Display Co., Ltd. undertook internal transfers or applied for internal positions.

Supporting Employees' Further Education

AV-Display Co., Ltd. encourages employees to pursue academic qualifications and provides education advancement subsidies to support their self-development. All eligible employees may choose from various continuing education options, including self-study examinations, adult higher education entrance examinations, and on-the-job postgraduate entrance examinations.

Key Performance:

During the reporting period, **16** employees at the Company upgraded their academic qualifications, with a total subsidy of **20,000** yuan granted.



Commitment to Goodness: Courageously Shouldering Social Responsibility

Our Philosophy

AVD emphasizes the integration of corporate development with social responsibility, actively responding to national rural revitalization strategies, participating in social welfare initiatives, and striving to contribute more to the progress of human society.

Our Actions

- Increase community contributions
- Support rural revitalization
- Engage in public welfare and charity

SDGs Responded



Rural Revitalization

AVD fully recognizes the significance of rural revitalization to the nation's long-term development. In active response to the national rural revitalization strategy, the Company comprehensively supports the development of rural areas through consumption assistance, education support and other means.

Consumption Assistance

With the further advancement of the rural revitalization strategy, agricultural support products play an important role in increasing farmers' income and promoting rural economic development. In active response to the national call and to fulfill corporate social responsibilities, the Company has carried out activities related to the procurement of agricultural support products to provide consumption assistance.

Education Assistance

The Company is committed to supporting the development of rural education. To enhance self-directed learning awareness among students in underprivileged areas, the Company annually organizes study tours for students from Daliangshan region to visit our corporate facilities. This initiative aims to broaden students' horizons beyond their mountainous surroundings and inspire them to envision greater possibilities for their future.

Case Daliangshan Student Study Tour Program

In 2024, AVD invited students from Daliangshan to the Company for a study tour activity. During the event, the Company shared its development history, product application fields, corporate culture, etc. with the students, and led them to visit workshops on-site, allowing the students to experience a different world of electronic technology.



Study Tour Program for Students from Daliangshan Region

Public Welfare & Charity

AVD actively undertakes corporate social responsibilities, enthusiastically participates in social welfare causes, and does its utmost to build a better community. While striving to grow and strengthen the Company, we remain true to our original aspirations and forge ahead, joining hands with all sectors of society to jointly create positive community relations and strive to make greater contributions to the development of human society and more strength to the progress of human civilization. During the reporting period, the Company's total social welfare investment reached 134,300.00 yuan; organized and carried out 3 volunteer service activities.

Moreover, the Company is deeply involved in local community construction and development. During the reporting period, the Company provided 12 employment opportunities to the local community, accounting for 15.80% of the Company's total positions.

Case Thailand Water Purification Facility Donation Project

In November 2024, AVD partnered with Xylem to donate and construct a water purification facility to a school in Thailand through the Planet Water Foundation, putting ESG development into practice. The water purification facility adopts the latest filtration technology to ensure safe drinking water for teachers and students, improve water quality and conserve water resources. The AV-Display team was fully involved in the facility installation and conducted supporting activities including hygiene knowledge education and stationery donations. As a practitioner of ESG principles, this initiative reflects AV-Display's commitment to social sustainable development while calling for more forces to participate in global sustainable development actions. Let us work together to create a better future and strive to realize the grand vision of "With AV-Display, for a Better Life."



Thailand Water Purification Facility Donation Project

Case Community Greening Project Sponsorship

In 2024, AVD donated 49,800.00 yuan to the Longgang District Charity Association for community greening improvement project construction.



Dawan Public Welfare Fund Donation
Certificate



Greening Effect Diagram

Case Spring Festival Care Activity

On the eve of the 2024 Spring Festival, the Company carried out a Spring Festival care initiative, organizing employees to visit rural areas and deliver daily necessities such as rice, cooking oil, and fruits to disadvantaged families. This activity reached 19 households across three counties/districts in Ganzhou. The Company will continue to carry out such activities in the future.



Case Volunteer Service Activities



ESG Themed Education Activity - Litter Picking for a Better Environment



2024 Yuanshan Street Volunteer Activity

Future Outlook

The year 2025 marks the conclusion of China's 14th Five-Year Plan and the preparation phase for the 15th Five-Year Plan. Facing new circumstances and challenges, AVD will steadfastly anchor its course toward sustainable development, steadily advancing Environmental, Social, and Governance (ESG) initiatives to deepen the integration and synergistic enhancement of economic and social benefits.

