

Stock Code: 300939



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# 2025

## Environmental, Social and Governance (ESG) Report

Shenzhen AV-Display Co., Ltd.

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# Report Preface

## About This Report

### Report Introduction

This report is the third 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 2025.

### Reporting Scope

**Timeframe:** The report covers the period from January 1, 2025, to December 31, 2025. 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, please refer to the *2025 Annual Report of Shenzhen AV-Display Co., Ltd.*).

### Release Cycle

This 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)
- China Enterprise Sustainability Reporting Guide (CASS-ESG 6.0) by the China Enterprise Reform and Development Research Association
- Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)
- Sustainable Development Goals (SDGs) of the United Nations
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Sustainability Accounting Standards Board (SASB) Standards

### Data Sources

The financial data in this report is extracted from the *2025 Annual Report of Shenzhen AV-Display Co., Ltd.* Other information and data are sourced from statistical summaries from the Company's relevant departments or public documents. The 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
Beijing AVD	Beijing AV-Display Technology Co., Ltd
Ruidisheng	Shenzhen Ruidisheng Technology Co., Ltd

### Report Access and Feedback

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 website of the Shenzhen Stock Exchange (<http://www.szse.cn/>), CNINFO (<http://www.cninfo.com.cn/>), and the official website of 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 Shareholders, Partners, Employees, and Friends from All Walks of Life:

Welcome to the *2025 Environmental, Social and Governance (ESG) Report* of Shenzhen AV-Display Co., Ltd. On the occasion of this report's release, I would like to extend, on behalf of the Board of Directors, our sincere gratitude to all parties who have long cared for, supported, and accompanied AVD's development. It is your trust and partnership that have provided lasting momentum for AVD's long-term growth.

In 2025, the global economic landscape is complex and volatile, with a marked increase in uncertainties. The wave of artificial intelligence is surging forward, profoundly reshaping the pathways of industrial upgrading and the models of corporate development. Sustainable development has become a core imperative and an inescapable responsibility for high-quality corporate growth. As a public company and a responsible corporate citizen, AVD adheres steadfastly to a long-termism approach, deeply integrating ESG principles into its strategic planning and full-spectrum operations. It proactively embraces the trends in AI technology, exploring a synergistic development model of "ESG-led + AI-empowered" growth. By leveraging innovation-driven strategies, green transformation, and AI-enabled synergies, AVD continuously strengthens its foundation for sustainable development, steadily enhances its core competitiveness and capacity for long-term sustainability, fulfills its corporate social responsibilities through concrete actions, and contributes to the advancement of ecological civilization and the comprehensive green transformation of the economy and society.

### Environmental Responsibility: Green and Low-Carbon, Protecting Our Planet

Environmental protection is a crucial cornerstone of corporate sustainable development. In 2025, the Company adhered to the principles of green manufacturing and low-carbon operations, continuously increasing investment in green technology R&D, optimizing production processes and energy management systems, improving resource utilization efficiency, and promoting the application of renewable energy to provide the market with more environmentally friendly products and solutions. Actively responding to global climate governance initiatives, and based on its business realities, the Company established quantifiable and executable carbon neutrality goals, systematically advanced climate change response and management, continuously enhanced climate resilience, and contributed its corporate strength to the construction of a Beautiful China and global ecological protection.

### Social Responsibility: People-Oriented, Creating Shared Value

Corporate growth is rooted in social progress, industrial prosperity, and employee dedication. The Company always adheres to a people-oriented philosophy, regarding employees as its most valuable asset. It is committed to creating an equal, inclusive, and diverse career development platform, providing employees with fair development opportunities and comprehensive growth support. In 2025, the Company successfully implemented an Employee Stock Ownership Plan, further refining the long-term incentive and restraint mechanism to achieve shared interests, risk-sharing, and mutual growth between employees and the Company. Simultaneously, the Company actively fulfills its social responsibilities by giving back to society through public donations, consumption assistance, volunteer services, and other forms. It insists on synergizing economic and social benefits, promoting the benefits of development to more stakeholders.

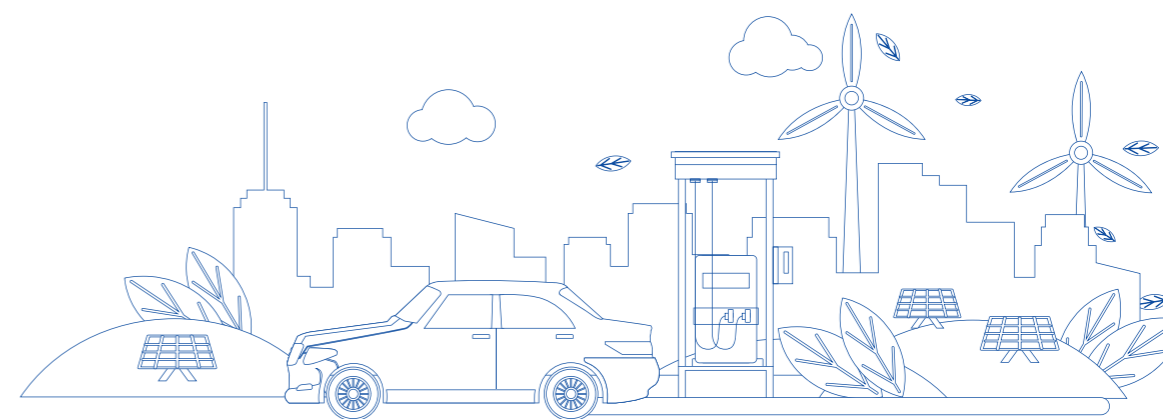
### Governance Responsibility: Compliance and Transparency, Safeguarding Long-Term Value

Standardized and efficient corporate governance is the fundamental guarantee for the Company's steady and long-term progress. The Company always adheres to the principles of compliance, transparency, integrity, and efficiency, continuously improving its governance structure and internal control system, strengthening risk prevention and decision-making scientificity to ensure stable operations in a complex market environment. In 2025, the Company formulated and implemented a series of systems, including the *Management System for Resignation of Directors and Senior Management*, *Management System for Disclosure Suspension and Exemption*, *Internal Review System for Information Release and Reply on the Interactive Easy Platform*, and *Market Value Management System*, further enhancing the standardization and refinement of governance. The Company places great emphasis on protecting shareholders' rights and interests, focusing on its core business, improving quality, and continuously optimizing returns to investors. Based on truthful, accurate, complete, timely, and fair information disclosure, it continuously improves the quality and efficiency of investor relations management, enhancing the capital market's value recognition of and long-term confidence in the Company.

### Looking Ahead: Responsibility Leads to Long-Term Success, Acting for Good

The road ahead is long and arduous, but with sustained actions, we will reach our destination. Perseverance leads to a promising future. In 2026, AVD will continue to uphold its corporate mission: "Presenting the world, restoring the truth; connecting things and creating value." It will persistently embrace the wave of AI development, explore scenario-based applications of AI technology in production, R&D, management, and other areas, empower sustainable development with intelligent innovation, and deepen ESG governance and practices with higher standards and more concrete measures, transforming responsible competitiveness into a long-term development advantage. We are willing to work hand in hand with all stakeholders, united in heart and mind, using responsibility as an anchor, innovation as a sail, and intelligence as wings, to jointly build a more resilient and inclusive sustainable future!

Chairman of AVD, Huang Zhiyi



# Glance at AVD

## Company Profile

### Corporate 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 (construction of the production base in Thailand is proceeding smoothly), 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)

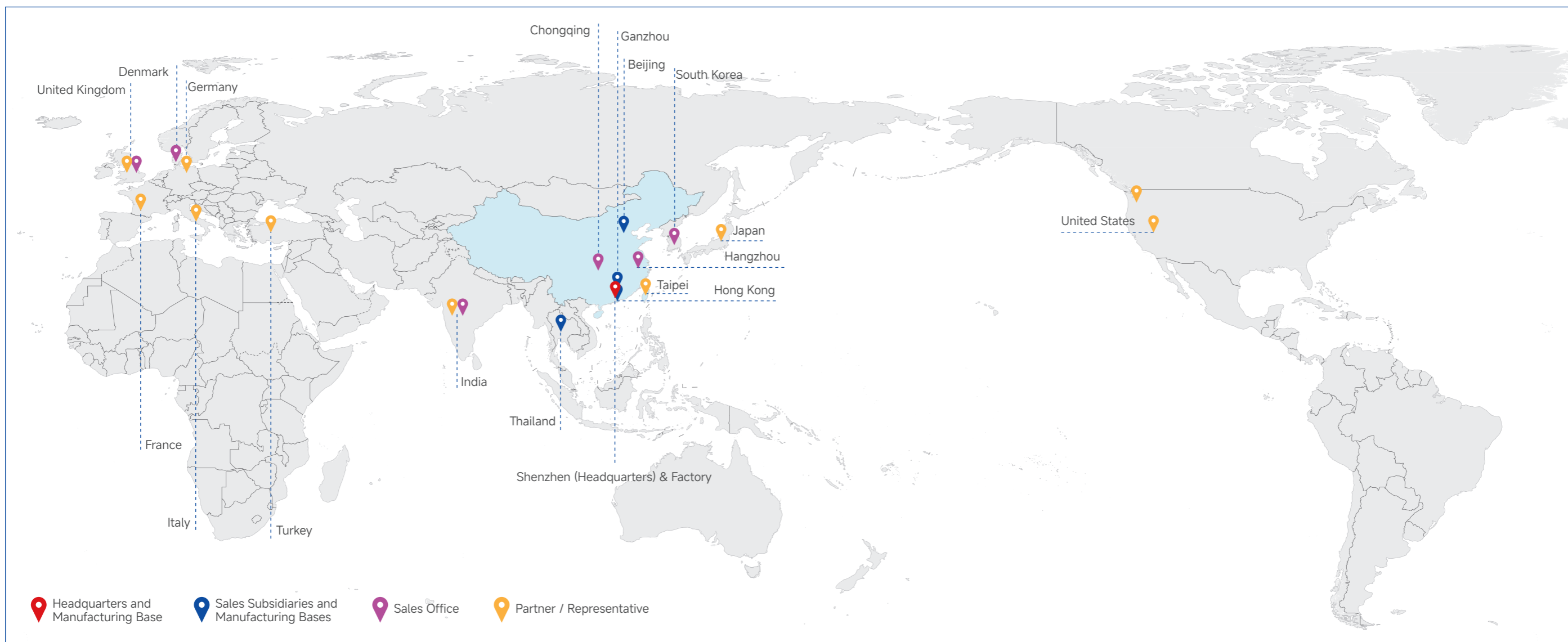
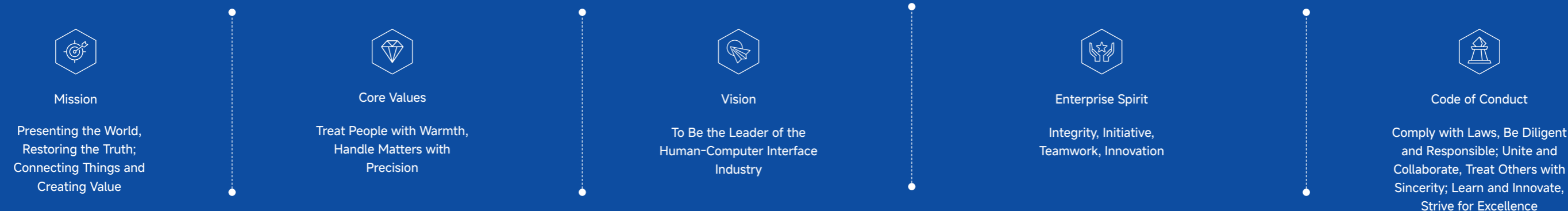


Thailand Production Base (Under Construction)

### Product Introduction

Product Type	Product Description	Product Application Diagram	Application Fields
Monochrome LCD	A flat, ultra-thin monochrome display device that uses voltage to drive liquid crystal molecules, changing their alignment state to produce display images.		Various fields including industrial control and automation, IoT and smart living, medical health, automotive electronics
Monochrome LCM	Composed of a monochrome LCD, supporting components, and other electronic parts, enabling monochrome graphic display.		
Color LCM	Composed of a color LCD, supporting components, and other electronic parts, enabling color graphic display.		
Capacitive Touch Panel	A human-machine interaction device that uses the capacitive sensing between the human body and the touch screen for positioning, enabling display and information input/output.		

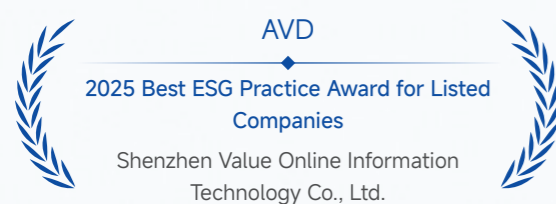
## Corporate Culture



Milestones

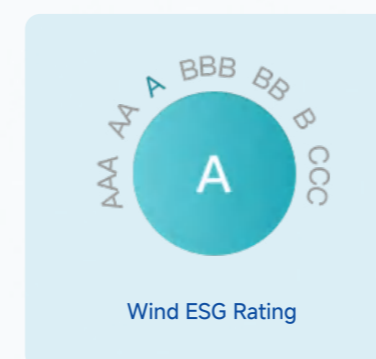


## Partial Corporate Honors in 2025



## ESG Ratings

In 2025, 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. As of public data from April 2026, the Company received a Wind ESG rating of A (30th/508), a SynTao Green Finance ESG rating of A, and a Huazheng ESG rating of AA.



## 2025 Performance Highlights

### Economic Performance



Operating Income	Net Profit Attributable to Parent Company
<b>129,178.81</b> RMB 10,000	<b>7,969.68</b> RMB 10,000
Basic Earnings per Share	Total Assets
<b>0.67</b> RMB/share	<b>192,386.37</b> RMB 10,000
Total Taxes Paid	
<b>2,983.38</b> RMB 10,000	

### Corporate Governance Performance



Number of Shareholders' Meetings Held	Number of Board of Directors Meetings Held
<b>2</b> Times	<b>4</b> Times
Proportion of Female Directors on the Board	Proportion of Independent Directors on the Board
<b>28.57</b> %	<b>42.86</b> %
Investor Communication Activities	Replies on Interactive Easy Platform
<b>11</b> Times	<b>141</b> Items
Anti-Bribery and Anti-Corruption Training Sessions	Anti-Monopoly Training Sessions
<b>2</b> Times	<b>2</b> Times
Employee Signing Rate of <i>Integrity and Self-Discipline Commitment Letter</i>	
<b>100</b> %	

### Environmental Performance



Investment in Environmental Facilities	Number of Environmental Emergency Drills Conducted
<b>350.94</b> RMB 10,000	<b>5</b> Times
Total Factory Electricity Consumption	Renewable Energy Generation
<b>3,856.61</b> 10,000 kWh	<b>25.44</b> 10,000 kWh
Total Greenhouse Gas Emissions	Reclaimed Water Reuse Volume
<b>196,627.18</b> tCO <sub>2</sub> e	<b>4.20</b> 10,000 tons
Reclaimed Water Recovery Efficiency	Waste Recycling and Reuse Proportion
<b>68.21</b> %	<b>72.16</b> %

### Social Performance








R&D Investment	Number of Granted Patents Owned
<b>9,409.32</b> RMB 10,000	<b>155</b> Items
Data Security Investment	Total Number of Employees
<b>91.65</b> RMB 10,000	<b>2,484</b> Persons
Number of Female Employees	Employee Benefits Coverage Rate
<b>1,221</b> Persons	<b>100</b> %
Safety Hazard Rectification Rate	Number of Safety Emergency Drill Sessions Conducted
<b>100</b> %	<b>23</b> Sessions

# ESG Management

## ESG Goals and Vision

AVD actively implements the new development philosophy of innovation, coordination, green, openness, and sharing, integrating it into all areas and processes of its business operations. While fulfilling social responsibilities and contributing to society, the Company steadily promotes environmentally friendly development, taking concrete actions to help achieve the United Nations Sustainable Development Goals (SDGs).

Focus Areas	Corresponds to the Following Titles	AVD 2025 Initiatives	SDGs
Corporate Governance	Deepening Governance: Laying a Solid Foundation for Development	The Company continuously improves its governance structure and operating mechanisms, strengthens compliance risk management and internal control system construction; values investor rights protection, communicates with investors through multiple channels; strictly fulfills information disclosure obligations, protecting the legitimate rights and interests of minority shareholders.	
Sustainable Manufacturing	Green Innovation: Painting an Ecological Picture	The Company actively responds to the "dual carbon" strategy, orderly carries out carbon inventory and carbon footprint certification work, systematically manages climate risks and seizes climate opportunities; promotes the substitution of fossil fuels with renewable energy, explores green packaging solutions, improves energy and resource utilization efficiency, and implements the concept of circular economy; steadily upgrades pollution prevention facilities and promotes environmental protection technologies; systematically promote the protection and management of biodiversity throughout the entire process, from site selection and layout, project construction to daily operation.	   

Focus Areas	Corresponds to the Following Titles	AVD 2025 Initiatives	SDGs
	Meticulous Efforts: Forging Quality Benchmarks	The Company continuously strengthens its own innovation and R&D capabilities, building a comprehensive talent support mechanism and technological innovation system; constructs a sustainable supply chain, incorporating sustainability content into supplier audits; implements strict full lifecycle quality management for products, continuously improves the after-sales service management system; strengthens the information security management system to safeguard the privacy of the Company and its customers.	  
Social Responsibility	Unite as One: Empower Talent Growth	The Company establishes an incentive-based compensation mechanism, safeguards employees' rights to democratic communication, strengthens rights protection and humanistic care; builds a comprehensive training and development system to create a learning organization; continuously optimizes the EHS management system to comprehensively build a strong line of defense for employee occupational health and safety.	    
	Public Welfare: United Hearts for Goodness	The Company actively assumes social responsibility, promoting rural revitalization through consumption assistance, educational support, and other means; joins hands with all sectors of society to jointly foster good community relations.	  

# ESG Governance

## Governance Framework

To further strengthen the Company's social responsibility management, promote sustainable economic, social, and environmental development, and actively fulfill ESG responsibilities, AVD optimized its ESG management system during the Reporting Period, revised the *Environmental, Social and Governance (ESG) Management System*, and established a top-down ESG governance structure with clear rights and responsibilities.

AVD ESG Governance Framework and Responsibilities

Levels	Governing Body	Responsibilities
<p>Decision-making Level</p>	Board of Directors	Responsible for determining the Company's ESG strategy objectives, reviewing and approving the ESG Management System, and evaluating ESG Reports and significant ESG-related matters.
<p>Management Level</p>	Strategy and ESG Committee	Responsible for coordinating internal and external ESG-related efforts, researching laws, regulations, policies, and material ESG issues applicable to the Company, identifying and managing ESG-related risks and opportunities with significant impacts on business operations, and guiding the daily implementation of ESG initiatives as well as the preparation of ESG reports.
<p>Execution Level</p>	ESG Special Task Force	The ESG Special Task Force is divided into the ESG Leadership Team and the ESG Execution Team. Members of the ESG Leadership Team are the Chairman, General Manager, and Board Secretary; members of the ESG Execution Team are appointed or invited by the ESG Leadership Team, primarily heads of relevant functional departments of the Company and its subsidiaries. The ESG Special Task Force assumes primary responsibility within its scope of duties, responsible for implementing ESG tasks according to the Company's overall plan and regularly reporting on execution status.

## ESG Performance Evaluation Mechanism

To further implement the ESG development concept and establish a scientific and effective incentive and restraint mechanism, the Company formulated the *Compensation Management System for Directors and Senior Management*, incorporating ESG indicators (including production safety, product quality, business ethics, anti-corruption, etc.) into the performance evaluation system for directors and senior management, linking them to compensation determination, distribution, and adjustments.

## Risk Management

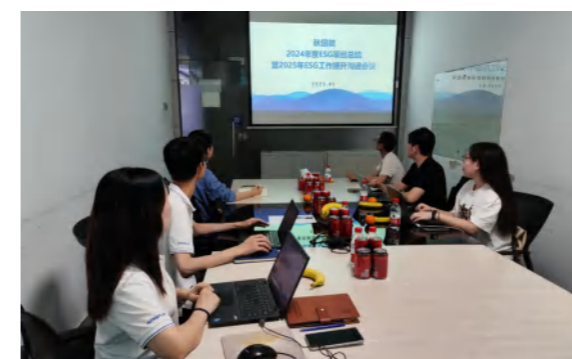
AVD formulated the *Guidelines for Control Measures to Address Risks and Opportunities*, established a comprehensive risk and opportunity management system, simultaneously improved the internal control structure, comprehensively enhanced the Company's risk resistance capability, and ensured the stability and sustainability of business operations. Bench marking against the International Sustainability Standards Board (ISSB) IFRS S1, S2, and relevant domestic guidance requirements, the Company systematically identifies and assesses risks in areas such as environment, energy, carbon emissions, occupational health and safety, labor ethics, and social responsibility, develops specific risk response measures, continuously monitors implementation progress, regularly evaluates the effectiveness of risk management, and reports to management. The Board of Directors, as the top-level core for ESG risk management, promotes the deep integration and synergistic implementation of risk management and corporate sustainability.

## Due Diligence

The Company attaches great importance to the identification and management of ESG risks, striving to deeply integrate the concept of sustainable development into the entire process of business operations and value creation. In key areas such as supply chain management and major collaborations, we proactively assess the performance and potential risks of relevant parties in areas including energy conservation and emission reduction, the use of conflict minerals, protection of labor rights, occupational health and safety, and integrity and compliance. Through these efforts, we continuously enhance our overall risk resilience and work together with all stakeholders to build a responsible, transparent, and long-term resilient sustainable development ecosystem.

## ESG Training

AVD consistently regards ESG professional capability building as a core support for high-quality development. During the Reporting Period, the Company invited third-party experts to conduct ESG-specific training for management and employees from various departments, comprehensively reviewed the achievements and shortcomings of ESG work in 2024, identified priorities and improvement paths for ESG work in 2025, helped relevant teams enhance ESG management efficiency, and promoted the deep integration of sustainable development concepts into all aspects of business operations. In 2025, the Company conducted 2 ESG training sessions, covering 29 participants.



2024 ESG Project Summary and 2025 Work Improvement Meeting



2025 ESG Report Project Kick-Off Meeting

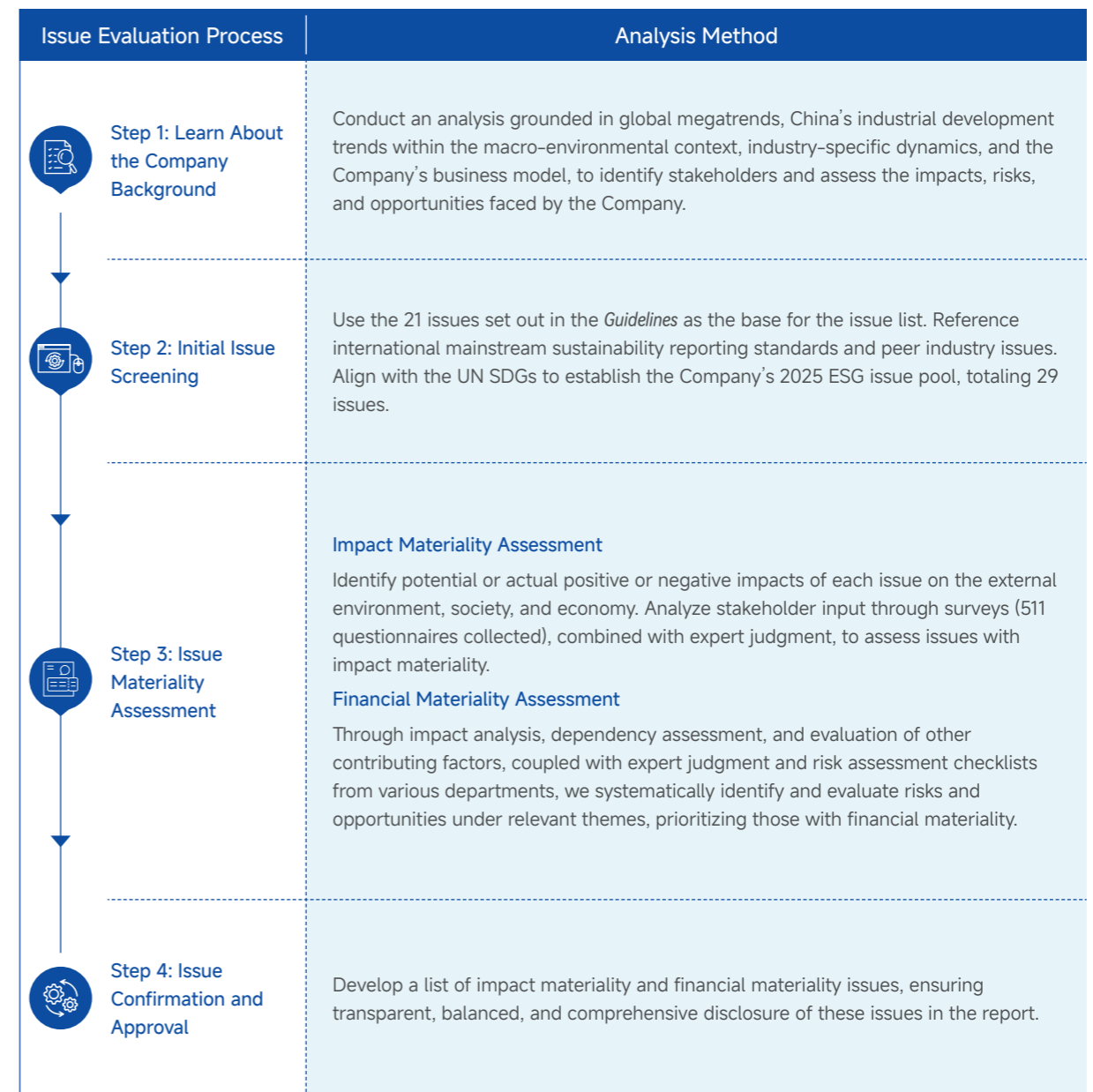
## Communication with Stakeholders

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.

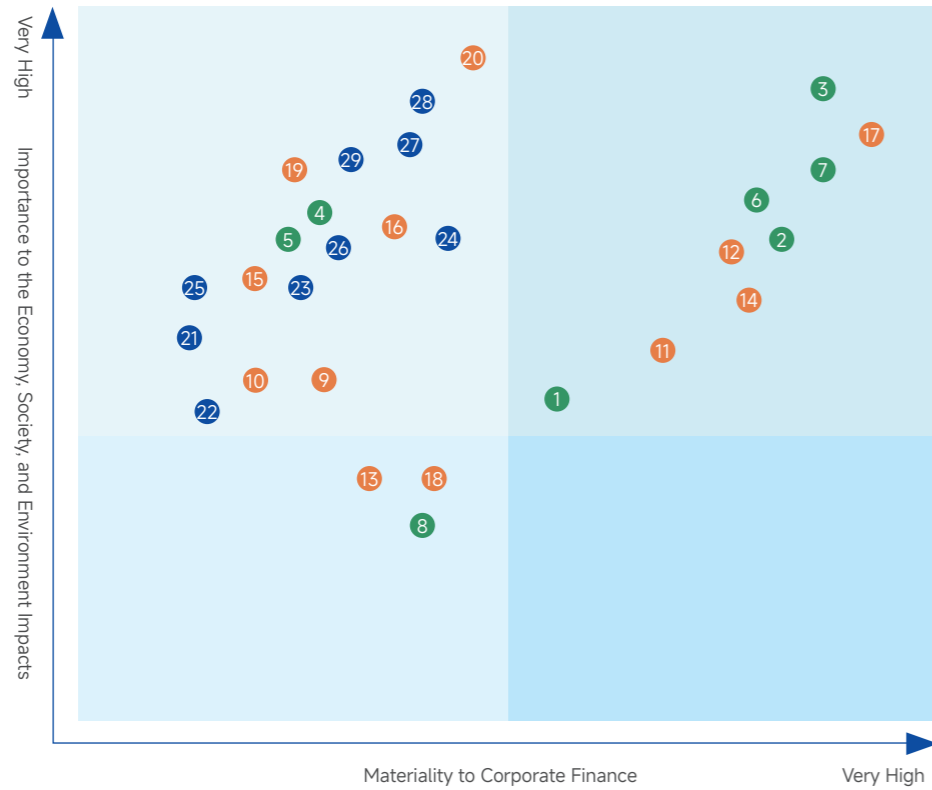
Stakeholders	Communication Channels and Frequency	Expectations and Requests	Our Response
<p><b>Government and Regulatory Authorities</b></p>	<ul style="list-style-type: none"> <li>Daily Communication (Non-scheduled)</li> <li>On-Site Visits (Non-scheduled)</li> <li>Work Reports (Non-scheduled)</li> <li>Information Disclosure (Non-scheduled)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance Regulation</li> <li>Compliance and Risk Management</li> <li>Tax Compliance</li> <li>Anti-Bribery and Anti-Corruption</li> <li>Environmental Compliance Management</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance Regulation</li> <li>Maintaining Integrity and Clean Governance</li> <li>Promoting Energy Conservation and Emission Reduction</li> </ul>
<p><b>Shareholders and Investors</b></p>	<ul style="list-style-type: none"> <li>Interactive Easy Platform (Real-time)</li> <li>Investor Hotline</li> <li>Email (Real-time)</li> <li>Performance Briefing (Annual)</li> <li>Online Collective Reception Day for Investors (Annual)</li> <li>On-Site Research Receptions (Non-scheduled)</li> </ul>	<ul style="list-style-type: none"> <li>Protecting Shareholders' Rights and Interests</li> <li>Anti-Bribery and Anti-Corruption</li> <li>Stakeholder Engagement</li> <li>R&amp;D and Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Engagement</li> <li>Investors' Rights and Interests Protection</li> <li>Encouraging R&amp;D and Innovation</li> <li>R&amp;D Platform Development</li> </ul>
<p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Employee Representative Congress (Non-scheduled)</li> <li>Official WeChat Account (Non-scheduled)</li> <li>Employee Suggestion Box (Real-time)</li> <li>General Manager Mailbox (Real-time)</li> <li>Employee Communication Meetings (Non-scheduled)</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Production Safety</li> <li>Employee Training and Development</li> <li>Protection of Employees' Legitimate Rights and Interests</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health Protection</li> <li>Employee Rights Protection</li> <li>Compensation and Benefits Management</li> <li>Employee Training Management</li> <li>Employee Career Development Pathways</li> <li>Strengthening Democratic Management and Employee Care</li> </ul>
<p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>After-Sales Service (Non-scheduled)</li> <li>Satisfaction Surveys (Annual)</li> <li>Company Website and Email (Non-scheduled)</li> <li>Official WeChat Account (Non-scheduled)</li> </ul>	<ul style="list-style-type: none"> <li>Data Security and Privacy Protection</li> <li>Product and Service Safety and Quality</li> </ul>	<ul style="list-style-type: none"> <li>Information Security Management</li> <li>Product Quality Management</li> <li>Customer Service Management</li> </ul>
<p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>Daily Communication (Non-scheduled)</li> <li>Specialized Training (Annual)</li> <li>Service Hotline (Real-time)</li> <li>Email (Real-time)</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Security</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Responsible Procurement</li> <li>Conflict Minerals Management</li> </ul>
<p><b>Communities</b></p>	<ul style="list-style-type: none"> <li>Public Welfare and Charity Activities (Annual)</li> <li>Volunteer Services (Non-scheduled)</li> <li>Cultural Exchanges (Non-scheduled)</li> <li>Paired Assistance (Non-scheduled)</li> </ul>	<ul style="list-style-type: none"> <li>Rural Revitalization</li> <li>Social Contribution</li> </ul>	<ul style="list-style-type: none"> <li>Assisting in the Rural Revitalization of Partner Areas</li> <li>Participating in Social Welfare Activities</li> </ul>

## Management of Key Issues

The Company has fully referenced *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainability Reporting (Trial)* (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:



AVD Materiality Matrix



Issues with Impact Materiality but No Financial Materiality  
 Issues with both Financial and Impact Materiality  
 Issues with neither Financial nor Impact Materiality  
 Issues with Financial Materiality but No Impact Materiality

- |   |  |   |
|---|--|---|
| <ul style="list-style-type: none"> <li>① Environmental Compliance Management</li> <li>② Energy Utilization</li> <li>③ Response to Climate Change</li> <li>④ Circular Economy</li> <li>⑤ Water Resource Utilization</li> <li>⑥ Pollutant Emissions</li> <li>⑦ Waste Management</li> <li>⑧ Ecosystem and Biodiversity Conservation</li> </ul> | <ul style="list-style-type: none"> <li>⑨ Protection of Employees' Legitimate Rights and Interests</li> <li>⑩ Employee Training and Development</li> <li>⑪ Occupational Health and Safety</li> <li>⑫ Innovation as the Driver</li> <li>⑬ Technology Ethics</li> <li>⑭ Product Safety and Quality</li> <li>⑮ Customer Rights Protection</li> <li>⑯ Information Security and Privacy Protection</li> <li>⑰ Responsible Supply Chain Management</li> <li>⑱ Equal Treatment of Small and Medium-Sized Enterprises</li> <li>⑲ Social Contribution</li> <li>⑳ Rural Revitalization</li> </ul> | <ul style="list-style-type: none"> <li>㉑ Protection of Shareholders' Rights and Interests</li> <li>㉒ Regulation of Corporate Governance</li> <li>㉓ Anti-Bribery and Anti-Corruption</li> <li>㉔ Anti-Unfair Competition</li> <li>㉕ Tax Compliance</li> <li>㉖ Risk Management</li> <li>㉗ Due Diligence</li> <li>㉘ Communications with Stakeholders</li> <li>㉙ ESG Governance</li> </ul> |
|---|--|---|

AVD Material Issue Identification List

Materiality Description	Issues		
	Environmental Dimension	Social Dimension	Governance Dimension
Issues with both Financial and Impact Materiality	Response to Climate Change Environmental Compliance Management Energy Utilization Pollutant Emissions Waste Management	Occupational Health and Safety Innovation as the Driver Product Safety and Quality Responsible Supply Chain Management	/
Issues with Financial Materiality but No Impact Materiality	/	/	/
Issues with Impact Materiality but No Financial Materiality	Water Resource Utilization Circular Economy	Protection of Employees' Legitimate Rights and Interests Employee Training and Development Customer Rights Protection Information Security and Privacy Protection Social Contribution Rural Revitalization	Protection of Shareholders' Rights and Interests Regulation of Corporate Governance Anti-Bribery and Anti-Corruption Anti-Unfair Competition Tax Compliance Risk Management Due Diligence Communications with Stakeholders ESG Governance
Issues with neither Financial nor Impact Materiality	Ecosystem and Biodiversity Conservation	Technology Ethics Equal Treatment of Small and Medium-Sized Enterprises	/

# 01

## Deepening Governance: Laying a Solid Foundation for Development

### Our Philosophy

AVD is committed to establishing a governance system with clear rights and responsibilities and standardized operations. With a scientific and rational structure, we clarify the roles and responsibilities of the Board of Directors, management, and various special committees to ensure efficient decision-making and effective execution. We continuously improve internal control and risk management mechanisms, value investor relations management, always uphold the principle of integrity in operations, adhere to business ethics and laws and regulations, and steadily advance towards sustainable, high-quality development goals.

### Our Actions

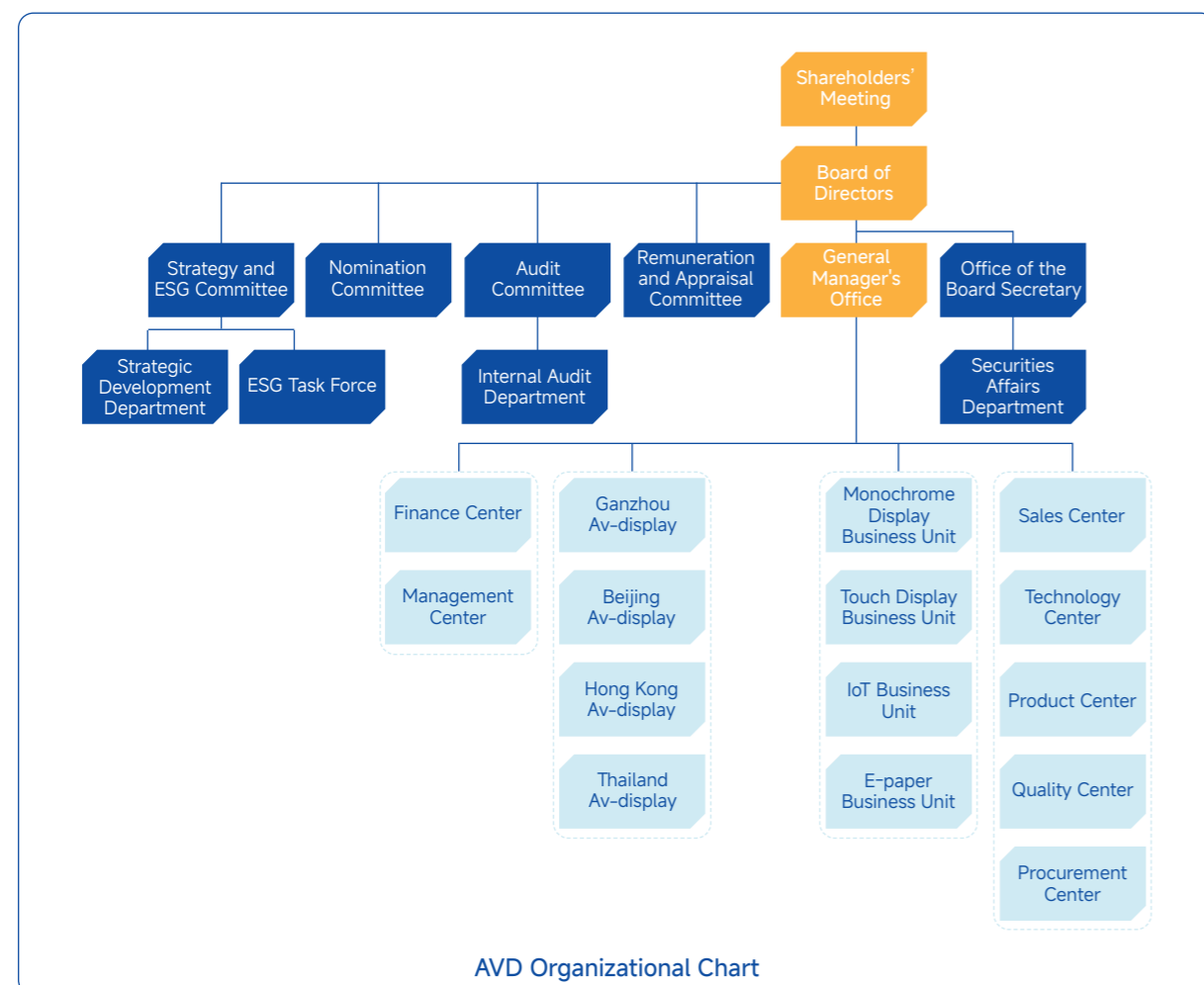
Corporate Governance Regulation, Strengthening Internal Control, Managing Related-Party Transactions, Investors' Rights and Interests Protection, Upholding Business Ethics



# Corporate Governance Regulation

## Governance Framework

AVD strictly complies with the requirements of the *Company Law of the People's Republic of China* (hereinafter referred to as the *Company Law*), the *Securities Law of the People's Republic of China* (hereinafter referred to as the *Securities Law*), the *Shenzhen Stock Exchange Listing Rules*, and other relevant laws and regulations. It has formulated the *Articles of Association of Shenzhen AV-Display Co., Ltd.* (hereinafter referred to as the *Articles of Association*) and established a governance structure with the Shareholders' Meeting as the supreme authority, the Board of Directors as the decision-making body, and Senior Management as the executive body. The Company continuously improves its governance structure, refines its internal control system, and enhances its level of standardized operation and governance efficiency.



## Operating Mechanism

### Shareholders' Meeting

The Company strictly adheres to the relevant provisions of the *Company Law*, the *Rules for Shareholders' Meetings of Listed Companies*, and the *Articles of Association*, formulating and implementing the *Rules of Procedure for Shareholders' Meetings*. The Company convenes annual and extraordinary shareholders' meetings in accordance with regulations. The meeting notification, proposal review, and voting procedures strictly follow established rules. The Company provides shareholders with both on-site and online voting channels. For major matters affecting the interests of minority investors, the Company counts the votes of minority investors separately and promptly discloses the results, effectively safeguarding their participation and voting rights.

### Key Performance

During the Reporting Period, the Company convened **2** shareholders' meetings, including **1** annual meeting and **1** extraordinary meeting, reviewing and approving **17** proposals.

### Board of Directors

The Company strictly convenes Board of Directors meetings in accordance with the *Articles of Association* and the *Rules of Procedure for the Board of Directors*, regulating the internal structure, deliberation, and decision-making procedures to ensure efficient and orderly operation of the Board. During the Reporting Period, directors diligently fulfilled their duties, attended Board meetings on time, and safeguarded the legitimate rights and interests of the Company and all shareholders. The Board has four special committees: the Strategy and ESG Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each committee performs its duties in accordance with the *Working Rules for the Special Committees of the Board of Directors*, providing professional support for the Board's decision-making. The Company no longer has a Supervisory Board, and the Audit Committee exercises the powers of the Supervisory Board as stipulated in the *Company Law*.

### Diversity

When electing Board members, the Company comprehensively considers factors such as gender, age, educational background, professional experience, and skills. The Board consists of 7 directors, including 1 newly added employee representative director. Currently, there are 2 female directors, accounting for 28.57%. Each Board member possesses extensive work experience and diverse professional backgrounds, covering skills in applied chemistry, fine chemicals, electrical engineering, English, electronic engineering, law, financial management, etc., providing support and assurance for the Company's decision-making.

## Independence

The Company emphasizes the independence of the Board and has formulated the *Working System for Independent Directors*. Independent directors do not hold any positions in the Company other than directors and members of Board committees. They independently perform their duties, playing roles in participating in decision-making, supervision and balance, and professional consultation within the Board, to safeguard the overall interests of the Company and protect the legitimate rights and interests of minority shareholders. To ensure the performance of independent directors' duties, the Company formulated the *Working System for Independent Directors' Special Meetings*, providing convenience and support for convening such meetings. As of the end of the Reporting Period, the Company had 3 independent directors, accounting for 42.86% of the Board.

### Key Performance

During the Reporting Period, the Company held **4** Board meetings, reviewing **36** proposals with a **100%** attendance rate; held **2** Independent Director Special Meetings, reviewing **3** proposals; the Strategy and ESG Committee held **4** meetings, reviewing **8** proposals; the Nomination Committee held **0** meetings, reviewing **0** proposals; the Audit Committee held **5** meetings, reviewing **18** proposals; the Remuneration and Appraisal Committee held **3** meetings, reviewing **5** proposals.



## Remuneration Management

The Company's Board has a Remuneration and Appraisal Committee. Based on the Company's actual operating conditions, and referencing the remuneration levels for similar positions in listed companies in the same region and industry, the Committee formulates and reviews remuneration policies and plans for directors and senior management according to their positions, duties, and scope of work. It annually reviews the performance of directors and senior management in fulfilling their duties, conducts annual performance evaluations, drafts the annual remuneration plan and further reward/punishment plans based on evaluation results, submits them to the Board for review, and supervises the implementation of these plans. During the Reporting Period, the Company organized relevant meetings to review and approve the *Remuneration Plan for Directors, Supervisors, and Senior Management for 2025*, and also reviewed the compensation for directors, supervisors, and senior management for 2024.

To further improve the remuneration management for directors and senior management, implement the Environmental, Social and Governance (ESG) development concept, establish scientific and effective incentive and restraint mechanisms, maintain the stability of the core management team, effectively motivate the work enthusiasm of directors and senior management, and improve the Company's operational efficiency and management level, the Company formulated the *Compensation Management System for Directors and Senior Management* during the Reporting Period.

## Compliance Development

### Compliance Management

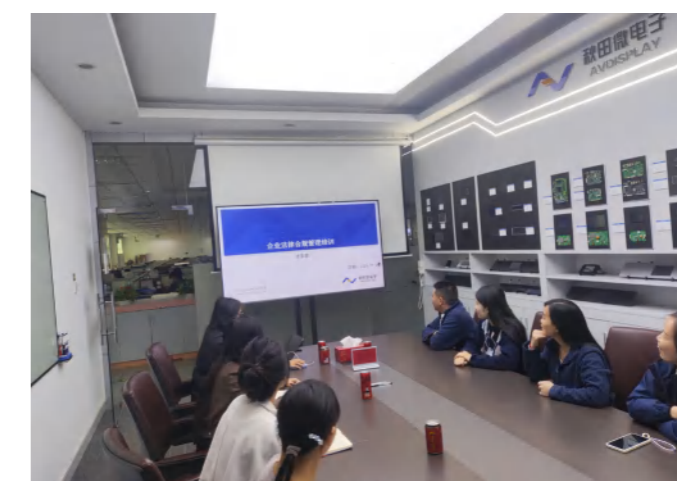
To ensure timely and accurate identification of applicable laws, regulations, and other requirements, corresponding internal implementation and monitoring, and evaluation of conformity, and to establish robust management systems for quality, environment, occupational health and safety, medical devices, HSF, ESD, intellectual property, RBA, and AEO, the Company formulated the *Compliance Obligations Control Procedure*.

The Company has established a clear division of compliance responsibilities: the Sales Center is responsible for customer requirements and business ethics-related regulations; the Product Department is responsible for product-related regulations and standards; the Technology Center is responsible for intellectual property regulations; the Quality Center is responsible for reviewing testing standards, quality, HSF, medical devices, and ESD regulations; the Human Resources Department is responsible for human rights/labor regulations; the Environmental Protection Office is responsible for environmental regulations; the Safety Office is responsible for occupational health and safety regulations; the Legal Department is responsible for contract and dispute resolution regulations; the Shipping Department is responsible for customs and import/export regulations; the Information Technology Department is responsible for information technology security regulations. Each department is responsible for converting relevant requirements into internal rules and supervising their implementation. The System Department, together with the Legal Department, is responsible for verification and assessment, and the General Manager's Office is responsible for approving compliance evaluation results.

Simultaneously, the Company uses regular compliance training as a core approach to guide all employees to deeply internalize compliance standards and externalize them in their actions, effectively promoting compliance requirements to become instinctive professional habits and behavioral guidelines, building a strong compliance defense for the Company's high-quality development.

### Case Study Corporate Legal Compliance Management Training

In November 2025, the Company's Legal Department held a Corporate Legal Compliance Management Training. The training focused on corporate legal compliance management overview, core elements, practical application, challenges and responses, and future development, helping employees solidify their theoretical foundation and enhance practical operational skills.



Corporate Legal Compliance Management Training

## Internal Control

The Company formulates the *Internal Control Management System* in accordance with the *Basic Standards for Enterprise Internal Control* and other relevant laws and regulations. This covers environmental control, business control, accounting system control, information system control, information transfer control, internal audit control, etc. The Board of Directors is responsible for establishing and effectively implementing internal control, while the Audit Committee oversees and evaluates the effectiveness of internal control. Various functional departments and subordinate organizations bear primary responsibility for internal control execution, cooperating with the Board and management to continuously improve risk identification, monitoring, and prevention mechanisms, and regularly inspecting and evaluating the effectiveness of the internal control system. The Company conducts a comprehensive and in-depth evaluation of internal control effectiveness annually and truthfully discloses the *Internal Control Evaluation Report*. Additionally, the Company engages external independent third-party agencies annually to audit the effectiveness of its internal control and issue an *Internal Control Audit Report*.

Internal audit is a key mechanism for monitoring the effective operation of internal controls. The Company formulated the *Internal Audit System*. The Audit Department independently conducts audits under the guidance of the Audit Committee of the Board of Directors, with the annual audit plan covering the Company's key business activities and processes. The Company conducts internal audits quarterly and produces work reports. During the Reporting Period, the Company carried out 14 audit projects, identifying 19 issues. As of the disclosure date of this report, all issues had been rectified, achieving a 100.00% rectification rate.

## Risk Management

The Company identifies and manages risks through systematic audits and evaluation activities. It regularly identifies, analyzes, and evaluates internal and external factors in business operations that may prevent the achievement of internal control objectives, determining their impact and likelihood to reasonably formulate risk response strategies. Simultaneously, based on risk assessment results, the Company ensures the implementation of relevant policies and procedures through multiple control measures such as approval, verification, adjustment, review, periodic inventory, record reconciliation, segregation of duties, asset security protection, and comparison with plans and budgets, keeping risks within acceptable levels. During the Reporting Period, the Company had no major litigation or serious illegal or dishonest conduct.

The Company continuously strengthens risk management training to solidify risk awareness across all employees. Through a combination of regular and ad-hoc specialized training, it comprehensively enhances the enterprise's risk management level and response capabilities, building a solid foundation for stable operations.



### Case Study Contract Affairs and Risk Prevention Training

In April 2025, the Company's General Manager's Office held a Contract Affairs and Risk Prevention Training. The training focused on risk prevention related to contract signing parties and specific contract clauses, using case studies and practical discussions to help participants strengthen their contract risk prevention awareness and skills.

### Key Performance

During the Reporting Period, the Company conducted **1** internal risk training sessions, with **14** participants;  
the total hours of internal risk control training was **28.00** hours.

## Related-Party Transaction Management

To regulate related-party transaction decisions and protect the interests of the Company and minority shareholders, the Company, in accordance with the *Company Law* and the *Articles of Association*, has formulated the *Related-Party Transaction Decision-Making System* and the *System for Preventing Capital Occupation by Major Shareholders and Other Related Parties*. These documents specify the review procedures, disclosure requirements, and pricing principles for related-party transactions. The Company strictly implements the related-party recusal mechanism, requiring related directors and shareholders to abstain from voting when reviewing related-party transactions. The Company always conducts related-party transactions based on the principles of fairness, justice, and openness, effectively safeguarding the interests of the Company and all shareholders.

## Tax Management

The Company strictly complies with national laws, regulations, and policies such as the *Tax Collection and Administration Law of the People's Republic of China*, 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*, formulating the *Financial Management System* and *Tax Management System*. Tax management is uniformly handled by the Finance Center. The Company diligently fulfills its tax obligations, covering tax registration, filing, accounting, and planning. It regularly identifies internal and external tax risk factors, prepares tax risk assessment reports, and develops targeted response plans. Additionally, the Company monitors and provides early warnings for tax risks, effectively reducing tax liabilities and enhancing its tax management capabilities.

# Investors' Rights and Interests Protection

## Protection of Shareholders' Rights and Interests

The Company formulated the *Market Value Management System* to firmly establish a sense of responsibility towards shareholders, effectively promote the enhancement of the Company's investment value, further standardize market value management behaviors, and safeguard the legitimate rights and interests of the Company, investors, and other stakeholders. The Company's shareholder return policy strictly implements the profit distribution clauses of the *Articles of Association*, formulated the *Shareholder Return Plan for the Next Three Years (2023-2025)*, and established a sustained and stable dividend decision-making and supervision mechanism. The Company's profit distribution adheres to the principle of balancing returns to investors with the sustainable development of the enterprise, comprehensively considering factors such as the current operational status, profit scale, cash flow situation, development stage, project investment capital needs, and external financing environment. Profit distribution plans must be reviewed by the Board of Directors and submitted to the Shareholders' Meeting for approval.

Indicator <sup>1</sup>	Unit	2023	2024	2025
Cash Dividend Per Share	RMB	0.40	0.40	0.20
Total Cash Dividend Payout	RMB10,000	4,742.96	4,742.96	2,400.00
Proportion of Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements	%	38.78	52.35	30.11

<sup>1</sup>The statistical scope is based on the year to which the cash dividend pertains, consistent with the scope used in the annual report.

## Information Disclosure

The Company strictly complies with laws, regulations, and regulatory requirements such as the *Administrative Measures for Information Disclosure of Listed Companies* and the *Shenzhen Stock Exchange Listing Rules*, and has formulated internal regulations including the *Information Disclosure Management System* and the *Major Information Internal Reporting System*. These clearly define the scope of major information, disclosure standards, management processes, and accountability mechanisms. The Company designates the Board Secretary as the primary contact for external information release and clarifies the personnel responsible for reporting major information in each relevant department. During the Reporting Period, the Company disclosed periodic reports and interim announcements in accordance with the law, received a 'B' rating for its information disclosure work, and was not penalized for any violations in information disclosure.

### Key Performance

In 2025, the Company issued a total of **135** announcements and related documents.

## Investor Relations Management

The Company places great importance on investor relations management and has formulated the *Investor Relations Management System* to effectively protect the legitimate rights and interests of investors, especially public investors. The Company has established diversified communication channels, maintaining regular communication with investors through the Shenzhen Stock Exchange Interactive Easy Platform, investor hotline, email, performance briefings, online collective reception days for investors, and on-site research receptions. The Company always ensures that all channels are open and efficient, building a two-way communication bridge with investors and treating all investors equally.

### Key Performance

During the Reporting Period, the Company held **11** investor communication activities, including **1** performance briefing, **1** online collective reception day for investors, and **9** on-site research receptions; it hosted **84** investors for on-site research, answered **108** investor questions with a **100%** response rate; replied to **141** questions on the Interactive Easy Platform with a **100%** response rate; and answered **214** investor phone calls.



# Maintaining Integrity and Clean Governance

## Anti-Bribery and Anti-Corruption

### Integrity Management System

AVD strictly complies with relevant laws and regulations and has formulated internal regulations such as the *AVD Code of Conduct*, *Ethical Management Guidelines*, and *Labor Ethics Risk Assessment Procedures* to regulate the conduct of all employees. These incorporate principles related to stakeholders such as investors and suppliers, ensuring that employees uphold the principles of integrity and dedication in their daily operations, protecting the interests of the Company and related parties from harm.

The Company established a Code of Conduct Working Group, with an office subordinate to it. This office comprises the General Manager, Deputy General Manager, and department heads from the Securities Affairs Department, Audit Department, and General Manager's Office. Additionally, each department has appointed Integrity and Self-Discipline Supervisors to comprehensively oversee and promote the development of integrity initiatives. During the Reporting Period, the Company had no incidents of commercial bribery or corruption, was not investigated by relevant authorities, and faced no lawsuits against the Company, its directors, management, or employees for commercial bribery or corruption.

### Preventing Corruption Risks

The Company regularly conducts special audits and supervision of business activities, prepares and updates the *Ethical Risk Assessment Control Form* systematically advancing the prevention and control of corruption risks. We conduct ethical risk assessments for key business segments and positions, such as procurement, sales, finance, R&D, and human resources. For various potential risks, we implement multiple preventive measures, including signing *Integrity Commitment Letters* with employees, conducting regular integrity training, establishing internal supervision teams, and performing special audits, forming a compliance constraint system covering all business processes. Simultaneously, the Company incorporates the signing rate of integrity agreements into its performance appraisal program. The Human Resources Department calculates the proportion of key personnel who have signed the integrity agreement monthly. In 2025, the signing rate for the *Integrity and Self-Discipline Commitment Letter* was 100%.

### Fostering an Integrity Culture

The Company values the development of an integrity culture, conducting regular integrity and self-discipline training for employees, actively promoting the integration of integrity governance and employee behavior, and fostering a culture of integrity, compliance, and lawfulness, providing solid cultural support and institutional guarantees for the Company's healthy and sustainable development.

### Case Study Integrity and Self-Discipline Training

In 2025, the Company's General Manager's Office and relevant departments regularly conducted Integrity and Self-Discipline Standards Training. The main training content included definitions of integrity terms, integrity requirements for key positions, external and internal integrity norms, and the consequences of violating integrity codes of conduct. The training helped employees clarify the requirements for integrity in their work and consciously abide by the Company's ethical code of conduct.



Integrity and Self-Discipline Training

Indicator	Unit	2025
Number of Anti-Bribery and Anti-Corruption Training Sessions	Times	2
Number of Management Personnel Participating in Anti-Bribery and Anti-Corruption Training	Person-times	92
Total Hours of Anti-Bribery and Anti-Corruption Training Provided to Management	Hours	184.00
Number of Employees Participating in Anti-Bribery and Anti-Corruption Training	Person-times	1,616
Total Hours of Anti-Bribery and Anti-Corruption Training Provided to Employees	Hours	3,211.00

## Anti-Monopoly and Anti-Unfair Competition

### Anti-Monopoly Management System

AVD consistently upholds the principle of fair and free competition, strictly complies with relevant laws and regulations on anti-monopoly and anti-unfair competition, and has formulated the *Anti-Monopoly and Fair Competition Management System*. The Legal Department is responsible for overseeing the Company's fair competition management. The Company has established an anti-monopoly and fair competition risk control mechanism, regularly identifying potential violations in business activities, producing the *Anti-Monopoly and Unfair Competition Risk Identification and Evaluation Report*, and formulating corresponding response measures. Simultaneously, the Company continuously conducts public education on anti-monopoly laws and regulations, actively fostering a market environment characterized by honest operations and fair competition. During the Reporting Period, the Company had no lawsuits or administrative penalties resulting from violations of anti-monopoly or anti-unfair competition laws.

#### Key Performance

During the Reporting Period, the Company conducted **2** anti-monopoly and fair competition training activities, with **735** participants, and a total training duration of **2,586.00** hours.

### Case Study Anti-Monopoly Compliance Management Measures Training

In 2025, the Company conducted Anti-Monopoly Compliance Management Measures Training for employees from various departments. The training introduced key concepts of anti-monopoly and fair competition, clarified the requirements of the *Anti-Monopoly Law* and the Company's *Anti-Monopoly and Fair Competition Compliance Measures*, enhancing employees' awareness of anti-monopoly and fair competition.



Anti-Monopoly Compliance Management Measures Training

### Responsible Marketing

AVD always adheres to the concept of responsible marketing, committed to building a healthy and transparent market communication environment. The Company formulated the *Responsible Marketing System*, insisting on conducting business with high ethical standards, ensuring that all marketing activities are legal, proper, and honest, and that all marketing content is truthful and non-misleading. Simultaneously, the Company continuously conducts education and training for marketing personnel, key personnel involved in external communications, and third-party personnel, embedding the specific requirements of responsible marketing into every business process.

## Reporting Channels


The Company places high importance on the construction of its internal control supervision system, continuously ensuring open channels for internal monitoring, reporting, and complaints. Employees, suppliers, customers, and other stakeholders are encouraged to report, either openly or anonymously, any illegal or disciplinary violations, or violations of the Company's business ethics system, through the official website, consultation and complaint hotline, and email. For reported conduct, the Company has established a robust whistleblower protection mechanism, strictly maintaining the confidentiality of whistleblowers' personal information, resolutely safeguarding their legitimate rights and interests, and prohibiting any form of retaliation.


Simultaneously, the Company has established a comprehensive complaint and grievance management mechanism. Employees, suppliers, and customers have the right to report unethical behavior of employees to the Company's senior management. The Company ensures the confidentiality of the reporting person's identity and may provide appropriate rewards for substantiated and effective reports. Employees can also report, openly or anonymously, to the General Manager via phone, SMS, or email. Upon receiving a report, the General Manager will arrange for personnel from the General Manager's Office or two or more cross-functional personnel without conflicts of interest to conduct an independent investigation. The investigation results are reported to the General Manager, and the Company will handle the matter strictly in accordance with laws and regulations and the *Guidelines for Handling Disciplinary Actions*.

For all reports, the Company strictly adheres to information confidentiality requirements, detailing protective measures for whistleblowers, and strictly prohibits any retaliation against whistleblowers or those providing leads.



#### Reporting Channels:

 Reporting Hotline: 0755-86106838

 Contacting Email: COC@av-display.com

# 02

## Green Innovation: Painting an Ecological Picture

### Our Philosophy

AVD adheres to the principle of green development strategy, integrating the concept of green operations into the entire production and operation process. We continuously promote energy conservation and emission reduction, effectively implement resource recycling, actively contribute to global climate action, ecological environment improvement and biodiversity conservation, and foster 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, Ecosystem and Biodiversity Conservation



# Response to Climate Change

## Governance

AVD integrates responsibilities related to climate change risks and opportunities into its ESG governance structure, establishing a top-down climate governance work system led by the Board of Directors. The Board of Directors is responsible for guiding the formulation and improvement of climate-related strategies, supervising and reviewing the implementation of climate change response actions, and identifying, assessing, and managing significant climate risks and opportunities. The Strategy and ESG Committee is responsible for identifying climate-related risks and opportunities, assessing their impact on the Company's business, and formulating development plans related to green production and operations. The ESG Special Task Force is responsible for benchmarking against industry best practices, designing climate risk response measures tailored to the Company's actual situation, identifying and conducting preliminary assessments of climate risks, and carrying out climate change risk management work.

The Company formulated the *Greenhouse Gas Quantification and Reporting Management Procedure* and established a Greenhouse Gas Management Team, with the Director of the Safety Committee serving as the team leader, bringing together personnel from various departments to form a dedicated team to advance greenhouse gas quantification and reporting. The Company conducts specialized training on carbon fundamentals, establishes an energy-saving and carbon reduction statistical monitoring system and a performance appraisal and reward/punishment system, linking carbon reduction effectiveness to the compensation of relevant departments and responsible individuals, creating a long-term carbon management mechanism with full participation and clear rights and responsibilities.



Carbon Fundamentals Training

## Strategy

AVD refers to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to systematically identify various climate change-related risks and their potential impacts, formulate and implement targeted response measures, and actively engage in climate risk prevention and control.

Risk/Opportunity Type	Risk/Opportunity Description	Likelihood of Occurrence <sup>2</sup>	Impact Duration <sup>3</sup>	Expected Financial Impact	Countermeasures
Physical Risks	Acute Risks Extreme weather events 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 disruptions can affect raw material supply, causing production or service interruptions, leading to increased costs and reduced revenue.	1. Establish an emergency management organization to strengthen response mechanisms; 2. Use weather forecasts and other information to issue timely warnings and strengthen hazard inspections; 3. Build a diversified supply chain, develop alternative suppliers and logistics channels.

Risk/Opportunity Type	Risk/Opportunity Description	Likelihood of Occurrence <sup>2</sup>	Impact Duration <sup>3</sup>	Expected Financial Impact	Countermeasures
Physical Risks	Chronic Risks Extreme high temperatures caused by global warming may affect production environment control and employee health.	Medium	Medium and Long Term	Affects factory production efficiency, leading to decreased revenue.	1. Implement constant temperature and humidity management in production workshops, provide heat relief benefits for employees; 2. Adjust working hours and work environment appropriately based on temperature changes and employee needs.
Transition Risks	Policy and Legal Risks Domestic and international organizations require enterprises to reduce their carbon emissions, creating pressure on the Company's carbon reduction efforts. Failure to comply on time may result in fines.	High	Short and Medium Term	Requires the Company to strengthen carbon emissions management, leading to increased costs.	1. Continuously monitor changes in relevant policies and laws, assess their impact, and formulate response plans accordingly; 2. Actively carry out energy conservation and emission reduction management based on actual production and operations.
	Market Risks Rising raw material and energy prices; failure to timely and effectively meet customer demand for green and low-carbon products.	High	Short, Medium and Long Term	Rising raw material and energy prices increase product costs; reduced customer demand leads to loss of revenue and market share.	1. Strengthen internal management to reduce material costs; optimize product structure, phase out high-energy-consuming products; 2. Improve resource utilization efficiency and recycling rates; 3. Closely monitor customer needs, seize new opportunities in green development.
	Technology Risks Slow progress in R&D of low-carbon technologies or green products, leading to decreased product competitiveness.	High	Short, Medium and Long Term	Reduced sales volume, decreased sales revenue.	1. Strengthen internal talent development and external recruitment, increase R&D investment, enhance the Company's R&D capabilities; 2. Strengthen market research, actively engage in industry collaborations, explore low-power display technologies.
Opportunities	Products and Services Green production, energy saving, and carbon reduction are becoming trends, with increasing market demand for low-carbon products and services.	High	Short, Medium, Long Term	Increased sales revenue	1. Accelerate the development of green and low-carbon products; 2. Enhance relevant management systems and methods to improve professional service levels in response to customer needs for low-carbon and sustainable development.
	Resource Efficiency Through energy management, process optimization, and renewable energy application, reduce electricity consumption, carbon emissions, and operating costs, while enhancing the Company's ESG performance.	High	Short, Medium, Long Term	Reduced operating costs.	1. Conduct energy-saving retrofits on production equipment, adopt high-efficiency and energy-saving equipment; 2. Construct distributed photovoltaic power generation projects, increase the proportion of clean energy used; 3. Conduct product carbon footprint verification.

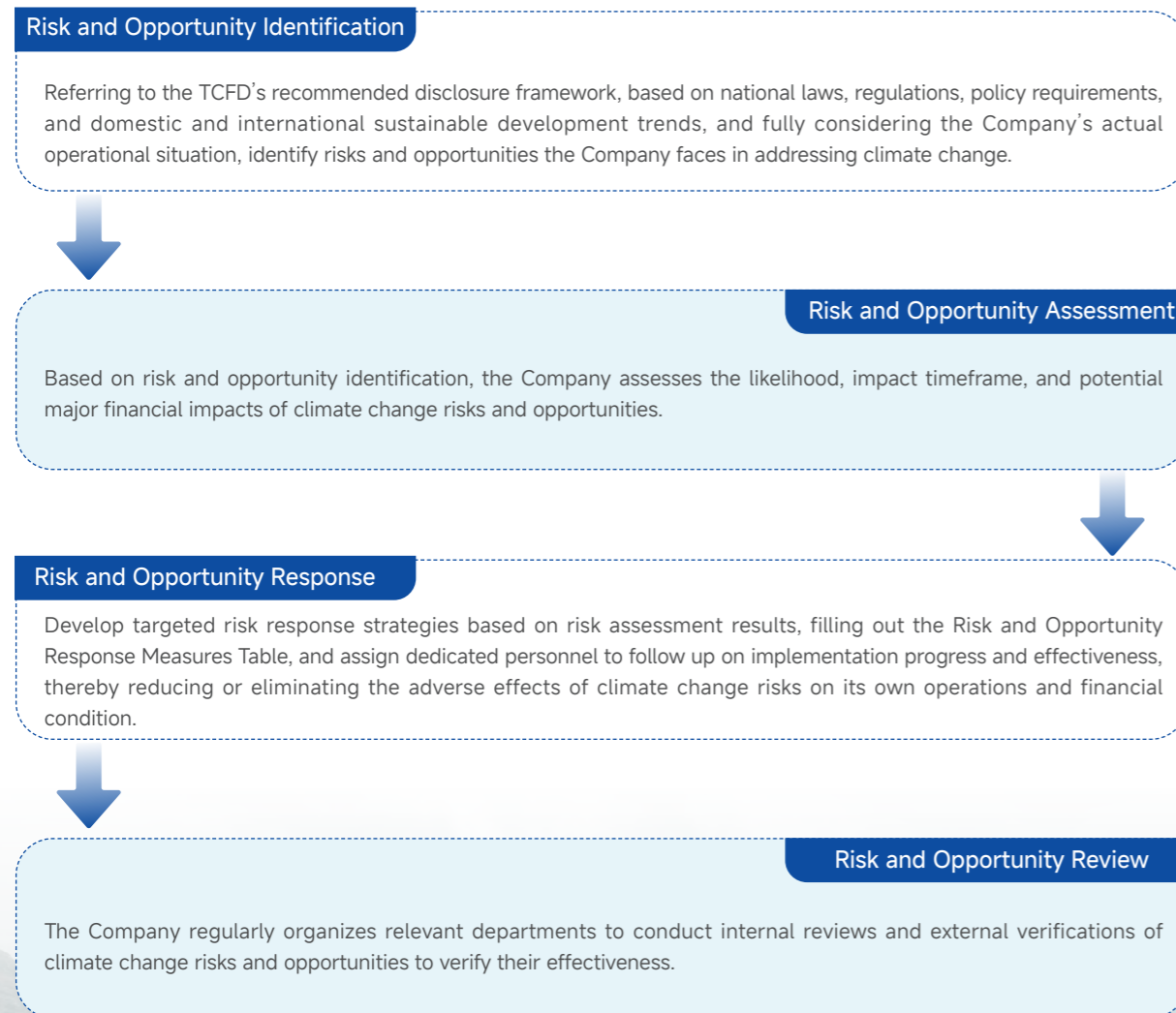
<sup>2</sup>Likelihood of Occurrence refers to the frequency interval and probability of a risk or opportunity occurring, assessed primarily based on historical probability, external scenarios, policy implementation progress, and expert forecasts. Likelihood of occurrence is categorized from "Low" to "High".

<sup>3</sup>Impact Time Frame refers to the different time periods during which various climate-related risks and opportunities may affect the Company. The Company classifies the impact time frame into short-term (within 1-2 years after the current year), medium-term (within 3-9 years after the current year), and long-term (10 years or more after the current year).

## Impact, Risk, and Opportunity Management

AVD formulated the *Guidelines for Control Measures to Address Risks and Opportunities*, establishing standardized processes for identifying, assessing, and managing climate risks and opportunities to ensure that all types of risks and opportunities are accurately identified, scientifically evaluated, and effectively addressed.

### Climate Change Risk and Opportunity Management Process



# CLIMATE CHANGE

## Indicators and Goals

The Company continuously improves its climate change management system, establishes phased climate goals, and commits to achieving carbon peak by 2030 and carbon neutrality by 2060. The Company regularly tracks and discloses progress towards these goals, actively accepting supervision from internal and external stakeholders, demonstrating its responsibility in addressing climate change through transparent management.

Goal Content	Achievement Status
Using 2020 as the baseline, reduce carbon emissions per unit of industrial added value for Scope 1/2 by 16.00% by 2025 compared to 2020; achieve a 30.00% reduction by 2030; achieve net-zero carbon emissions per unit of industrial added value for Scope 1/2 by 2050.	The 2025 target was not achieved <sup>4</sup> , while the 2030 target is underway.
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%.	The 2025 target was not achieved <sup>5</sup> , while the 2030 target is underway.

## Greenhouse Gas Emission Management

### Greenhouse Gas Emissions

The Company has established a routine mechanism for collecting and analyzing carbon emission data. It engages qualified third-party institutions to conduct greenhouse gas inventories and proactively discloses relevant reports, ensuring professionalism and transparency in carbon management. During the Reporting Period, both the Company and Ganzhou AVD completed the comprehensive greenhouse gas inventory for 2024 strictly in accordance with the ISO14064-2018 standard. As of the disclosure date of this report, the greenhouse gas inventory for the Company and Ganzhou AVD for 2025 is progressing in an orderly manner.



Simultaneously, benchmarking against the ISO14067-2018 carbon footprint accounting standard, the Company conducts lifecycle carbon footprint accounting and certification for its produced liquid crystal display modules and touch display module products. This data-driven approach supports iterative optimization of production processes, drives green upgrades of products from the source, and implements the concept of low-carbon product development.

<sup>4</sup> Driven by growing downstream market demand, the Company's production capacity and operating rates have continued to increase. Meanwhile, the implementation of green power procurement, photovoltaic projects, and energy-saving retrofits has been delayed due to the construction cycle of new factories, and the low-carbon transformation benefits of core production lines have not been realized in a timely manner. As a result, the reduction in carbon emissions per unit of industrial value added fell short of expectations for the period. Going forward, the Company will accelerate the implementation of ongoing projects, promote green power substitution and energy efficiency upgrades across production lines, optimize its carbon reduction pathways, and steadily advance its carbon emission reduction efforts.

<sup>5</sup> The Company failed to meet its 2025 Scope 3 carbon emission intensity target, primarily due to the growth in downstream demand and the rigid increase in overall supply chain emissions. Scope 3 data relies on external suppliers, and the decarbonization progress of some partners fell short of expectations. In addition, the industry's supply chain collaboration mechanisms for carbon reduction are not yet mature, resulting in emission reduction outcomes that did not meet the plan. The Company will further improve its supply chain carbon management, drive key suppliers to reduce emissions, optimize green logistics, and continuously enhance its Scope 3 emission reduction management capabilities.

Indicator	Unit	2023	2024	2025
Total GHG Emissions (Scope 1+2+3) <sup>6</sup>	tCO <sub>2</sub> e	141,716.84	186,205.27	196,627.18
Direct (Scope 1) GHG Emissions <sup>7</sup>	tCO <sub>2</sub> e	1,459.65	664.14	786.52
Indirect (Scope 2) GHG Emissions <sup>7</sup>	tCO <sub>2</sub> e	17,458.17	19,370.61	20,013.82
Total GHG Emissions (Scope 1+2)	tCO <sub>2</sub> e	18,917.82	20,034.74	20,800.35
GHG Emission Intensity (Scope 1+2) <sup>8</sup>	tCO <sub>2</sub> e/ RMB 10,000 sales	0.207	0.199	0.170
Other Indirect GHG Emissions (Scope 3) <sup>7</sup>	tCO <sub>2</sub> e	122,799.02	166,170.53	175,826.83

## Greenhouse Gas Emission Reduction Measures

AVD implements multi-faceted energy conservation and emission reduction practices. By adopting photovoltaic power generation, procuring clean energy, and promoting high-efficiency energy-saving equipment, it reduces dependence on fossil fuels and improves energy utilization efficiency. Simultaneously, it focuses on green technology R&D, developing green, low-carbon, and environmentally friendly products. It also conducts lifecycle carbon inventories for core products, providing data support for precise emission reduction efforts.

<sup>6</sup> The total greenhouse gas emissions include Scope 1, Scope 2, and Scope 3 emissions. The calculation of Scope 1, Scope 2, and Scope 3 greenhouse gas emissions references ISO 14064-1:2018, "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals." The data for 2023 and 2024 in this report have been adjusted after verification, and therefore differ from the figures disclosed in the ESG reports for those years. In the event of any discrepancy or conflict between the greenhouse gas emission data presented in this report and the 2025 Greenhouse Gas Inventory Report, the 2025 Greenhouse Gas Inventory Report shall prevail.

<sup>7</sup> Scope 1 covers greenhouse gas emissions from facilities directly owned by the Company, including emissions from fossil energy used by official vehicles and trucks, refrigerant fugitives, methane fugitives from septic tanks, and the use of CO<sub>2</sub> fire extinguishers. Emission factors refer to the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, combined with GB/T 2589 General Rules for Calculation of Comprehensive Energy Consumption to obtain net calorific values of fuels. Fuel carbon oxidation rates refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial Sectors (Trial). Scope 2 covers emissions from purchased electricity consumed in the Company's production and office activities. The electricity emission factor uses the "2022 China Grid Average Emission Factor." Scope 3 covers indirect emissions from transportation, purchased goods and services, employee commuting, business travel, and the use of sold products. Emission factors refer to the UK Government GHG Conversion Factors for Company Reporting – 2024 and the Simapro database. Global Warming Potential (GWP) values are taken from the IPCC Sixth Assessment Report (2023).

<sup>8</sup> GHG Emission Intensity (Scope 1+2)=Total GHG Emissions (Scope 1+2)/10,000 yuan of sales revenue.

## Case Study Electronic Paper Display Products

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

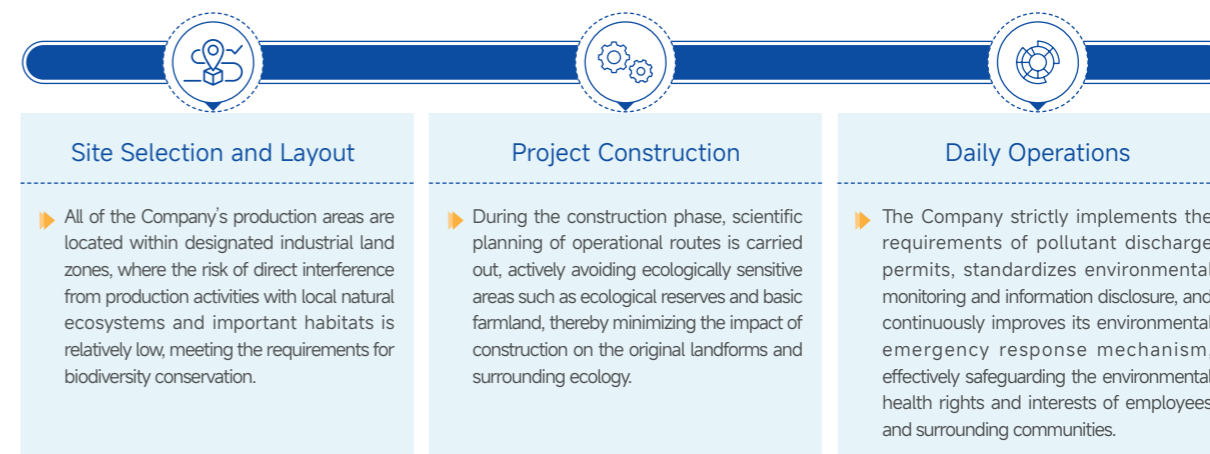
The Company's E-paper R&D focuses on small and medium-sized products, which can be applied in areas such as price tags, name badges, and smart homes. Through early collaborations with Shenzhen Tsinghua Research Institute, Southern University of Science and Technology, and Hong Kong University of Science and Technology, the Company completed the R&D of key optoelectronic materials and has achieved full-chain independent R&D from pigment particle modification, electrophoretic liquid compounding, capsule synthesis, and film coating to E-paper module processing. As of December 31, 2025, the Company has filed 49 patents for E-paper technology, obtained 8 invention patents and 11 utility model patents.



The Company actively builds a full-chain emission reduction system, collaborating with customers to optimize reasonable sleep functions for display products, and cooperating with suppliers to improve logistics transportation plans and implement resource-saving measures, guiding upstream and downstream partners in the industrial chain to jointly undertake greenhouse gas emission reduction efforts. During the Reporting Period, the Company applied to join the National Blue Carbon Trading Alliance, actively integrating into the blue carbon trading market system to further broaden its pathways for achieving carbon neutrality.

## Ecosystem and Biodiversity Conservation

AVD places great emphasis on the impact of its production and operational activities on ecosystems and biodiversity. Adhering to the principle of synergistic development between production operations and ecological protection, the Company strictly complies with national and local ecological and environmental protection laws and regulations, systematically advancing biodiversity conservation management.



In 2025, the Company's production and operations did not cause any significant adverse impact on surrounding ecosystems or biodiversity, effectively safeguarding regional ecological security.

# Environmental Compliance Management

## Environmental Management System

### Governance

AVD strictly complies with the *Environmental Protection Law of the People's Republic of China* and other relevant laws, regulations, and local environmental requirements. It steadily advances the development of its environmental management system, formulating a series of environmental management regulations such as the *Environmental Management Operation Guidelines*, establishing a standardized environmental management system. The Company has established an Environmental Protection Office as a specialized management body to coordinate the implementation of environmental protection work across the Company, clarify responsibilities for environmental safety management, set environmental protection-specific KPI indicators, and conduct regular performance assessments of responsible individuals. The Equipment Department, Process Department, Manufacturing Department, and Administration Department, based on their respective responsibilities, collaborate with the Environmental Protection Office to manage and control pollutants such as exhaust gas, wastewater, and solid waste throughout the process. In 2025, the Company's wholly-owned subsidiary, Ganzhou AVD, was successfully selected for the 2025 Green Manufacturing List by the Jiangxi Provincial Department of Industry and Information Technology, being recognized as a provincial-level "Green Factory." In February 2026, Ganzhou AVD passed the national assessment for "Green Factory".

During the Reporting Period, the Company has passed the ISO 14001 Environmental Management System certification and had no major environmental accidents or violations in the environmental field.



AVD Environmental Management System Certification Certificate



Ganzhou AVD Environmental Management System Certification Certificate

Indicator	Unit	2023	2024	2025
Environmental Protection Investment	RMB 10,000	169.00	297.70	350.94
Environmental Protection Tax Paid	RMB	5,922.43	14,559.35	16,633.99

### Strategy

AVD is designated as a key pollutant discharging unit by Shenzhen. It places high importance on environmental risk control, systematically identifying and assessing environmental risks and opportunities, and concurrently formulating targeted response measures.

Risk/Opportunity Type	Risk/Opportunity Description	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures	
Policy Risk	With increasingly stringent government environmental policies and regulations, non-compliant emissions could lead to significant fines and litigation compensation for the Company.	High	Short Term	Increased operating costs	<ol style="list-style-type: none"> <li>1. Closely monitor and strictly comply with laws and regulations related to pollutants and waste management;</li> <li>2. Regularly maintain and update environmental protection facilities;</li> <li>3. Conduct comprehensive environmental hazard inspections regularly.</li> </ol>	
Risk	Issues in the treatment of pollutants and waste could cause public dissatisfaction, potentially leading to public protests, boycotts, and significant public opinion pressure on the Company.	Low	Long Term	Decreased revenue	<ol style="list-style-type: none"> <li>1. Strengthen communication with stakeholders, timely and accurately disclose information on pollutant and waste emissions;</li> <li>2. Establish an emergency response mechanism for abnormal pollutant emissions, quickly address sudden issues during treatment, and simultaneously disclose progress;</li> <li>3. Proactively gather feedback from the public and stakeholders, respond to environmental concerns promptly, and implement improvements;</li> <li>4. Regularly conduct environmental compliance training and publicity to strengthen awareness of proper pollutant and waste management among all employees.</li> </ol>	
Opportunity	Resource Efficiency	Reduce pollutant and waste emissions and improve resource utilization efficiency through equipment optimization, technological upgrades, etc.	High	Long Term	Reduced operating costs	<ol style="list-style-type: none"> <li>1. Optimize production processes, introduce advanced technologies and equipment to improve resource utilization;</li> <li>2. Strengthen waste resource utilization, enhance recycling rates.</li> </ol>

## Impact, Risk, and Opportunity Management

### Environmental Factor Identification and Evaluation

The Company formulated the *Environmental Factor Identification and Evaluation Work Guidelines*, which clarify the standards and processes for identifying and evaluating environmental risks. Through regular internal environmental inspections and cooperation with external regulatory agencies for specialized environmental audits, the Company comprehensively identifies and evaluates environmental factors, compiling the *Summary and Evaluation Table of Significant Environmental Factors*. It implements tiered control over identified significant environmental factors and develops targeted risk prevention measures.

### Hazard Inspection

The Company has established a routine environmental hazard inspection mechanism, conducting comprehensive internal inspections monthly. These inspections focus on verifying the operational status of exhaust gas and wastewater treatment systems, the compliance of hazardous waste storage and disposal, and potential environmental risks in raw material usage phases. Specific rectification plans are developed for identified issues, clarifying responsible parties and deadlines, effectively preventing and controlling environmental risks at the source.

#### Key Performance

In 2025, the Company conducted **27** special environmental inspections, identified **26** potential hazards, with a hazard rectification rate of **100**%.

### Emergency Drills

The Company has formulated specialized emergency management regulations such as the *Emergency Plan for Environmental Emergencies*, clearly defining the emergency response procedures and handling processes for various environmental incidents to ensure clear responsibilities and efficient response. Simultaneously, the Company conducts comprehensive feasibility assessments on the identified plan items, integrates emergency drills into its annual work plan and implements them. Based on the drill results, it continuously optimizes the emergency mechanism, effectively enhancing overall emergency response and risk control capabilities.

#### Key Performance

In 2025, AVD and its subsidiaries organized and conducted **5** environmental emergency drills, including **2** chemical spill drills and **1** drill for secondary environmental pollution caused by fire.

## Indicators and Goals

AVD implements strict monitoring of emission indicators for various pollutants and waste throughout the entire process, ensuring that all emission indicators are compliant and controlled within permitted limits, thereby guaranteeing the standardized and effective implementation of the Company's environmental management work.

Goal Content	Achievement Status
100.00% compliance rate for the number of waste emission concentration standards met	✓ Achieved
Zero instances of non-compliant pollutant emissions	✓ Achieved
Wastewater reuse rate ≥ 65%	✓ Achieved
Total emission intensity of wastewater, exhaust gas pollutants, and hazardous waste per RMB 100 million of output value ≤ 13.00 tons/RMB 100 million	✓ Achieved

## Environmental Protection Training

The Company's Safety Committee regularly organizes environmental protection training activities, educating employees on environmental protection knowledge and conducting targeted training on topics such as hazardous waste management and cleaner production. The training content covers relevant environmental laws and regulations, basic professional knowledge, and specialized knowledge and practical skills for key positions, ensuring participants comprehensively grasp the knowledge and application requirements related to environmental management, thus strengthening the Company's talent foundation in environmental management.

#### Key Performance

In 2025, the Company organized a total of **18** environmental protection training sessions, with **55** participants, and a total training duration of **2,675.00** hours.

### Case Study Pollutant Management Training

On July 28, 2025, the Company conducted a specialized training on Pollutant Management. The training focused on explaining the scientific understanding, classification, identification, and related policies and regulations concerning new pollutants. It also provided an in-depth interpretation of documents such as the *Action Plan for New Pollutant Management*. Through this training, employees gained a clearer understanding of the environmental risks and control requirements for pollutants, effectively enhancing their environmental awareness and compliance operation capabilities.

### Case Study Cleaner Production Training

In 2025, the Company conducted Cleaner Production Training for employees. This training centered on the theme of cleaner production, covering the significance and policy background of cleaner production, audit processes and implementation methods, relevant technical standards, and acceptance requirements, systematically introducing the framework and promotion arrangements for cleaner production. Through this training, employees gained a deeper understanding of the importance of cleaner production in the Company's operations and enhanced their professional ability to implement cleaner production in their daily work.



## Pollutant Emissions

AVD has formulated pollutant management system documents such as the *Environmental Pollutant Emission Standards* and the *Control Procedures for Three Wastes and Noise*, strictly implementing environmental compliance management requirements. All new construction, renovation, and expansion projects are subject to environmental impact assessment and completion acceptance in accordance with laws and regulations, and corresponding environmental protection administrative permits are obtained. The Company's Safety Committee, Equipment Department, and Administration Department collaborate to oversee pollutant self-monitoring and outsourced monitoring, control of pollutant emissions, and daily operation and maintenance of environmental protection facilities. During the Reporting Period, all pollutant emission indicators of the Company met standards, and no adverse effects were caused to employee health or the production and life of surrounding residents.

Indicator	Unit	2023	2024	2025
Pollutant Monitoring Compliance Rate	%	100.00	100.00	100.00
Environmental Protection Facility Synchronous Operation Rate	%	100.00	100.00	100.00
"Three Simultaneities" Implementation Rate for Construction Projects	%	100.00	100.00	100.00

## Wastewater Management

AVD has formulated wastewater management system documents such as the *Wastewater Discharge Operation and Maintenance Guidelines* and the *Wastewater Testing Operation Guidelines*. It has constructed wastewater treatment stations of corresponding scale at its Shenzhen and Ganzhou production bases, with total treatment capacity matching the wastewater treatment needs of the Company's daily production operations. Production wastewater is collected separately through pipelines and treated normatively through processes such as Fenton, anaerobic, aerobic, and sedimentation. After treatment, part of the water meets standards and is reused in production, while the remainder is discharged into the municipal pipe network for further treatment at water purification plants. The quality of the discharged water consistently meets local environmental emission standards.

The Company's production wastewater mainly originates from production processes such as cleaning, etching, developing, and stripping. To ensure continuous and stable compliance of wastewater discharge, COD automatic monitors are installed at the front and middle sections of the wastewater treatment system, and an automatic online monitoring system is installed at the comprehensive wastewater discharge outlet. This enables real-time data monitoring throughout the wastewater treatment process and at the discharge point, ensuring 100% compliant wastewater discharge. In 2025, the Company implemented specialized treatment for small volumes of high-concentration wastewater, entrusting qualified third-party institutions to transport and dispose of 95 tons, effectively reducing the operational pressure on the internal wastewater treatment system and improving overall wastewater disposal efficiency and compliance.

Indicator	Unit	2023	2024	2025
Wastewater Treatment Volume	Tons	135,739.00	201,955.00	227,726.00
Wastewater Treatment Intensity	Tons/ RMB 10,000	1.36	1.86	1.89
Chemical Oxygen Demand (COD)	Tons	2.75	11.39	8.05
Ammonia Nitrogen (NH <sub>3</sub> -N)	Tons	0.05	1.23	1.67

## Exhaust Gas Management

AVD has formulated exhaust gas management system documents such as the *Exhaust Gas Discharge Operation and Maintenance Guidelines*. It has constructed 5 sets of specialized exhaust gas treatment facilities at its Shenzhen and Ganzhou production bases, establishing a comprehensive exhaust gas collection and treatment system. Exhaust gas generated in production workshops is collected through the exhaust gas collection system, then conveyed via high-altitude pipelines to the rooftop treatment facilities for standardized treatment. After meeting standards, it is discharged compliantly through high-altitude emission outlets.

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. To ensure continuous compliance of exhaust gas emissions, the Company has established a routine monitoring mechanism, engaging qualified third-party institutions semi-annually to conduct exhaust gas emission tests. The results consistently meet local exhaust gas emission standards, ensuring compliance throughout the exhaust gas emission process.

Indicator	Unit	2023	2024	2025
Exhaust Gas Emission Volume	Tons	59,044.00	48,024.20	74,173.20
Organic Waste Gas Treatment Volume	Tons	46,566.00	28,692.20	53,776.20
Acidic Waste Gas Treatment Volume	Tons	11,478.00	19,332.00	20,397.00
Exhaust Gas Emission Intensity	Tons / RMB 10,000	0.58	0.44	0.61


## Noise Management

AVD strictly adheres to national noise control standards for plant boundary noise management. Adhering to the principle of source control, it prioritizes the selection of low-noise and silent production equipment. It also establishes a routine equipment maintenance mechanism to ensure stable low-noise operation. Specialized sound insulation and enclosure controls are implemented for core operational areas to further reduce noise impact during transmission. The Company annually engages qualified third-party institutions to conduct plant boundary noise testing. Historical test results have consistently met standards, complying with national and local noise emission limit requirements, thereby fulfilling its corporate environmental protection responsibility and effectively reducing noise interference with the surrounding community from its production operations.

## Waste Management

AVD has formulated waste management system documents such as the *Solid Waste Classification List* and *Hazardous Waste Management Regulations*, ensuring that the entire process of solid waste collection, recycling, and disposal strictly complies with laws, regulations, normative documents, and internal management requirements related to hazardous waste management. The Company continuously strengthens waste recovery control, vigorously promotes waste resource utilization, and has established an abnormal waste emission response mechanism. If a significant increase in waste emissions is detected, it is immediately reported to the relevant responsible department, which formulates and implements targeted control or recycling measures to effectively reduce waste emissions. For hazardous waste, the Company prioritizes assessing the feasibility of on-site consumption and treatment through internal wastewater treatment facilities and other supporting infrastructure to minimize the volume of hazardous waste requiring off-site disposal. In 2025, the Company achieved a total waste recycling and reuse volume of 266.00 tons, with a recycling and reuse rate of 72.16%.


Waste Management Measures



General Waste

- ▶ The Administration Department is responsible for coordinating the standardized external disposal of general waste.
- ▶ General solid waste is uniformly sent to the on-site waste sorting area and stored by category.
- ▶ Subsequently, it is either recycled by cooperative suppliers or handed over to compliant waste recycling institutions for centralized disposal, achieving standardized and resource-efficient treatment of general solid waste.

Waste Management Measures



Hazardous Waste

- ▶ The Environmental Protection Office of the Safety Committee is responsible for coordinating the full-process compliance management of hazardous waste disposal for the Company.
- ▶ Regularly conduct special inspections on the storage status of hazardous waste, promptly clean storage facility floors, and replace damaged or leaking hazardous waste storage containers to ensure safe and compliant storage.
- ▶ Strictly screen qualified professional institutions with legal permits for hazardous waste recycling and disposal. Cooperative suppliers must obtain hazardous waste operation permits issued by government authorities, and the Company signs formal hazardous waste disposal agreements with them to ensure that the entire hazardous waste disposal process is legal, compliant, and traceable.

Indicator <sup>9</sup>	Unit	2023	2024	2025
General Waste Generation Volume	Tons	223.00	238.00	266.00
General Waste Disposal Volume	Tons	223.00	238.00	266.00
Hazardous Waste Generation Volume	Tons	69.07	111.06	102.60
Hazardous Waste Disposal Volume	Tons	69.64	111.33	96.92

<sup>9</sup> The statistical scope for waste-related data covers Shenzhen AVD and Ganzhou AVD. If any discrepancies exist between the waste-related data disclosed in previous years and this report, the latest data contained in this report shall prevail.

# Resource Management

## Resource Management System

### Governance

AVD establishes and improves its energy management system based on the ISO 50001 Energy Management System standard, formulating management documents such as the *Energy Operation Control Procedure* to systematically manage resource and energy consumption across the Company's production and operation processes. The Company has established a dedicated Energy Management Team, with the production management leader serving as the team leader and key personnel from various departments as core members, responsible for controlling energy consumption quotas, conducting daily consumption data statistics, and analyzing optimization opportunities. It also assigns dedicated energy consumption statisticians to perform routine and detailed energy consumption data accounting. The Company's production and operations primarily consume electricity (including photovoltaic power generation), while production and domestic water are sourced from the municipal water supply system. As of the end of the Reporting Period, the Company has passed the ISO 50001 Energy Management System certification, achieving standardized and normalized energy management operations.



### Strategy

The Company regularly analyzes its energy structure. Through systematic identification and assessment of energy management risks and opportunities, it continuously promotes the optimization and upgrade of its energy management system, employing multiple measures to reduce energy consumption intensity and effectively control risks throughout the energy use process.

Risk/Opportunity Type	Risk/Opportunity Description	Probability of occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Energy Price Fluctuation Risk Rising energy prices lead to higher energy costs for the enterprise.	Medium	Short Term	Increased costs, reduced profits	1. Strengthen refined energy management, scientifically set energy consumption control targets; 2. Optimize energy usage structure, continuously advance the implementation and operation of photovoltaic power generation projects; 3. Regularly analyze the rationality of energy consumption, promptly identify and rectify abnormal energy consumption issues, promoting improved energy utilization efficiency.
Opportunity	Technological Opportunity Enterprises can reduce energy consumption and improve energy utilization efficiency by adopting advanced production technologies and equipment.	High	Short, Medium and Long Term	Cost reduction	1. Continuously optimize production processes; 2. Implement technology-focused energy-saving projects.

### Impact, Risk, and Opportunity Management

The Company has established a routine energy review mechanism, formulating the *Energy Review Control Procedure*. It utilizes professional 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. These reviews identify the Company's energy usage, management status, and improvement opportunities. Using methods like yes-no judgment, comparative analysis, and scoring, it evaluates and prioritizes identified major energy performance improvement projects, clarifying the key projects to advance. Simultaneously, the Company has formulated energy management documents like the *Energy Operation Control Procedure* and *Energy Monitoring and Measurement Management Procedure* to standardize daily energy use management. It sets energy consumption standards and control targets, establishing a daily, weekly, monthly, and annual full-cycle energy consumption statistical and control system, tracking and providing feedback on energy usage status and target achievement in real time to ensure the implementation of energy management requirements and the effective advancement of control targets.

### Indicators and Goals

Based on its actual situation, AVD has established energy management targets and water resource management targets for 2025, simultaneously preparing dedicated energy and water conservation implementation plans to continuously improve the Company's energy efficiency management level.

Energy Consumption Unit	Energy Performance Parameters	2025 Target <sup>10</sup>	2025 Achievement
Company	Comprehensive energy consumption per unit of production kgce/pcs	≤ 0.145	0.133
	Comprehensive energy consumption per unit of output value kgce/RMB 10,000	≤ 23.3777	21.5
Ganzhou AVD	Comprehensive energy consumption per unit of production kgce/pcs	≤ 1.618	1.469
	Comprehensive energy consumption per unit of output value kgce/RMB 10,000	≤ 158	156

Goal Content	Achievement Status
Standard unit consumption for TFT decrease by 3%	✓ Achieved
Standard unit consumption for TP decrease by 2%	✓ Achieved
Annual reclaimed water reuse volume > 3,200.00 m <sup>3</sup>	✓ Achieved
Annual tap water consumption < 1,800.00 m <sup>3</sup>	✓ Achieved
Annual reclaimed water recovery efficiency > 65.00%	✓ Achieved

<sup>10</sup> This target is the 2025 energy target set by the Company in its 2024 *Environmental, Social and Governance (ESG) Report*, and is addressed in the current year's report.

## Energy Utilization

The Company places high importance on energy conservation and emission reduction, systematically carrying out full-process energy-saving and consumption-reduction activities around the two core scenarios of production operations and office life. In daily operations, it strictly implements energy-saving practices such as “turn off lights when leaving.” In production, it enforces immediate equipment shutdown controls and conducts specialized optimization assessments of temperature settings in workshops for various processes. Through multi-dimensional refined control, it comprehensively reduces total energy consumption in both production and office activities.

**Energy-Saving Technological Upgrades**

- ▶ Air Conditioning System Power Saving: Improve equipment operating efficiency and reduce electricity usage by increasing the temperature at each stage of the chiller, using fixed frequency and variable frequency differential pressure for air handling units, and cleaning and maintaining the central air conditioning system.
- ▶ Air Compression System Power Saving: Save electricity by using “zero” air consumption adsorption dryers, adding end buffer tanks to stabilize supply pressure, and regularly (quarterly) checking for air leaks in the air compressor system pipelines.

**Energy-Saving Document Management**

- ▶ Collect relevant measured data to form documents for parameter settings corresponding to ambient temperatures in the future, regularly inspect and improve situations of running, leaking, dripping, and seepage in various areas.

**Daily Inspection and Audit Management**

- ▶ Compile energy consumption statistics for all areas of the plant, monitoring for abnormal fluctuations.
- ▶ Conduct irregular inspections of various plant areas weekly, promptly reporting issues to the energy-saving and consumption-reduction working group.
- ▶ Organize relevant departments to hold energy-saving and consumption-reduction meetings.
- ▶ Promote energy-saving awareness and training, post energy-saving labels.

### Case Study Photovoltaic Power Generation

The Company has invested in rooftop photovoltaic power generation equipment, actively promoting the use of clean energy and continuously advancing carbon reduction efforts. In 2025, the Company utilized 254,400 kWh of solar photovoltaic power.



Photovoltaic Construction Plan

Indicator <sup>11</sup>	Unit	2023	2024	2025
Total Factory Electricity Consumption	10,000 kWh	2,999.13	3,419.10	3,856.61
Total Large-Scale Manufacturing Electricity Consumption	10,000 kWh	2,687.67	2,642.05	3,403.53

## Water Resource Utilization

AVD strictly complies with the *Water Law of the People's Republic of China* and other relevant laws and regulations, comprehensively promoting refined management throughout the water resource utilization process. Adhering to the concept of scientific water use, the Company continuously improves its water metering management system, regularly analyzes and compares monthly water consumption data, and deeply explores water-saving potential in each segment. During the Reporting Period, Shenzhen AVD continued its water-saving efforts, reusing 42,000 tons of reclaimed water from production lines, with a reclaimed water recovery efficiency of 68.21%.

### Water-Saving Measures

- ▶ Implement classified collection and specialized treatment of rinsing water from workshops to increase reclaimed water recovery and reduce tap water consumption.
- ▶ Treat and recover concentrated water from pure water equipment for reuse, further reducing tap water usage.
- ▶ Continuously optimize the operational efficiency of the reclaimed water reverse osmosis system to enhance water reuse efficiency.
- ▶ Regularly conduct overflow inspections on equipment such as ultrasonic preheating tanks and spray storage tanks; promptly repair equipment with leaks to strictly prevent water waste.
- ▶ Strengthen water conservation management in dormitories, canteens, and office areas.

<sup>11</sup>Factory electricity consumption includes electricity consumption from large-scale manufacturing. The consolidated scope for electricity consumption covers Shenzhen AVD (the disclosure scope of Shenzhen AVD covers its Shenzhen headquarters and factory), Ganzhou AVD, and Ruidisheng.

Indicator	Unit	2023	2024	2025
Industrial Water Consumption	m <sup>3</sup>	318,918.00	397,783.00	459,058.70
Firefighting Water Consumption	m <sup>3</sup>	104.00	68.00	206.00
Recycled Water Consumption	m <sup>3</sup>	47,842.00	47,864.00	42,029.00
Domestic Water Consumption	m <sup>3</sup>	117,908.00	139,241.00	131,662.30
Total Water Consumption	m <sup>3</sup>	436,930.00	523,451.00	590,721.00

Furthermore, the Company strengthens the recovery management of packaging materials. In 2025, it recovered 4.80 tons of packaging materials, achieving a recovery rate of 80.00%.



Carton Manufacturer FSC Certification Certificate



Packaging Material Training

## Circular Economy

### Material Management

AVD integrates circular economy principles into all aspects of production and operations. It formulates management documents such as the *Material Storage Work Guidelines* and *Material Development Work Guidelines*, specifying classified storage standards for various materials such as hardware, plastics, and electronic components. Through differentiated control measures like temperature control, anti-static, and dry sealing, it minimizes material loss and waste. In material development, it prioritizes materials that meet environmental requirements like ROHS, REACH, and halogen-free control, as well as recyclable and renewable materials, promoting raw material recovery and reuse to improve resource utilization efficiency at the source. During the Reporting Period, the Company conducted training on the Warehouse Management Work Guidelines system, strengthening employees' awareness of standardized operations to ensure compliant and efficient material management.




Training on Warehouse Management Work Guidelines

### Circular Packaging

AVD emphasizes full lifecycle management of packaging with the core principles of "reduction, reuse, and resource recovery." The Company formulates standardized documents such as the *Packaging Design Rules*, *Empty Box Packaging Process Work Guidelines*, and *Green Ecological Design Rules*, defining the selection, design, and usage specifications for packaging materials. It selects carton manufacturers holding FSC certification to ensure the green traceability of packaging materials from the source. Simultaneously, the Company adjusts packaging methods by simplifying packaging layers, consolidating packaging units, and eliminating fragile labels to reduce packaging weight and volume, thereby decreasing packaging material consumption and transportation costs. During the Reporting Period, the Company actively conducted specialized training on packaging materials, helping employees master green packaging management skills.

## Green Office

AVD actively promotes the development of a green culture, formulating the *Office Management Work Guidelines* to specify requirements for green office practices. It guides all employees to comprehensively and deeply embrace green office concepts and green lifestyles, fostering a culture of energy conservation, responsible consumption, and green, healthy living, injecting solid green momentum into the Company's sustainable development.




Water Conservation

- Promptly turn off faucets to prevent water from running unnecessarily.
- Post water-saving signs to promote water conservation concepts.




Electricity Conservation

- Encourage all employees to save electricity, setting office air conditioning temperature no lower than 26° C for scientific energy management.
- Advocate for double-sided printing and paper reuse to minimize paper consumption and unnecessary waste.



Paper Conservation

- Fully implement paperless office practices, relying on digital methods to reduce the use of paper documents.
- Advocate for double-sided printing and paper reuse to minimize paper consumption and unnecessary waste.



Waste Sorting

- Strictly implement waste sorting and recycling management requirements, standardize sorting, collection, and recycling processes to reduce environmental pollutant emissions.

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# 03

## Meticulous Efforts: Forging Quality Benchmarks

### Our Philosophy

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AVD is committed to becoming a leader in the human-machine interface industry, actively exploring cutting-edge technologies, closely tracking industry development trends, and enhancing independent innovation capabilities. It practices responsible procurement and establishes long-term, stable and honest cooperative relationships with suppliers. The Company continuously improves product quality control measures to provide customers with high-quality products and services, strengthens information security management, and effectively safeguards the stable operation of information systems and data security.

### Our Actions

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Uphold R&D Innovation, Intellectual Property Rights Protection, Enhanced Supply Chain Management, Responsible Procurement, Stringent Quality Control, Hazardous Substances Management, Optimized Customer Service, Information Security and Privacy Protection



# Innovation as the Driver

## Innovation Management System

### Governance

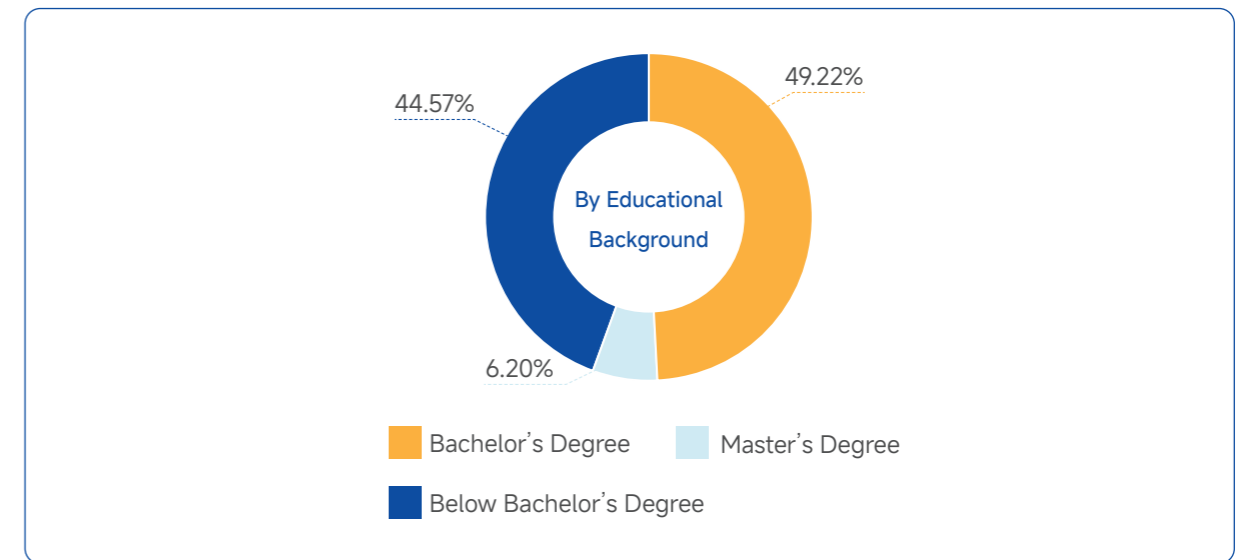
AVD has established a governance mechanism for R&D innovation in accordance with institutional documents including the *Advanced Product Quality Planning (APQP) Control Procedures* and the *New Project Development Operation Guidelines*. Under the coordination of the Technology Center and the IoT Business Unit, multiple departments such as the Sales Center, Procurement Center, and the Process NPI collaborate to define the development processes and reporting routes for project initiation, design, prototyping, trial production and other phases. As of the end of the Reporting Period, Shenzhen AVD is a national high-tech enterprise, and Ganzhou AVD is a high-tech enterprise, a provincial-level Specialized, Sophisticated, Unique and New small and medium-sized enterprise, and an Excellent Enterprise in Key Industrial Development.



High-Tech Enterprise Certificate

Innovation is the primary driving force, and talent is the primary resource. The Company continuously strengthens the development of its R&D team, attaches great importance to the cultivation of core technical teams, increases the introduction of high-end technical talents, optimizes the structure of the talent pool, and ensures the steady growth and long-term stability of the core technical workforce.

R&D Team				
Indicators	Unit	2023	2024	2025
Number of R&D Personnel	Persons	228	261	258
Percent of R&D Personnel	%	11.91	11.45	10.39



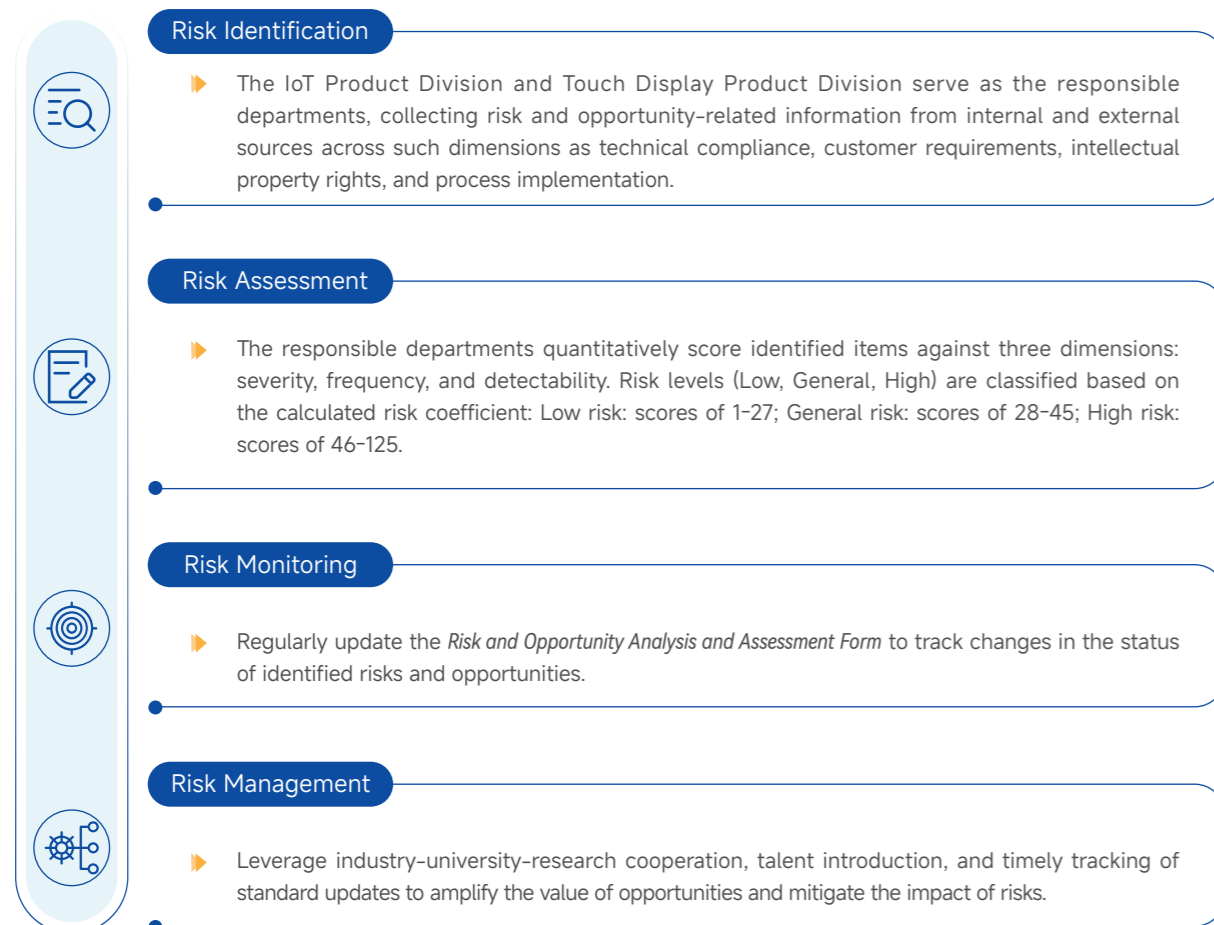
### Strategy

Relying on its R&D-related departments, the Company conducts risk and opportunity analysis focusing on key innovation links such as product design and development as well as advanced product quality planning. Integrated with industry technology development trends and the requirements of the Company's quality management system, it has established an innovation-driven risk and opportunity control list.

Risk/ Opportunity Type	Risk/Opportunity Description	Probability of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Procedural Risk	Medium	Short and Medium Term	Increased operating costs	1. Establish a customer demand database and improve the demand collection template; 2. Introduce a customer-participatory design review mechanism; 3. Establish a backup mechanism for key processes and conduct parallel R&D along multiple technical routes.
Opportunity	Market Opportunity	Medium	Medium and Long Term	Increased operating revenue	1. Increase investment in R&D resources for segmented sectors; 2. Establish an industry-university-research collaborative innovation mechanism to jointly tackle key core technologies with universities and research institutes; 3. Introduce professionals in the field of display technology to strengthen the professional competence and talent reserve of the R&D team.

## Impact, Risk, and Opportunity Management

AVD proactively collects internal and external risk management information related to its operating environment and establishes a full-process risk and opportunity management mechanism to ensure the steady implementation of its innovation strategy.



## Indicators and Goals

### Indicators

Indicator	Unit	2023	2024	2025
R&D Investment	RMB 10,000	6,426.01	8,037.32	9,409.32
R&D investment as a percent of operating income	%	6.46	7.41	7.28

## Goals

The Company has formulated medium- and long-term development goals for intellectual property rights: continuously improve the intellectual property management system, strengthen the creation, protection and application of intellectual property rights, fully stimulate innovation vitality, effectively protect innovation achievements, and promote the industrialization of innovation achievements. In the entire business process of the enterprise, the Company comprehensively carries out the sorting, identification, avoidance and prevention of intellectual property risks in advance, and formulates special risk response plans for each link. To promote the achievement of the goals, the Company regularly follows up on the process of goal completion, and annually counts and registers the number and types of intellectual property applications to ensure the orderly progress of all work.

Intellectual Property 5-Year Goals (2025-2030)	Achievements Status
Continuously ensure the effectiveness and operational vitality of the intellectual property compliance management system. Through regular system maintenance and supervision, standardize the intellectual property compliance management work, and effectively achieve the management goal of "having rules to follow and operating in accordance with the rules".	In Progress
In all operational links including R&D project approval, technical route selection, market strategy formulation, personnel management, and procurement management, 100% proactive sorting and identification of intellectual property risks shall be implemented, systematic avoidance and prevention shall be carried out, and special risk response plans shall be formulated in a targeted manner.	In Progress
We will continue to increase R&D investment, steadily enhance our independent R&D innovation capabilities, and orderly advance the implementation of new intellectual property application targets.	In Progress
We will introduce and cultivate talents in intellectual property rights (IPR), provide specialized training on IPR knowledge and skills for R&D personnel, strengthen the IPR layout and protection throughout the entire technical development process, deepen the transformation and application of IPR achievements, and ensure that the transformation rate of new patented technologies reaches more than 50% within the 5-year period.	In Progress

## R&D Innovation Initiatives and Achievements

### Encourage R&D Innovation

AVD attaches great importance to R&D innovation and intellectual property protection. It has formulated the *Patent Reward Work Guidelines*, and by establishing a sound reward system for patents and technological innovation, it fully stimulates employees' innovation vitality.

Incentive Category	Incentive Content
Patent Filing Reward	Tiered rewards are set according to patent type, distributed in three phases: review, filing, and grant, with proportions adjusted based on cooperation performance.
Patent Implementation Reward	Special rewards will be granted upon the commercialization and profitability of patents, and continuous rewards may be enjoyed for sustained profitability.
Patent Transfer Reward	For patents transferred or licensed to others for implementation with corresponding fees obtained, relevant rewards shall be granted in accordance with applicable provisions.
Technical Secret Reward	For technical secrets that meet the protection criteria, tiered rewards shall be granted based on the scoring grade and the corresponding patent type.
Annual Outstanding Inventor	Special bonuses shall be established to recognize technical personnel with outstanding contributions to annual R&D innovation.

## Product Innovation Training



To help the team accurately grasp the core competitiveness of products, the Company launched a monochrome product knowledge training in November 2025. The training systematically covered the full-chain innovation highlights of LCD and LCM, elaborated on the product innovation directions in terms of display effect, control experience, and environmental adaptability, helped the team fully understand the technical architecture and innovation logic, and strengthened the in-depth integration of innovation thinking and business practice.



Monochrome Product Knowledge Training

## R&D Achievements Exhibition

In 2025, in the field of innovation R&D, AVD focused on the integration of core display and touch technologies with multi-scenario applications and achieved a series of solid achievements.

Project Name	Core Technology Highlights	Application Scenarios
Dual-channel Video Recorder with Multiple Control Methods	<ol style="list-style-type: none"> <li>RV1126 chip heterogeneous computing architecture (quad-core Cortex-A7 + NPU + VPU);</li> <li>Dual-channel video hardware synchronization;</li> <li>Multimodal control(touch control/infrared remote control/physical buttons/network control).</li> </ol>	Security Monitoring, Industrial Production, Medical Surgery, Traffic Management 
Human-Machine Interaction Module for AC Charging Piles with Multiple Communication Methods	<ol style="list-style-type: none"> <li>QT113 domestic chip solution(dual-core Cortex-A7);</li> <li>Four-dimensional communication redundant architecture(WiFi/4G/BT/TTL);</li> <li>Linux real-time kernel + QT graphical interface.</li> </ol>	New Energy Vehicle Charging Piles, Smart Energy Infrastructure 

## Case Study AVD Unveils Innovation Products at Display Week 2025

In May 2025, AVD participated in Display Week 2025, a global grand event in the field of display technology, with a number of R&D display technologies. Focusing on innovative display technologies, it presented a variety of forward-looking solutions to the participating guests and explored the future of human-machine interaction together.



At the Display Week 2025 Exhibition Site

## Case Study AVD Unveils E-Paper Display Solutions at IOTE International IoT Exhibition

In August 2025, AVD participated in the 24th IOTE International IoT Exhibition in Shenzhen, where it focused on showcasing the full-chain independent innovation achievements in the field of electronic paper display. The exhibition covered independently developed electronic paper films, multi-size electronic paper modules, as well as terminal products such as smart electronic desk nameplates and smart office systems, which can meet customized demands in various fields.



At the IOTE International IoT Exhibition Site

## Key Performance

During the Reporting Period, the Company was granted **12** new patents. As of the end of the Reporting Period, the Company held **155** granted patents, including **25** invention patents, **127** utility model patents, and **3** design patents. In addition, it held **20** software copyrights, **24** trademarks, and had **3** papers published. As of the disclosure date of this report, **35** patents are pending.

## Promoting Industry Development

AVD actively fulfills its social responsibilities, deeply participates in the construction of the industrial ecosystem, and empowers the coordinated development of the industry. The Company is a member of the China Electric Power Development Promotion Association, the China Association of Automobile Manufacturers, and the Flat Panel Display Industry Association. It shares technological application and practical experience with industrial partners, jointly explores paths for the industrialization of technologies and scenario innovation, and facilitates the standardized upgrading and technological innovation of the industry.

## Intellectual Property Protection

### Management System

AVD strictly complies with the *Patent 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 has formulated and implemented a series of documents and systems, including the *Procedures for the Control of Intellectual Property Acquisition*, *Procedures for the Control of Intellectual Property Dispute Resolution*, *Procedures for the Control of Intellectual Property Maintenance and Utilization*, and *Procedures for the Control of Intellectual Property Risk Management*, establishing a scientific and standardized intellectual property management system. The Company's Technology Center serves as the competent department in charge of patents, copyrights, and trademarks, responsible for their administration and evaluation, as well as the review and control of changes, assignments, abandonments, and licensing matters related to patents, copyrights, and trademarks. During the Reporting Period, the Company has obtained certification under the intellectual property management system standard GB/T 29490-2023.



Intellectual Property Management System Certification

### Intellectual Property Protection Training

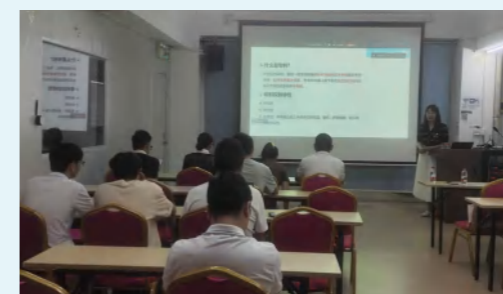
During the Reporting Period, the Company actively carried out internal and external training related to intellectual property protection, which was led and implemented by the Technology Center. The training content covers core modules such as patent search, patent infringement, and patent mining, helping employees improve their ability to identify and respond to intellectual property risks, and strengthening their awareness of patent protection and practical operation capabilities throughout the entire R&D process.



Patent Search Training



Patent Infringement Training



Patent Mining Training



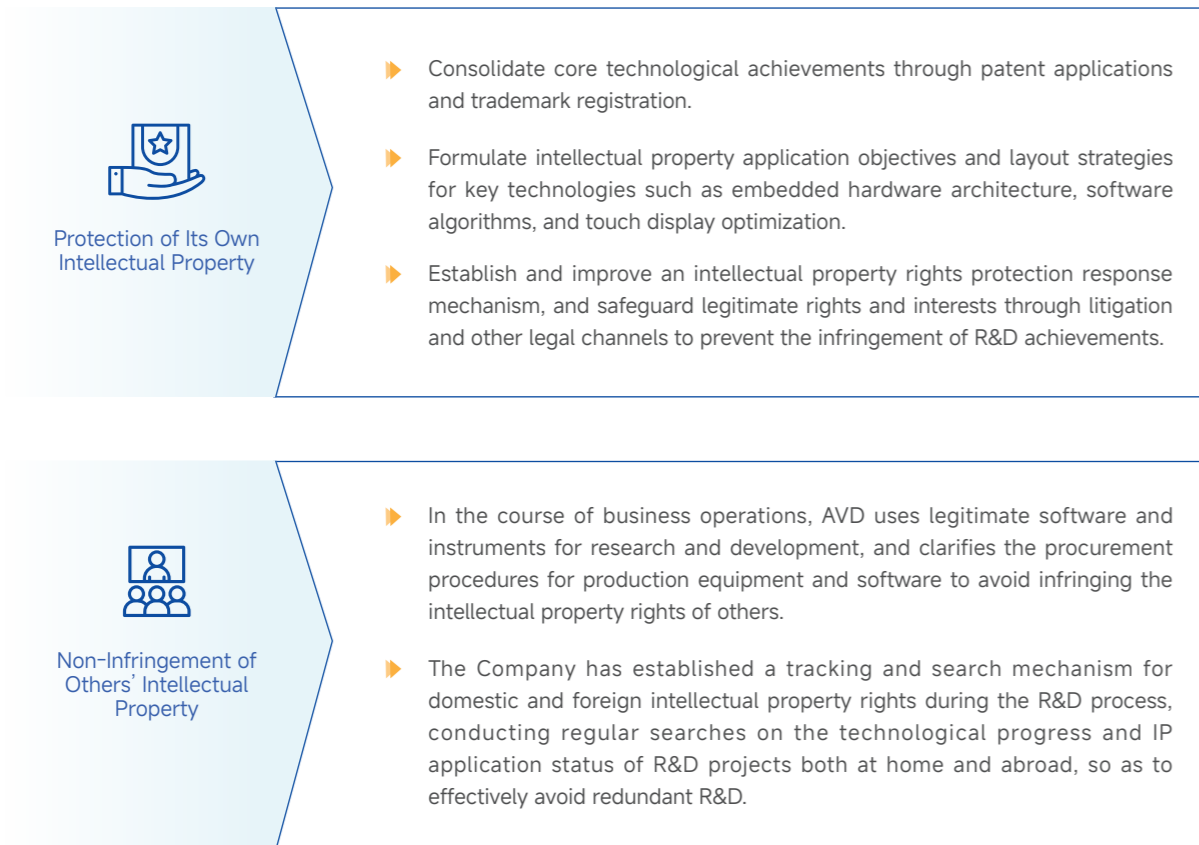
External Patent Infringement Training

## Protection Measures

AVD attaches great importance to intellectual property management, integrating intellectual property protection throughout the entire process of R&D, production and operation. It not only strictly safeguards the legitimate rights and interests of its own innovative achievements, but also adheres to the bottom line of compliance, effectively preventing the risk of intellectual property infringement.

### Management Direction

### Specific Measures



## Scientific and Technological Ethics

In the conduct of technological R&D, application and various business activities, AVD has always taken compliant operation as its core principle, strictly abiding by the current national laws and regulations as well as relevant industry standards and norms. The Company's business does not involve areas related to tech ethics, and there are no potential risks or hidden dangers arising from tech ethics issues.

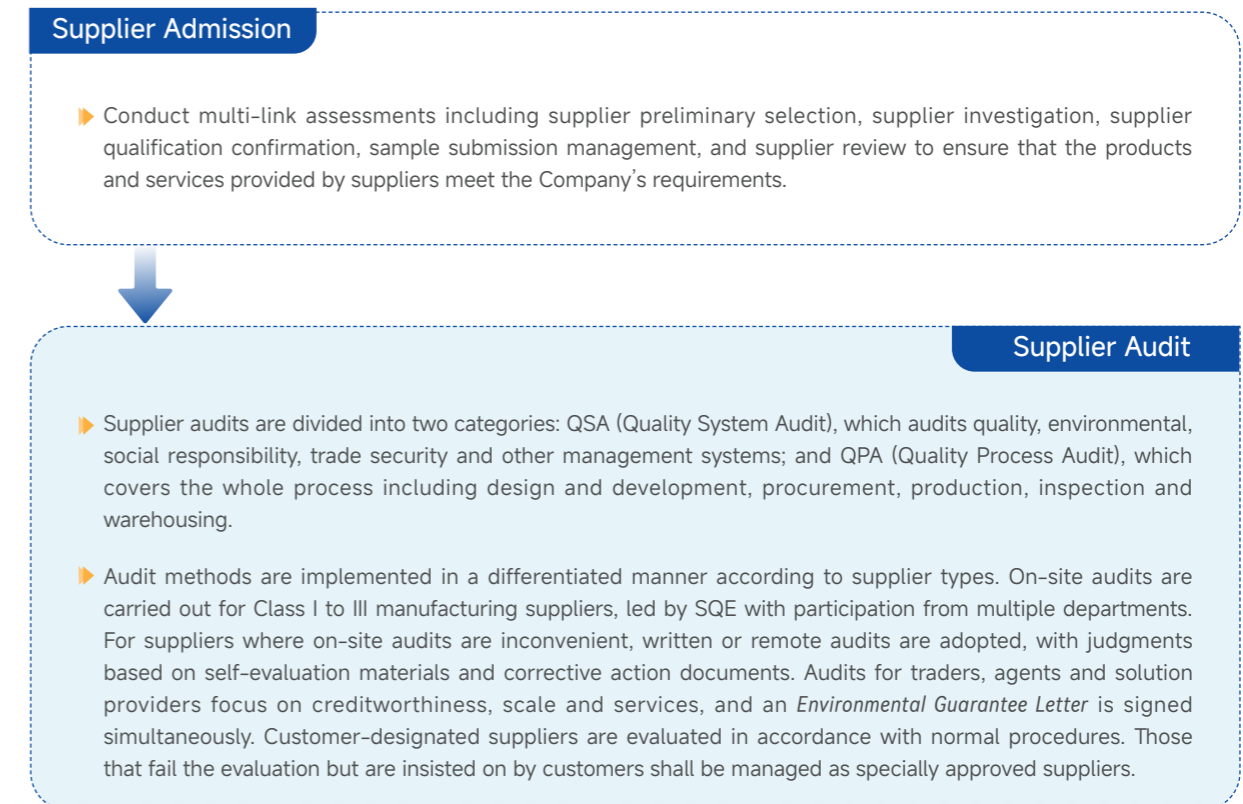
# Supply Chain Management

## Supply Chain Management System

### Governance

The Company has established a system covering the entire lifecycle of suppliers, and formulated policies including the *Procedures for Supplier Evaluation and Control* and *Guidelines for Supplier Management Operations*, so as to standardize the supplier evaluation and control process. This ensures that qualified suppliers can stably provide high-quality materials, products and services that comply with HSF regulatory requirements and feature a reasonable price-quality ratio. The Company clearly assigns the Procurement Center the overall responsibility for supplier screening, evaluation and raw material procurement, while technical, process, equipment, quality and other relevant departments conduct collaborative comprehensive capability assessments of suppliers. It strictly adheres to the bottom lines of ethics, environmental protection, safety and quality in selecting partners. Meanwhile, the Company has set special ESG work objectives for the supply chain and incorporated relevant requirements into the performance appraisal system of the Procurement Center. Through regular supervision and continuous improvement, it has been steadily enhancing the level of supply chain ESG management.

### Supplier Management Process



### Supplier Evaluation

- ▶ Monthly performance evaluation: Monthly performance evaluations are conducted for key controlled suppliers. The quality, procurement and technical departments carry out assessments from the dimensions of incoming material quality, delivery timeliness, pricing level and service capability respectively, and issue a *Supplier Comprehensive Performance Notice*.
- ▶ Semi-annual regular review: The procurement department takes the lead in conducting semi-annual supplier reviews, carries out comprehensive performance ratings for Class I to IV material suppliers and updates the supplier list. Sample suppliers and public service suppliers are not included in the review.
- ▶ Annual audit plan: SQE formulates the *Annual Supplier Audit Plan* based on factors such as suppliers' quality history and HSF risk levels. The annual audit focuses on QPA, and special audits on trade security, social responsibility and other aspects may be carried out as needed.



### Supplier Classification Management

- ▶ Qualified Suppliers: Suppliers that pass all evaluations or the comprehensive evaluation are included in the *Qualified Supplier List*.
- ▶ Special-Approved Suppliers: Suppliers that do not fully meet certain criteria but whose materials are usable may be onboarded with special approval and listed in the *Special-Approved Supplier List*, with restricted purchasing. They may be reclassified as qualified after subsequent improvements.
- ▶ Unqualified Suppliers: Suppliers that fail evaluations and still do not meet requirements after corrective actions will be rejected from onboarding and listed in the *Unqualified Supplier List*.
- ▶ Sample Suppliers: Suppliers used only for samples or small-batch trial production, exempt from full evaluation, are included in the *Sample Supplier List*.
- ▶ Dynamic Classification Adjustment: The lists are updated based on semi-annual performance evaluation results. Special-approved suppliers with a performance rating of D or above may be upgraded to qualified suppliers.



### Supplier Elimination

- ▶ The Company provides guidance and follow-up for the improvement of special-approved suppliers, unqualified suppliers and Class C suppliers, so as to avoid direct elimination. Unqualified suppliers that are still assessed as unable to meet the Company's requirements after re-evaluation following improvement guidance and follow-up shall be prohibited from use.

### Key Performance

In 2025, AVD cooperated with a total of **353** suppliers across the country. Among them, **267** suppliers were located in Guangdong and **15** in Jiangxi. The localization rate of suppliers reached **79.89** %, and the localized procurement ratio was **70.23** %.

### Strategy

Building on its core position in the value chain and characteristics of its main business, the Company integrates supply chain risk and opportunity management into its overall strategic layout for coordinated advancement. By systematically identifying potential risk points in various links of procurement and supplier management, the Company continuously addresses management weaknesses, optimizes supplier admission criteria, dynamic performance monitoring and multi-party collaboration mechanisms. It strives to build a more resilient and socially responsible supply chain system, effectively respond to market uncertainties, and accurately seize opportunities for sustainable development.

Risk/ Opportunity Type	Risk/Opportunity Description	Probability of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Compliance Risk  If the HSF test reports provided by suppliers are expired or not updated in a timely manner, it may lead to the products failing to meet environmental protection regulations or customer requirements.	Low	Medium Term	Increased operating costs	1. In accordance with the <i>HSF Compliant Product Control Procedures</i> , an early warning and closed-loop follow-up mechanism for the validity period of HSF reports has been established, explicitly requiring suppliers to complete renewal and filing before the reports expire.
Opportunity	Enhancement of Supply Chain Resilience  By improving the supplier admission and audit system and implementing a diversified procurement strategy, the Company reduces reliance on single suppliers or regions and strengthens the risk resilience of the supply chain.	High	Long Term	Reduced operating costs	1. Strictly implement the <i>Procedures for Supplier Evaluation and Control</i> , develop backup suppliers for key materials, and conduct regular on-site audits and comprehensive risk assessments on cooperative suppliers to build a solid line of defense for supply chain stability.

## Impact, Risk, and Opportunity Management

The Company has established a systematic process for supply chain risk and opportunity management. In strict accordance with the *Guidelines for the Control of Measures to Address Risks and Opportunities*, it carries out multi-dimensional risk identification and opportunity exploration across all links of the supply chain, effectively ensuring the stable and efficient operation of the supply chain system.

Management Process	Management Measures
<p>Risk Identification</p>	The Procurement Center has established a supplier risk assessment system, which identifies potential risks of qualified suppliers and collects relevant information, including supplier details and raw material sources. It regularly updates the supplier risk map.
<p>Risk Assessment</p>	For identified risks, a standardized quantitative assessment model is adopted for risk classification and prioritization. Scoring is conducted based on the three dimensions of risk event severity, frequency of occurrence, and detectability, and a risk coefficient is calculated accordingly. Risks are then classified and prioritized according to the ranges of the risk coefficient.
<p>Risk Response</p>	Based on the risk assessment results, the Company selects strategies of risk acceptance, mitigation or avoidance, including requiring suppliers to implement corrective actions, developing alternative sources, and launching emergency procurement.
<p>Risk and Opportunity Review</p>	Risk and opportunity reviews shall be conducted at least once a year to verify their effectiveness.

## Indicators and Goals

### Indicators

Key Indicators	Unit	2025
Number of suppliers with quality management system certification	Items	191
Number of suppliers with environmental management system certification	Items	103
Number of suppliers with occupational health and safety management system certification	Items	28
Number of suppliers terminated due to non-compliance	Items	0
Number of potential suppliers rejected due to non-compliance	Items	0

### Goals

Goal Content	Achievement Status
Number of delayed HSF report updates by suppliers: $\leq 3$	Achieved
Coverage rate of signed procurement agreements, code of conduct and other agreements: $\geq 90\%$	Achieved
Conflict minerals audit rate for newly onboarded suppliers: $\geq 90\%$	Achieved
Pass rate of quality system certification among manufacturing suppliers: $\geq 90\%$	Achieved
Pass rate of environmental, health and safety (EHS) system certification among manufacturing suppliers: $\geq 45\%$	Achieved
By 2030, the share of suppliers participating in Scope 3 emission reduction activities shall reach 30%	In Progress

## Supplier ESG Management

The Company fully integrates the ESG philosophy into the entire lifecycle of supplier management. It gradually incorporates environmental, social and governance factors into its supplier evaluation system. Relying on a systematic management framework, strict admission and review procedures, regular performance monitoring and capacity building, the Company works with partners to build a transparent, compliant and green-prospering supply chain ecosystem. The Company gives priority to suppliers with outstanding performance in energy conservation and emission reduction, labor rights protection, and honest and compliant operations, proactively addressing multiple challenges such as global climate change, resource constraints and the fulfillment of social responsibilities. Meanwhile, the Company continuously promotes supply chain information sharing and collaborative communication. It regularly organizes ESG-specific training for its internal procurement team and cooperative suppliers, sharing ESG practices and management methods to enhance their ESG management awareness and practical capabilities. Together with all supply chain stakeholders, the Company practices the concept of sustainable development and creates greater value for the environment and society.

## Case Study AVD & Suppliers: Jointly Promoting Sustainable Development

In May 2025, the Company's System Department organized a sustainable development training session for both the internal procurement team and cooperative suppliers. The training was closely integrated with the Company's supply chain management practices, systematically covering ESG concepts, updates in international and domestic regulations (including the EU CSRD and CBAM), as well as key global supply chain management areas such as social responsibility audit practice, conflict minerals due diligence, trade security and AEO certification, and hazardous substance control (HSF). This training effectively deepened the understanding of ESG among the procurement team and suppliers. It laid a solid foundation for the Company's subsequent efforts in conducting on-site supplier audits, driving suppliers to improve their ESG performance, and efficiently collecting key data such as carbon emissions, marking a critical step in building the Company's internal ESG management capabilities.



AVD Supplier Sustainable Development Training

## Transparent Procurement

AVD is committed to building a supply chain ecological environment of "transparent cooperation", and signs *Supplier Code of Conduct* containing integrity and transparent cooperation clauses with cooperative suppliers, clarifying the integrity and self-discipline codes of conduct for both parties, and strictly prohibiting any form of commercial bribery, interest transfer and unfair competition. The Company sets clear liability for breach of contract clauses in the manual, and at the same time sets up an independent integrity report dedicated email address (avdisplay@av-display.com), encouraging internal and external personnel to participate in supervision and reporting, and adhering to the "zero tolerance" principle for all kinds of violations.

### Key Performance

In 2025, Shenzhen AVD signed integrity agreements with **288** suppliers in total with a **100.00 %** signing rate; Ganzhou AVD signed integrity agreements with **36** suppliers in total with a **100.00 %** signing rate.

## Smart Procurement

AVD takes digital and intelligent construction as the starting point to improve the efficiency and transparency of procurement management, continuously iterates and optimizes information management systems such as OA, SAP and MES, unblocks the cross-departmental production and operation collaboration link, further optimizes the procurement process, and ensures the efficient execution and precise control of raw material procurement.

## Conflict Minerals

AVD adheres to the principle of responsible mineral procurement, and strictly follows the Conflict-Free Sourcing Initiative (CFSI) in the product procurement link to ensure that mineral sources comply with the OECD *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and other equally recognized due diligence frameworks. The Company formulates *Code of Practice for Conflict Minerals Due Diligence*, establishes a systematic and procedural conflict minerals management and control system, strictly controls the source compliance of core metal minerals such as gold, tantalum, tungsten and tin in the supply chain, as well as extended minerals such as cobalt, mica, copper, graphite, lithium and nickel, to ensure that all kinds of minerals come from legal and compliant channels.

The Company has established a clear cross-departmental collaborative management structure to ensure the implementation and closed-loop management of conflict minerals due diligence work. The Procurement Center is responsible for the overall organization of supply chain due diligence, collecting and maintaining *RMI\_CMRT Conflict Minerals Report* and *RMI\_EMRT Extended Minerals Report* submitted by suppliers, and strictly reviewing the validity of the reports; The Supplier Quality Department is responsible for conducting special audits on suppliers' conflict minerals investigation work, incorporating the audit results into *Supplier Quality System Audit Report (QSA-SCR)*, and following up the rectification and implementation of non-conformities throughout the process; The System Department is dedicated to connecting and responding to the conflict minerals investigation requirements initiated by customers, and is also responsible for the monitoring of the validity period of smelters' relevant qualifications and the verification of qualification validity.

The Company has fully embedded the conflict minerals management requirements into the whole life cycle of supplier and material management, established a normalized supply chain mineral compliance management mechanism, and conducted a comprehensive general survey of conflict minerals in the supply chain every year. During the Reporting Period, the Company issued specific requirements for conflict minerals due diligence to 324 cooperative suppliers.

### Key Performance

In 2025, AVD held **1** ESG training session for suppliers, with a training duration of **3** hours, covering **145** suppliers.

## Responsible Procurement

AVD fully integrates the concept of sustainable development into the entire procurement management process, formulates *Supplier Code of Conduct*, clarifies core compliance requirements such as environmental protection, anti-discrimination, occupational health and safety, labor rights and interests, salary and welfare, and business integrity, and establishes a standardized and sustainable procurement management process and operational capabilities.



## Equal Treatment of Small and Medium-Sized Enterprises

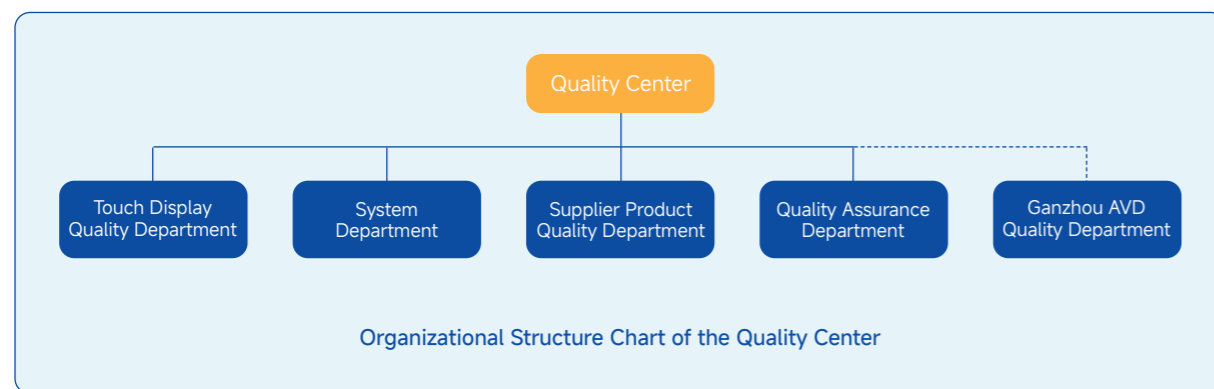
AVD adheres to the cooperation principles of fairness, transparency and mutual benefit and win-win results, does not implement differentiated treatment due to the differences in the scale of cooperative enterprises in business cooperation, and earnestly fulfills the responsibility of supporting the development of small and medium-sized enterprises. By providing equal business opportunities, stable cooperation expectations and necessary growth support for small and medium-sized enterprises, the Company establishes long-term and stable win-win partnerships with them, and jointly promotes the inclusive development and sustainable upgrading of the industrial chain. During the Reporting Period, the Company had no overdue payments to small and medium-sized enterprises.

# Product and Service Safety and Quality

## Quality Assurance System

### Governance

AVD always abides by the quality policy of "Customer First, Quality Supreme, Innovative Development, Pursuit of Perfection", and strictly complies with the requirements of relevant laws and regulations such as the *Product Quality Law of the People's Republic of China*. The Company sets up the Quality Center as the centralized department for quality management, which comprehensively plans all quality management work of the Company and takes the lead in building the enterprise quality culture and quality strategic planning system. The Company formulates a complete set of quality management documents such as *Advanced Product Quality Planning (APQP) Control Procedure*, *Product Design and Development Control Procedure* and *Product Monitoring and Measurement Control Procedure*, and builds a quality control mechanism covering the whole process of R&D, production and delivery.



In terms of the construction of quality management system, during the Reporting Period, the Company continued to deepen the implementation of the system and the certification upgrade work, and has successfully passed a number of authoritative certifications such as ISO 9001:2015 Quality Management System, IATF 16949:2016 Automotive Industry Quality Management System, and ANSI/ESD S20.20:2021 Electrostatic Discharge Protection Management System; Its subsidiaries Ganzhou AVD and Ruidisheng have also successfully passed the ISO 9001:2015 Quality Management System certification, laying a solid foundation for the stability of product quality with standardized system construction, and further improving the market recognition and core competitiveness of products.



### Strategy

AVD bases on the internal and external operating environment and the core demands of relevant parties, systematically carries out the identification and assessment of risks and opportunities, and formulates and implements targeted response measures to continuously improve product quality and market competitiveness.

Risk/ Opportunity Type	Risk/Opportunity Description	Probability of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures	
Risk	Quality Risk	In the production link, product quality may fail to meet standards due to raw material quality, production process deviation or inadequate quality control, which in turn affects customer experience and brand reputation.	High	Short and Medium Term	Reduction in Operating Income	1.Strengthen the incoming inspection process of raw materials and continuously optimize production process parameters; 2. Improve the whole-process quality management system and conduct regular special product quality inspections.
Opportunity	Technological Transformation Opportunity	Promote intelligent and digital transformation relying on cutting-edge technologies such as big data and artificial intelligence, optimize production and operation processes, continuously iterate product quality and performance, and improve customer satisfaction and market recognition.	High	Medium and Long Term	Increase in Operating Income	1. Increase R&D resource investment and introduce advanced technologies and equipment; 2. Improve the construction of quality management system and strengthen product quality inspection and after-sales service guarantee.

## Management of Impacts, Risks and Opportunities

The Company formulates *Code of Practice for the Control of Measures to Address Risks and Opportunities*, and builds and continuously improves the risk and opportunity management process for the whole life cycle of products and services.

<p>Risk Identification</p>	<p>The identification of risks and opportunities related to system certification is led by the System Department and carried out in collaboration with all relevant business departments to ensure comprehensive identification.</p>
<p>Risk Assessment</p>	<p>In accordance with the established evaluation criteria, the identified risks are quantitatively evaluated from three dimensions: severity, occurrence frequency and detectability, and the risk level is determined by calculating the risk coefficient to provide a basis for formulating subsequent response measures.</p>
<p>Risk Response</p>	<p>After the responsible departments assess the identified risks, they adopt adaptive response strategies combined with the risk levels, including risk acceptance (applicable to risks with small losses and high occurrence frequency), risk reduction (reducing risk losses through special measures) and risk avoidance (eliminating potential risks through process optimization or plan adjustment), so as to achieve the risk control objectives.</p>
<p>Risk Management</p>	<p>The Company conducts a special review of risks and opportunities at least once a year to verify the effectiveness of management measures. After the review, documents such as risk and opportunity analysis and evaluation form, residual risk analysis report and improvement measures/plans are formed to provide support for the continuous optimization of the management system.</p>

### Key Performance

During the Reporting Period, the Company conducted **2** annual internal quality audits, and no major safety and quality liability accidents related to products or services occurred.

## Indicators and Goals

### Indicators

Indicator	Unit	2025
TP Product Qualification Rate	%	90.77
TFT Product Qualification Rate	%	95.35

## Goals

2025 Goals	Achievement Status
Product Delivery Timeliness Rate $\geq$ 90.00%	Achieved
Product Shipment Qualification Rate $\geq$ 97.00%	Achieved
Customer Satisfaction $\geq$ 90.00 Points	Achieved



## Product Quality Management Measures

### Whole Life Cycle Management

AVD has built a whole life cycle quality management system covering four modules: product R&D, material supply, production and manufacturing, and market operation, with the core goal of creating high-quality products satisfying users, laying a solid foundation for the sustainable development of the Company.

#### Quality Management Process

##### Product Design and Development Stage

After fully collecting market demands, the Technical Department conducts a comprehensive feasibility analysis, implements refined control over the whole process of product R&D and service supply, and lays a solid foundation for product quality compliance from the source.

##### Production and Manufacturing Stage

Strictly follow the specifications and requirements such as *DFMEA Code of Practice* and *PFMEA Code of Practice*, and standardize the whole process of sample production and product trial production; for products involving the application of new materials and new processes, strictly implement in accordance with the *Material Development Code of Practice*. Conduct multi-dimensional and full-factor product inspection and testing throughout the production process to ensure that product quality meets audit standards and relevant compliance requirements.

##### Feedback and Evaluation Stage

During the order execution period, the Quality Center takes the lead in organizing special corrective and rectification actions for internal quality abnormalities and customer feedback problems, systematically summarizes the experience and methods in the correction process, and updates them to the relevant management documents simultaneously. The Quality Center, in conjunction with the Sales Center, conducts a comprehensive review and in-depth analysis of the achievement of customer objectives and demands every year to continuously promote the optimization and improvement of product quality.

##### Rework and Repair Management

In the production process and finished product inspection link, unqualified products found in self-inspection, mutual inspection and random inspection are identified and isolated immediately. For products determined to need rework/repair, a strict re-inspection process is implemented after the treatment is completed; at the same time, by continuously improving the professional operation ability of employees in rework/repair, the management objectives of reducing process loss, shortening production and delivery cycle, and full control of the quality of reworked products are achieved.

### Hazardous Substance Management

To ensure that products fully comply with the requirements of standards and relevant laws and regulations such as RoHS, REACH, IEC61249-2-21 and GB26572-2025, AVD formulates management documents such as *HSF Product Testing Code of Practice* and *HSF Compliance Product Control Procedure*, conducts full-category hazardous substance testing on raw materials, tooling and fixtures, semi-finished products and finished products in the whole production process, and builds a sound hazardous substance management and control system to ensure product compliance.

The system clearly defines the division of responsibilities of relevant departments such as the management representative, the System Department and the Supplier Quality Department, and builds a management and control mechanism with clear rights and responsibilities and efficient collaboration. The scope of control covers the whole process of supply chain management, new material development and procurement, product design and manufacturing, and delivery. By formulating *List of Restricted Hazardous Substances* and *List of Customer-Specific Requirements for Hazardous Substances*, the HSF compliance standards for various products are clarified; Carry out regular pollution source identification and risk assessment, form a risk control list and incorporate it into the daily testing system. During the Reporting Period, both AVD and Ganzhou AVD have passed the IECQ QC080000 Hazardous Substance Process Management System certification, and the hazardous substance management and control capability has been recognized by authoritative institutions.



IECQ QC080000 Certificate of AVD



IECQ QC080000 Certificate of Ganzhou AVD

### Product Quality Training and Publicity

In September 2025, AVD carried out the 2025 Quality Culture Month activity with the theme of "Improve Quality and Efficiency, Forge Ahead Steadily", systematically deepening the construction of quality culture, which covered all employees of AVD, Ganzhou AVD as well as the core supplier system.



Quality Month Launch Meeting



"Required Knowledge and Skills" Activity



“Clean Room Clothing Wearing PK” Activity



“Eagle Eye” Activity



Supplier Quality Publicity



Quality Month Activity Site

## Product Recall

AVD formulates *Unqualified Product Control Procedure*, establishes a standardized product recall management process, clarifies the recall trigger conditions, implementation specifications and subsequent disposal requirements to ensure the timely control of quality risks. When the Company internally identifies that products have HSF non-conformities, involve safety/health risks and other circumstances requiring recall, the product recall process is initiated immediately. The recall process is led by the Quality Center, which is responsible for sorting out and providing core information such as the model, batch, involved quantity, recall reason and associated customers of the recalled products, formulating and issuing *Product Recall Notice*, accurately transmitting it to relevant customers through the Sales Center, and following up the progress of the recall of products at the customer end and terminal throughout the process.

After the recalled products are recovered, they are first isolated and disposed of in strict accordance with the unqualified product management requirements, a root cause analysis is organized and targeted corrective and improvement measures are formulated, and then in accordance with the specific categories of non-conformities, rework, repair, recovery or scrapping are adopted in accordance with regulations to ensure the complete elimination of quality risks. If a product recall is triggered by unqualified random inspection, the test results are officially fed back to the relevant certification institutions simultaneously to ensure the full-process compliance and traceability of products.

### Key Performance

During the Reporting Period, the number of product recalls of the Company was **0** Item, and the product recall ratio was **0**%.

## Customer Service Management

### Customer Service Management System

AVD has established a scientific and sound customer service management system, formulated internal management norms such as *Customer Service Control Procedure*, *Customer Service Code of Practice* and *Sales Business Conduct Code of Practice*, and continuously improved the quality of customer service. The Company has built a customer service process system covering the whole pre-sales, in-sales and after-sales cycle, with clear rights and responsibilities and efficient collaboration at each stage. The pre-sales stage is responsible for by the Business Department, including the filing of new customers and the standardized entry of customer information; The in-sales stage is participated in by the Business Department, Sales Department and R&D Department in collaboration, including the construction of project information forms, the whole-process progress tracking of orders, and the timely communication and feedback of customer demands; In the after-sales stage, for the return of unqualified products, the Customer Service Department leads the joint disposal of relevant departments and provides customers with professional and standardized supporting solutions such as return and repair.

### Key Performance

During the Reporting Period, the Company carried out **144** times of quality training and publicity activities, with a total training duration of **4,354.00** hours and a total of **1,960** Person-times of training participants.

## Customer Service Management Measures

### Customer Complaint Response Mechanism

AVD always adheres to the principle of customer first, formulates *Customer Complaint Handling Code of Practice*, and establishes a standardized customer complaint management mechanism. Customer complaints are subject to hierarchical control, and are divided into three categories: general customer complaints, major customer complaints and quality accidents according to the loss caused by the complaint and the impact on the Company's brand reputation, and are efficiently disposed of through cross-departmental collaboration and linkage. The Company has established a normalized channel, where the Sales Center is responsible for understanding the customer's situation at the customer end, giving handling opinions, and coordinating the information transmission and communication such as customer delivery. At the same time, the Quality Center regularly conducts a systematic review of customer complaint matters, forms a special analysis and summary report, formulates targeted improvement measures, transforms mature improvement plans into standardized management documents, and organizes relevant personnel to carry out special training to continuously improve the quality and response efficiency of customer service and reduce the occurrence of similar customer complaints from the source.

### Operation Process of Customer Complaint Mechanism



After receiving the customer complaint information, the CQE engineer records the complaint in the *Daily Customer Complaint Record Summary Table*, confirms the matter registration according to the impact, and investigates and analyzes the cause together with the responsible department;



After the preliminary analysis and investigation by the CQE, if the complaint is deemed untrue, communicate with the customer in an appropriate way, such as E-mail, telephone, WeChat or the form provided by the customer;



For verified customer complaints, the CQE organizes a problem-solving team (relevant units such as NPI, Production Department, Electronic Department, Project Department, Quality Department, Manufacturing Department) to communicate, clearly define the division of responsibilities and completion time for customer complaint handling. The team leader investigates the root cause of the customer complaint according to his/her responsibilities and formulates corrective measures.

Indicator	Unit	2023	2024	2025
Number of Customer Complaints	Times	80	71	45
Number of Resolved Customer Complaints	Times	80	71	45

### Customer Satisfaction Survey

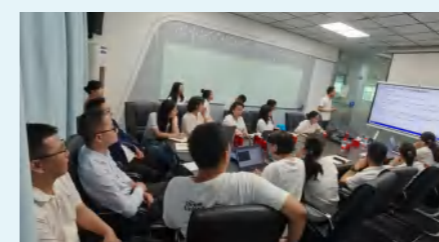
AVD formulates *Customer Satisfaction Survey Code of Practice* to implement standardized and standardized management of satisfaction survey work, and conducts a comprehensive annual customer satisfaction survey covering the whole year every year. The survey focuses on core dimensions such as product quality, after-sales service and compliance with environmental protection requirements. The Customer Service Department uniformly issues the *Customer Satisfaction Questionnaire* according to the list of surveyed customers determined annually, and follows up the recovery progress throughout the month after the questionnaires are sent out, with a clear requirement that the questionnaire recovery rate shall not be less than 80.00%.

### Key Performance

During the Reporting Period, the Company issued a total of **73** Copy of customer satisfaction questionnaires, and the customer satisfaction rate was **92.31**%.

### Customer Service Training

AVD continuously deepens the construction of customer service capabilities to help the sales and relevant business teams build a professional and efficient customer service system. During the Reporting Period, the Sales Center carried out a total of eight special training sessions, adopting a training model dominated by internal training and supplemented by external training. The training effect acceptance is carried out through various methods such as on-site evaluation, assessment and testing, and one-on-one interviews to effectively improve the overall service professionalism and execution efficiency of the team.



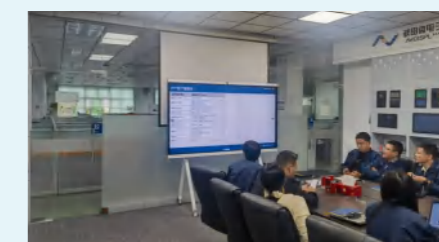
Introduction to Basic Knowledge of Industrial Intelligence



Introduction to Basic Knowledge of Industrial Intelligence



Quality-Related Sales Training



Basic Knowledge of Display & Touch Training

# Data Security and Privacy Protection

## Information Security Management System

AVD strictly abides by relevant 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*, formulates internal norms such as *Information Security Incident Control Code of Practice* and *Confidentiality System Management Code of Practice*, to ensure the stable and safe operation of the Company's information systems and related equipment. The Company sets up the Information Technology Department, which is responsible for the overall disposal of information security incidents; All departments strictly implement the responsibility of information security prevention and control, take the initiative to prevent the occurrence of information security incidents, report sudden information incidents in a timely and accurate manner, and fully cooperate with the investigation, evidence collection, rectification and implementation of relevant work. In addition, the Company signs *Confidentiality Agreement* with all employees to strengthen the confidentiality awareness and responsibility of all staff, protect the security of the Company's key information in an all-round way, and effectively safeguard the legitimate rights and interests of the Company.

### Key Performance

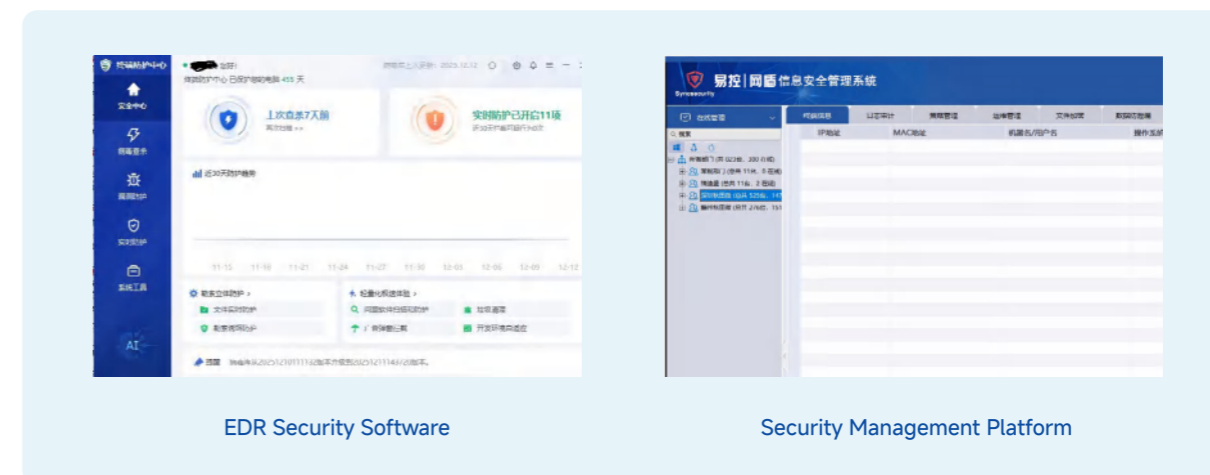
During the Reporting Period, the Company's investment in data security was **916,500.00** RMB, and no data security incidents or customer privacy leakage incidents occurred.

## Normalized Information Security Assurance Measures

To effectively prevent information security risks, ensure the continuous operation of business and the security of information assets, the Company has established and implemented a systematic information security management and control system.

### Information Security and Data Privacy Protection Measures

- ▶ The computer room is equipped with access control and environmental monitoring systems, which can push alarm information to managers in real time; the construction of the computer room strictly follows the standard specifications, and multiple protection measures such as anti-static, fire prevention, lightning protection and anti-theft are set up simultaneously; special personnel are arranged to conduct daily normalized inspections of the computer room to fully ensure the safe and stable operation of the computer room.
- ▶ The Company implements an automated data backup mechanism, builds an off-site backup system, and formulates differentiated backup strategies for different operating systems; conducts regular data recovery tests to verify the availability and integrity of backup data, and protects the security of data assets in an all-round way.
- ▶ All office computers and servers of the Company are installed with genuine operating systems and anti-virus protection software, with security patches updated in a timely manner, and daily normalized security checks are implemented.
- ▶ Without permission, electronic devices of third-party visitors outside the Company are strictly prohibited from accessing the Company's internal network.
- ▶ Through the regular conduct of special information security training, comprehensively strengthen the information security awareness and protection capabilities of all employees.
- ▶ Enable the file encryption system to implement full-process data encryption for office files, and at the same time conduct standardized management of terminal USB interfaces, strictly prohibiting the private reading of external storage devices, and building a solid defense line for the Company's data leakage prevention from the technical level.



EDR Security Software

Security Management Platform

## Information Security Risk Assessment

To fully identify and respond to information security risks and opportunities in production and management activities, the Information Technology Department of the Company strictly follows the Company's *Code of Practice for the Control of Measures to Address Risks and Opportunities*, establishes a standardized risk identification and response management method, systematically sorts out and confirms the information security risk points in the areas under the jurisdiction of the department, and compiles the *Risk and Opportunity Analysis and Evaluation Form* based on the risk assessment results to realize the standardized and listed management of risks. For all kinds of identified risks, a number of targeted management and control measures have been implemented, including conducting a comprehensive information security risk assessment every year, deploying an information security management system and a security defense system for all terminals of the Company, and promoting the realization of automated backup of all categories of data, building an all-round information security risk prevention and control system.

## Information Security Training

The Company regularly carries out network security and data security education and training, continuously improves the confidentiality awareness of all staff as well as the basic literacy and practical skills of information security, and systematically builds the overall risk prevention and emergency response capabilities of the organization. During the Reporting Period, the Company carried out 2 times of information security training with 96 Person-times of participating employees.

### Case Study Information Security Training

In November 2025, the Company invited external lecturers to carry out information security training for employees. The training theme focused on core contents such as national network security laws and regulations, national key network and data security work requirements, domestic and foreign network security situation and network security cases, phishing email prevention, password security, etc., effectively strengthening the network and data security protection awareness of the participants.



Information Security Training

## Customer Privacy Protection

The Company attaches great importance to the protection of customer privacy and data rights and interests, formulates *Confidentiality System Management Code of Practice*, clearly includes customer-related information such as customer lists, customer files, cooperation plans and meeting minutes into the scope of confidentiality, and implements hierarchical confidentiality management and control in accordance with the system. At the same time, exclusive confidentiality clauses are set in various agreements signed with customers, clearly defining the rights and responsibilities boundary of information protection for both parties, protecting the security of customer privacy and trade secrets in an all-round way, and effectively safeguarding the legitimate rights and interests of customers.

## Emergency Event Management

AVD formulates special emergency plans and response mechanisms such as *Cybersecurity Emergency Plan Code of Practice*, and builds a scientific, standardized, efficient and agile information security emergency management mechanism to ensure that when sudden security incidents such as information system abnormalities occur, the emergency disposal process can be started quickly and control measures can be taken accurately to minimize the incident losses and adverse effects. The Company has established a normalized emergency drill mechanism, and organizes practical emergency drills irregularly every year to verify the feasibility of the emergency plan and the effectiveness of emergency response. In 2025, the Company carried out special information technology emergency drills in June and December respectively, focusing on practical drills for core emergency scenarios such as file recovery and system data recovery. After the drills, the whole process was reviewed, evaluated, summarized and optimized. The two emergency drills have effectively improved the information security emergency disposal capability and collaborative operation capability of all staff, accumulated practical experience for the efficient disposal of sudden security incidents, and fully achieved the expected drill objectives.



HACKING DETECTED  
SECURITY BREACH

# 04

## Unite as One: Empower Talent Growth

### Our Philosophy

AVD has always adhered to the people-oriented philosophy, respected and safeguarded employees' legitimate rights and interests, and strived to build an equal, inclusive, safe and orderly workplace. We not only focus on the improvement of employees' professional capabilities, but also attach importance to their spiritual needs and work-life balance, and place the protection of employees' physical and mental health in an important position in enterprise operation and management. By establishing a sound occupational health and safety guarantee mechanism, a comprehensive salary and welfare system, carrying out a variety of corporate culture activities, and implementing regular employee care measures, we enhance employees' sense of belonging and happiness.

### Our Actions

Protect Occupational Health and Safety, Adhere to Equal Employment, Improve the Salary and Welfare System, Strengthen Democratic Management, Attach Importance to Employee Training and Development



# Occupational Health and Safety

## Occupational Health and Safety Management System

AVD has always adhered to the safety management policy of "Safety First, Prevention First; Fulfill Responsibilities, Ensure Safety; Comply with Laws and Regulations, Strengthen Management; Improve Environment, Protect Health", and strictly abides by the requirements of national laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. We prevent and resolve major safety risks from the source, providing a reliable safety guarantee for the orderly operation of the Company. No safety accidents occurred during the Reporting Period.

### Governance

The Company has formulated a series of occupational health and safety management documents including the *Occupational Health Operation & Monitoring and Control Procedure*, *Hazard Source Identification and Risk Assessment Management Regulations*, and *Safety Inspection Assessment and Accident Reward and Punishment Management Regulations*, establishing a sound occupational health and safety management system to comprehensively protect employees' health and safety. As of the end of the Reporting Period, both AVD and Ganzhou AVD have obtained the ISO 45001 Occupational Health and Safety Management System certification.

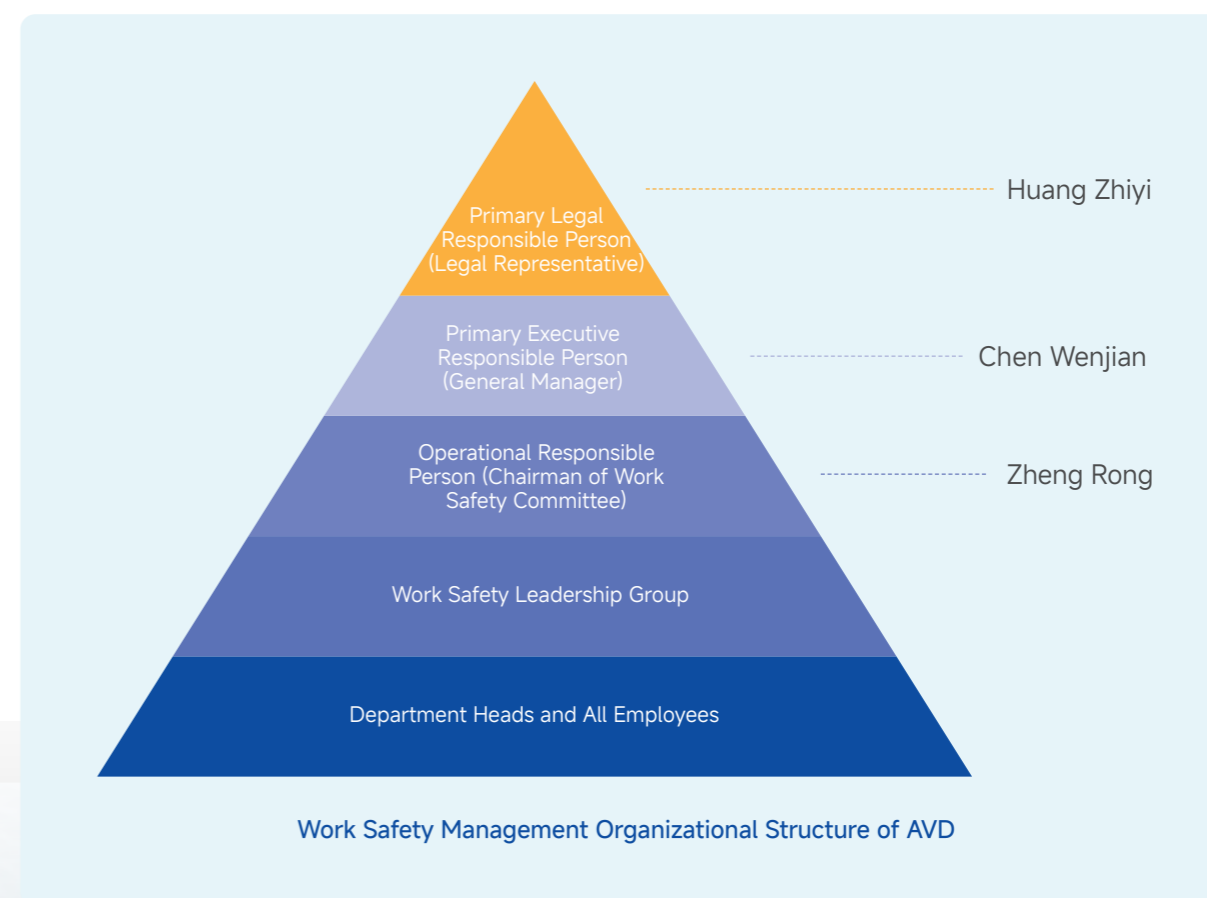
The Company has set up a Work Safety Committee to comprehensively plan and lead the Company's work safety management, supervise the implementation of major work safety decisions and arrangements, and adhere to the bottom line of work safety. We have established a sound safety responsibility system, consolidated the main safety management responsibilities at all levels, and signed work safety responsibility letters. Regular evaluations are conducted in accordance with the requirements of work safety standardization construction, and a comprehensive assessment is made on the completion of work safety objectives and indicators. Meanwhile, to effectively improve the efficiency of safety management, the Company carries out special training on work safety responsibilities for management personnel, strengthens their awareness of the safety red line and the rule of law thinking, and continuously promotes the construction of the safety leadership system, laying a solid foundation for work safety with professional management.



Occupational Health and Safety Management System Certification Certificate of AVD



Occupational Health and Safety Management System Certification Certificate of Ganzhou AVD



## Strategy

The Company evaluates and identifies potential risks and opportunities in the production process, conducts regular investigations on various safety hazards in the workplace, and formulates and implements targeted corrective and rectification measures in a timely manner for identified problems. We realize the source control and minimal disposal of safety risks, and effectively build a protective barrier for employees' life safety and occupational health.

Risk/ Opportunity Type	Risk/Opportunity Description	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risk	Operational Risk	Low	Short Term	Increased operational costs/fines	1. Conduct safety hazard investigations and strengthen source control of risks; formulate emergency plans and conduct regular emergency drills. 2. Implement occupational health protection measures and provide employees with protective equipment.
	Technical Risk	Medium	Medium and Long Term	Increased operating costs	1. Strictly carry out equipment transformation and maintenance to improve the stability of equipment and facilities. 2. Regularly inspect protective equipment and facilities to ensure their safety and effectiveness.
Opportunity	Management Efficiency	High	Short, Medium and Long Term	Reduced expenditure	1. Improve the occupational health management system and systematically identify and control various hazard factors in the working environment. 2. Equip employees with compliant protective equipment and strengthen occupational health protection. 3. Conduct regular occupational health examinations for employees and establish exclusive files to realize dynamic monitoring and intervention of occupational health, prevent occupational health problems from the source, protect employees' physical and mental health, improve work efficiency, and avoid large financial expenditures caused by occupational health accidents. 4. Introduce more advanced production equipment, improve process flows, and actively promote digital construction to enhance enterprise management efficiency.

## Impact, Risk, and Opportunity Management

The Company has formulated institutional documents such as the *Hazard Source Identification and Risk Assessment Management Regulations* and *Safety Inspection Assessment and Accident Reward and Punishment Management Regulations*, and continuously improved the Company's risk management process.

### Management Process

### Management Measures

<p>Hazard Source Identification and Assessment</p>	<ul style="list-style-type: none"> <li>▶ The Work Safety Committee organizes all relevant departments of the Company to identify and assess hazard sources in production and operation activities and office premises every year, and compile the Company's <i>List of Hazard Source Identification and Risk Assessment</i>.</li> <li>▶ If hazard sources change during the identification process, re-organize risk assessment immediately and update and revise the <i>List of Hazard Source Identification and Risk Assessment</i> simultaneously.</li> <li>▶ The Work Safety Committee shall timely organize re-identification and re-assessment of the hazard source identification and assessment results submitted by various departments for review.</li> <li>▶ After the completion of hazard source identification and assessment, implement differentiated hierarchical control in strict accordance with risk levels, and formulate and implement corresponding control measures in a targeted manner.</li> </ul>
<p>Safety Hazard Investigation</p>	<ul style="list-style-type: none"> <li>▶ Carry out in-depth special rectification actions and improvement actions for work safety, and refine and implement internal regular hazard investigations and cross-regional mutual hazard investigations in accordance with the Company's internal regulations to promote the implementation of safety hazard rectification in work safety.</li> <li>▶ Focus on the investigation and rectification of risk hazards in key areas such as electricity use, fire protection, chemicals and electrical engineering, deepen the source governance, systematic governance and comprehensive governance of work safety, and build a comprehensive safety defense line for work safety.</li> <li>▶ During the Reporting Period, Shenzhen AVD conducted 11 special safety inspections, identified and rectified 251 safety hazards with a 100.00% rectification rate; Ganzhou AVD conducted 23 special safety inspections, identified and rectified 199 safety hazards with a 100.00% rectification rate.</li> </ul>
<p>Emergency Plan</p>	<ul style="list-style-type: none"> <li>▶ The Company has formulated the <i>Work Safety Accident Emergency Plan</i>, including special emergency plans for fire hazards, hazardous chemical leakage, forklift accidents, pressure vessel explosions, etc.</li> <li>▶ Organize regular training and drills, conduct a comprehensive review and summary of the whole drill process, evaluate the effectiveness and optimize and improve the plan, comprehensively enhance employees' safety awareness and emergency response capabilities for sudden safety incidents, and effectively build a protective barrier for employees' life safety.</li> <li>▶ In 2025, the Company organized a total of 23 safety emergency drills.</li> </ul>



Fire Evacuation Drill of Shenzhen AVD



Hazardous Chemical Leakage Accident Drill of Shenzhen AVD



Fire Emergency Drill of Ganzhou AVD



Indicator	Unit	2023	2024	2025
Total Duration of Safety Training	Hours	3,279.00	4,191.00	4,836.00
Per Capita Safety Training Duration	Hours/Persons	1.71	1.84	1.95
Safety Training Coverage Rate	%	100.00	100.00	100.00
Work Safety Investment Amount	RMB10,000	274.21	229.50	83.08
Work-Related Fatalities	Persons	0	0	0
Total Number of Work-Related Injuries	Persons	10	6	5
Work-Related Injury Insurance Investment	RMB10,000	/	87.54	101.68
Certification Rate of Special Operation Personnel	%	/	100.00	100.00
Employee Physical Examination Coverage Rate	%	100.00	100.00	100.00
New Occupational Diseases	Cases	0	0	0

## Indicators and Goals

### Indicators

Indicator	Unit	2023	2024	2025
Total Investment in Safety Training	RMB10,000	3.36	5.04	5.17
Number of Safety Training Sessions	Sessions	146	141	264
Number of Participants in Safety Training	Person-Times	7,669	9,374	5,823

### Goals

The Company conducts a comprehensive evaluation of the implementation of work safety standardization at least every quarter, and simultaneously makes a comprehensive assessment of the completion of work safety objectives and indicators, standardizes the Company's work safety management, and improves the long-term work safety management mechanism.

Goals Content	Achievement Status
100.00% Rectification Rate of Safety Hazards	✓ Achieved
100.00% Implementation Rate of Emergency Plans	✓ Achieved

## Occupational Health and Safety Management Measures

The Company practices the work safety policy of "Safety First, Prevention First", and formulates management documents such as the *Safety Training Management Regulations*, *Occupational Safety Protection Operation Regulations* and *Work-related Injury Accident Management Regulations* to strengthen the management of employees' work safety, continuously improve employees' safety awareness and practical operation capabilities, avoid various potential safety hazards and risks from the source, and protect the safety of the enterprise's production and operation and employees' life and health rights and interests.

 Relevant Party Safety Management	<ul style="list-style-type: none"> <li>Ensure that all relevant parties entering the Company's operation areas comply with the Company's safety standards and procedures by signing safety agreements and conducting safety education and training.</li> </ul>
 Production Equipment Management	<ul style="list-style-type: none"> <li>Safety operating procedures and relevant visual warning signs for production facilities and equipment are fully covered in all scenarios; new equipment must be strictly accepted by the safety department before being put into use at the factory, and can only be activated after passing the acceptance inspection.</li> </ul>
 Operation Management	<ul style="list-style-type: none"> <li>On-site management personnel and operators shall strictly operate in accordance with safety operating procedures and safety management regulations, and strictly prohibit illegal command, illegal operation and violation of labor discipline.</li> <li>After the completion of engineering construction, it can only be put into use after passing the acceptance inspection by the safety department.</li> <li>Formulate and implement the work safety on-duty plan and system, and implement the leader on-duty system during important periods.</li> <li>Formulate the approval system for high-risk operations; high-risk operations are strictly prohibited without signing a safety agreement, filing valid certificates and obtaining approval from the safety department.</li> </ul>
 Improving Safety Awareness	<ul style="list-style-type: none"> <li>The Company regularly organizes the publicity and education of laws and regulations related to work safety, knowledge of work safety standardization and post operation knowledge, and solidly carries out theme safety publicity activities such as the national "Work Safety Month" and "Fire Protection Publicity Month".</li> <li>Formulate and implement the annual safety training plan, specifying the training content and time.</li> <li>Organize annual safety re-training for all employees to continuously improve their safety literacy and practical operation capabilities.</li> <li>Before the put into use of new technologies, new equipment, new processes and new materials, conduct special safety training on the "Four News" for relevant personnel to ensure that they are put into use only after the completion of training.</li> </ul>

### Case Study Work Safety Month Training

In June 2025, the Company's Safety Office organized special training activities around the theme of "Work Safety Month". The training content included basic knowledge of work safety, interpretation of major laws and regulations, and practical methods of on-site safety inspection. Through case analysis and practical operation explanation, employees' safety awareness and risk prevention capabilities were further strengthened, laying a solid foundation for the Company to continuously build a strong safety defense line.



Safety Production Month Training

### Case Study Safety Main Responsibility Training for Middle and Senior Managers

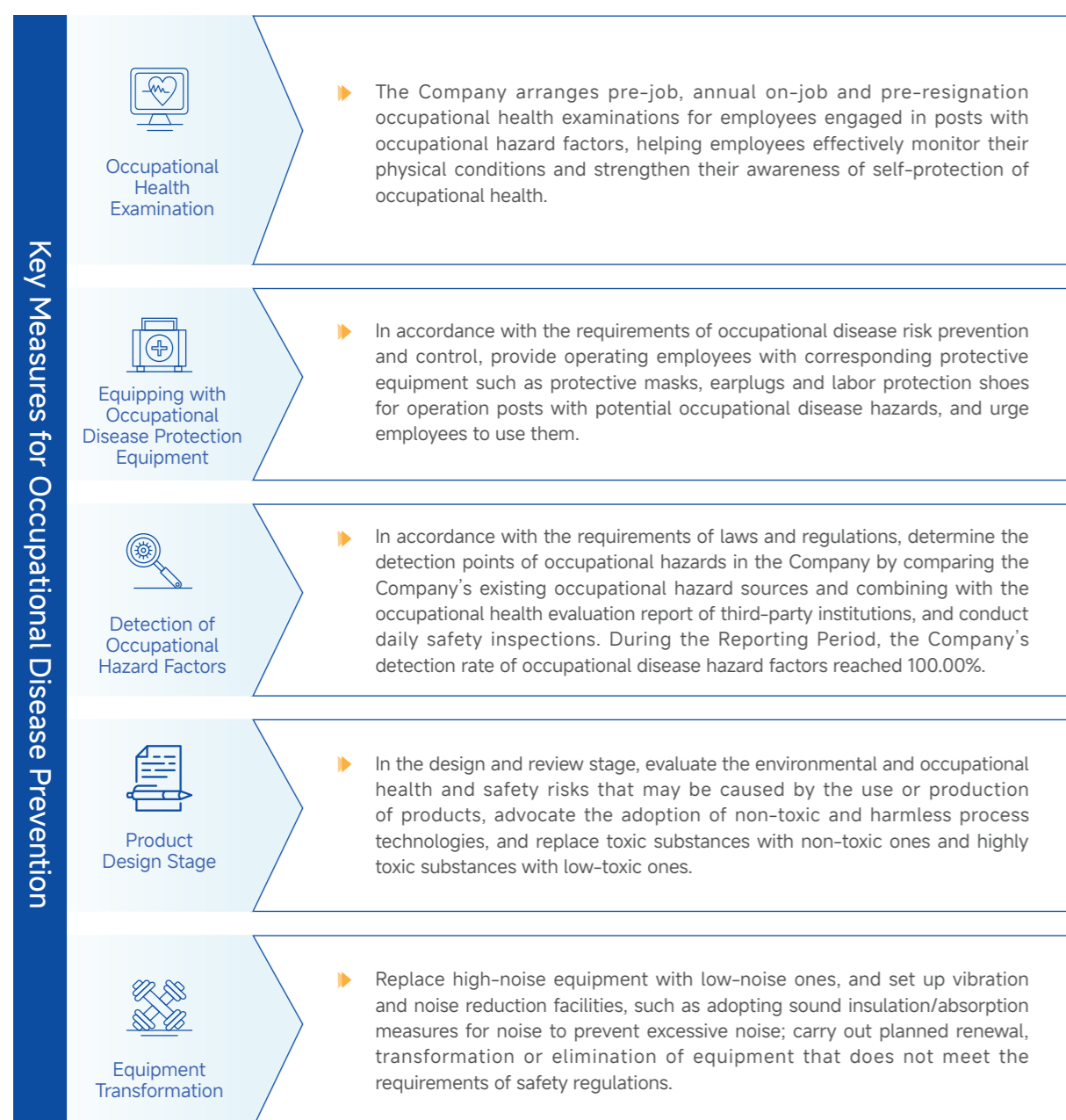
In 2025, the Company carried out safety main responsibility training for middle and senior managers. Through this training, the main position of production and business units in work safety training was clarified, the training responsibilities at all levels from the principal person in charge to ordinary employees were refined, to avoid the suspension of responsibilities and ensure that the training work is managed and supervised by specific personnel.



Training on Work Safety Primary Responsibility for Middle and Senior Management

## Occupational Health Protection

The Company has formulated institutional documents such as the *Occupational Health Operation & Monitoring Procedure* and *Occupational Health Monitoring Standards* to systematically identify, analyze and control potential occupational hazard factors in the operation process. At present, the main occupational hazard factors in the Company's production workshops include hydrochloric acid, noise, sodium hydroxide, acetone, etc. The Company entrusts qualified third-party institutions to conduct detection of occupational disease hazard factors in industrial places every year, and immediately implements targeted protection measures based on the detection results. Meanwhile, we strengthen the daily monitoring of occupational hazard factors and on-site inspections, urge all employees to strictly implement occupational health protection measures, and effectively build a protective barrier for employees' occupational health.



## Protection of Employees' Legitimate Rights and Interests

### Protection of Employees' Rights and Interests

The Company strictly follows international standards such as the *Universal Declaration of Human Rights of the United Nations* and the human rights-related provisions in the Responsible Business Alliance (RBA) Code of Conduct, abides by national laws and regulations such as the *Labor Law of the People's Republic of China* (hereinafter referred to as the *Labor Law*) and the provisions of overseas operation locations. We have formulated institutional documents including the *Employee Handbook*, *Personnel Management Operation Guidelines*, *Labor Ethics Standard Risk Assessment Operation Guidelines* and *AVD Code of Conduct*, continuously strengthened employee management, resolutely eliminated any acts that infringe upon employees' human rights, and effectively respected and protected employees' basic human rights. No illegal and irregular incidents such as employment discrimination, child labor employment and forced labor occurred during the Reporting Period, and the signing rate of labor/service contracts reached 100.00%.

#### Anti-Discrimination and Diversity

The Company firmly opposes all forms of discrimination and differential treatment. In terms of employee employment, salary and welfare, training and development, and promotion and appointment, we do not implement discrimination or unfair treatment on the basis of race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religious belief, political stance, trade union affiliation, marital status and other factors, and effectively protect employees from sexual harassment, threats, intimidation and other inappropriate treatment at work.

The Company strictly implements the principle of equal pay for equal work for male and female employees. In the employee recruitment stage, except for the types of work or posts that are not suitable for women as stipulated by the state, we will never refuse to employ women or raise employment standards for women on the basis of gender, and there is no any discriminatory behavior against female employees regarding their marriage and childbearing status. In terms of housing allocation and welfare benefits, we fully protect the equal rights and interests of male and female employees.

The Company has established a sound complaint and appeal mechanism for discrimination and unfair treatment. When employees encounter unfair treatment, they can appeal to management personnel level by level, who shall give a reasonable reply in a timely manner according to the actual situation and formulate a treatment plan within one week. Meanwhile, employees can feed back problems through the employee suggestion box, the Company's official WeChat official account and other channels. The Company's human resources department, trade union and management level jointly accept relevant appeal incidents, conduct investigation and verification immediately, and make a fair handling in strict accordance with laws and regulations and the Company's relevant provisions.

#### Key Performance

As of the end of the Reporting Period, the Company has **12** employees with disabilities and **190** ethnic minority employees, including **1** ethnic minority employee in the management level.

## Prohibition of Child Labor

The Company resolutely safeguards the legitimate rights and interests of minors and explicitly prohibits the employment of child labor (persons under the age of 16). In the employee recruitment stage, we strictly verify, authenticate and retain legally valid age certification documents. In case of mistaken recruitment of child labor, we will report to the local labor administrative department immediately, provide free physical examination services for them; if the child labor suffers from illness, we will provide free medical treatment until recovery, and at the same time cooperate with the local labor department to safely send them back to their original places of residence and entrust them to their parents or legal guardians for proper care.

## Opposition to Forced Labor

The Company firmly prohibits all forms of forced and compulsory labor, standardizes the leave management and overtime approval process, fully protects employees' legitimate rights and interests of rest and vacation in accordance with the law, and ensures that all employees work on a voluntary and equal basis.

## Protection of Women's Rights and Interests

In accordance with the relevant laws, regulations and policies such as the *Labor Law*, the *Trade Union Law of the People's Republic of China* and the *Special Provisions on the Labor Protection of Female Employees*, the Company has signed the *Special Collective Contract for Female Employees* with the trade union committee to effectively safeguard the legitimate rights and interests and special interests of female employees.

Upholding the principle of respect and care, the Company fully protects the legitimate rights and interests of female employees during menstruation, pregnancy, childbirth and lactation. We provide exclusive nutritious meals and a dedicated dining area for pregnant female employees, set up breastfeeding rooms in both office areas and production workshops to facilitate lactating female employees. We strictly implement the special labor protection requirements for female employees, and are strictly prohibited from arranging female employees to engage in high-altitude, low-temperature, cold water operations and the third level of physical labor intensity as stipulated by the state during menstruation. In addition, the Company actively organizes theme activities for International Women's Day every year, and issues exclusive holiday red envelopes and bouquets for female employees to enhance their sense of belonging and work enthusiasm.



International Women's Day Activities

## Talent Recruitment and Retention

### Employee Recruitment Channels

In accordance with the Company's business development plan and changes in post requirements, AVD formulates a targeted talent recruitment plan every year, and introduces outstanding talents through various recruitment channels such as campus recruitment, social recruitment and internal recommendation, continuously injecting new vitality into the Company's innovative development.



Campus Recruitment Special Session of AVD at Changsha University of Science and Technology



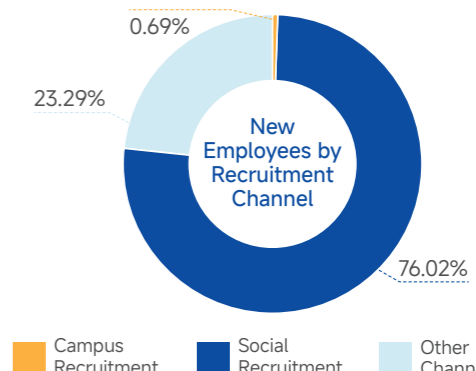
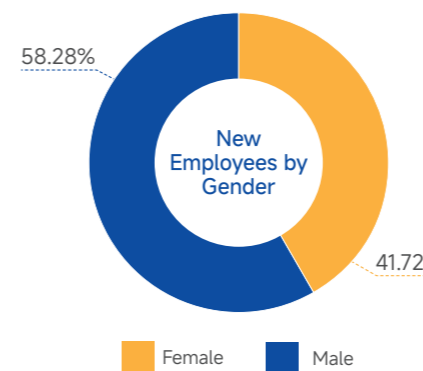
Campus Recruitment Special Session of AVD at Guilin University of Electronic Technology



Social Recruitment Activity of AVD



Campus Recruitment Activity of Ganzhou AVD