AVD will strictly comply with relevant laws, regulations, and normative documents, continuously optimize corporate policies and systems, improve corporate governance structures, strengthen internal control mechanisms and risk management frameworks, and solidify the governance foundation for the Company's stable growth. Simultaneously, the Company will deepen ESG integration, embedding ESG principles throughout corporate strategy and governance processes. We will refine ESG management frameworks, elevate governance standards, enhance oversight and evaluation of ESG performance, and ensure sustained progress along the path of sustainable development.

Environmental protection remains a top priority for AVD. We integrate green development concepts into daily production and operational activities. The Company has initiated green building certification for its Shenzhen industrial base, adopting cutting-edge green construction technologies and prioritizing high-performance, low-energy, recyclable building materials. Advanced energy-saving technologies will establish efficient energy systems, while green processes and intelligent controls will optimize indoor environments, creating modern production spaces that are eco-friendly, energy-efficient, and comfortable. The Company will increase environmental investments, introduce advanced technologies and equipment, optimize production processes to reduce per-unit energy consumption, and improve resource efficiency. We will strengthen waste reduction at source and enhance recycling systems, implementing comprehensive waste classification, treatment, and recovery to minimize emissions and maximize resource circularity. Aligning with national ecological civilization goals, the Company will actively participate in regional environmental initiatives, fulfill pollution prevention responsibilities, ensure compliance with emission standards, and explore effective carbon reduction pathways to contribute to global climate action and achieve harmonious coexistence with nature.

Moving forward, AVD will remain true to its founding aspirations, upholding responsibilities with the highest sense of mission to meet stakeholder expectations. Guided by integrity and compliance, we will drive innovation as our core growth engine, increasing R&D investments to deliver superior, efficient, and intelligent products through rigorous lifecycle quality management. Talent development remains central to our strategy, we will refine training and career progression systems, foster equitable and diverse growth opportunities, and cultivate environments where employees and the Company thrive together. Through proactive social engagement and philanthropic programs, we will amplify our contributions to societal well-being. These concerted efforts will fully embody our ESG commitments, propel sustainable progress, and help build a brighter future.

Indicator Index Table

Report Section		Global Reporting Initiative (GRI) Standards	China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0)	Self-Regulatory Guidelines for Listed Companies No. 17 – Sustainability Reporting (Trial)
About This Report		2-2/2-3	P1.1/P1.2	Article 4 Article 6
Chairman's Message		/	P2.1	/
Glance at AV-Display	Company Profile	2-1	P3.1/P3.3	/
	Development Strategy	/	P3.2	/
	Corporate Culture	/	P3.2	/
	Milestones	/	P3.4	/
	Honors	/	/	/
	ESG Ratings	/	/	/
	Performance in 2024	201-1	A2	/
ESG Management	ESG Goals & Vision	/	G1.1.11	/
	ESG Governance	2-14/2-17	G1.1.1/G1.1.2/G1.1.3	Article 12
	Stakeholder Engagement	2-16/2-29	G1.3.2	Article 9 Article 53
	Management of Key Issues	2-29/3-1/3-2/3-3	G1.1.9	Article 5
Steadfast Operations: Strengthening Governance Efficacy	Standardization of Corporate Governance	2-9/2-10/2-11/2-12/2-13/2-15/2-18/2-19/207-2	/	/
	Investors' Rights and Interests Protection	2-16	/	Article 53
	Maintaining of Integrity and Clean Governance	2-25/2-27/205-2/205-3/206-1/417-1	G2.1.1/G2.1.2/G2.1.3/G2.1.4/G2.1.6/G2.1.7/G2.1.8/G2.2.1/G2.2.2/G2.2.3	Articles 54-56
Green Development, Promoting Harmonious Coexistence	Climate Action	201-2/305-1/305-2/305-3/305-4	E1.1.1/E1.1.2/E1.1.3/E1.1.4/E1.1.5/E1.1.6/E1.1.7/E1.1.8/E1.1.9/E1.1.14/E1.1.16/E1.1.19	Article 11 Articles 20-24 Articles 26-28

Report Section		Global Reporting Initiative (GRI) Standards	China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0)	Self-Regulatory Guidelines for Listed Companies No. 17 – Sustainability Reporting (Trial)
Green Development, Promoting Harmonious Coexistence	Environmental Compliance Management	303-2/306-1/306-2/306-3/306-5	E2.1.1/E2.1.2/E2.1.3/E2.1.5/E2.1.6/E2.1.8/E2.1.9/E2.2.1/E2.2.3/E2.2.5/E2.2.6/E2.2.7/E2.4.1/E2.4.2/E2.4.3/E2.4.4	Article 11 Articles 29-31 Article 33
	Resource Management	302-1/302-3/302-4/303-5	E3.1.1/E3.1.4/E3.1.5/E3.2.1/E3.2.3/E3.2.4/E3.3.1/E3.3.2/E3.3.4	Article 11 Articles 34-37
Unwavering Execution: Creating a Paradigm of Value	Innovation as the Driver	/	S2.1.1/S2.1.2/S2.1.3/S2.1.4/S2.1.5/S2.1.6/S2.1.7/S2.1.8/S2.1.10/S2.1.11/S2.1.12/S2.1.13	Article 11 Article 42
	Supply Chain Management	2-6/308-1/308-2/414-1/414-2	S3.1.1/S3.1.2/S3.1.3/S3.1.4	Article 11 Article 45
	Product and Service Safety & Quality	416-1	S3.3.1/S3.3.2/S3.3.4/S3.3.5/S3.3.6	Article 11 Article 47
	Data Security and Privacy Protection	418-1	S3.4.1/S3.4.2/S3.4.4	Article 48
Valuing Talent, Empowering Employee Growth	Occupational Health and Safety	403-1/403-2/403-3/403-4/403-5/403-6/403-7/403-8/403-9/403-10	S4.2.1/S4.2.2/S4.2.3/S4.2.4/S4.2.5/S4.2.6	Article 11 Articles 49-50
	Protecting Employees' Legitimate Rights and Interests	2-7/201-3/401-1/401-2/401-3/405-1/406-1/408-1/409-1	S4.1.1/S4.1.2/S4.1.3/S4.1.4/S4.1.5/S4.1.6/S4.1.7/S4.1.8/S4.1.9/S4.1.10/S4.1.11/S4.1.12	Articles 49-50
	Employee Training and Development	404-2	S4.3.1/S4.3.2/S4.3.3/S4.3.4/S4.3.5/S4.3.6	Articles 49-50
	Rural Revitalization	203-1/203-2	S1.1.2/S1.1.4	Articles 38-39
Commitment to Goodness: Courageously Shouldering Social Responsibility	Public Welfare&Charity	203-1/203-2	S1.2.1/S1.2.2/S1.2.5/S1.2.6	Article 38 Article 40
Future Outlook		/	A1	/
Appendix	Indicator Index Table	/	A3	Article 57
	Feedback Form	/	A6	/

Feedback Form

Thank you for reading the *AV-Display Co., Ltd. 2024 Environmental, Social, and Governance (ESG) Report*. To enhance our ESG performance, strengthen sustainable development capabilities, and improve communication with stakeholders, we sincerely invite your valuable feedback and suggestions on our initiatives and this report.

Contact: Securities Affairs Department

Address: No. 39 Jinyuan Road, He'ao, Yuanshan Subdistrict, Longgang District, Shenzhen

E-mail: qiutw@av-display.com

Your Information

Name: _____

Phone: _____

Organization: _____

Email: _____

Multiple Choice (Please tick ✓ the appropriate option)

1. Your overall evaluation of AV-Display Co., Ltd.'s 2024 ESG Report:

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

2. How do you assess AV-Display Co., Ltd.'s performance in customer service?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

3. How do you assess AV-Display Co., Ltd.'s performance in technological innovation?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

4. How do you assess AV-Display Co., Ltd.'s performance in corporate governance?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

5. How do you assess AV-Display Co., Ltd.'s performance in workforce development?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

6. How do you assess AV-Display Co., Ltd.'s performance in social responsibility?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

7. How do you assess AV-Display Co., Ltd.'s performance in environmental protection?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

8. How do you assess AV-Display Co., Ltd.'s performance in sustainable supply chain management?

☐ Excellent ☐ Average ☐ Needs Improvement ☐ Not Familiar

9. Additional comments/suggestions on AV-Display Co., Ltd.'s ESG efforts: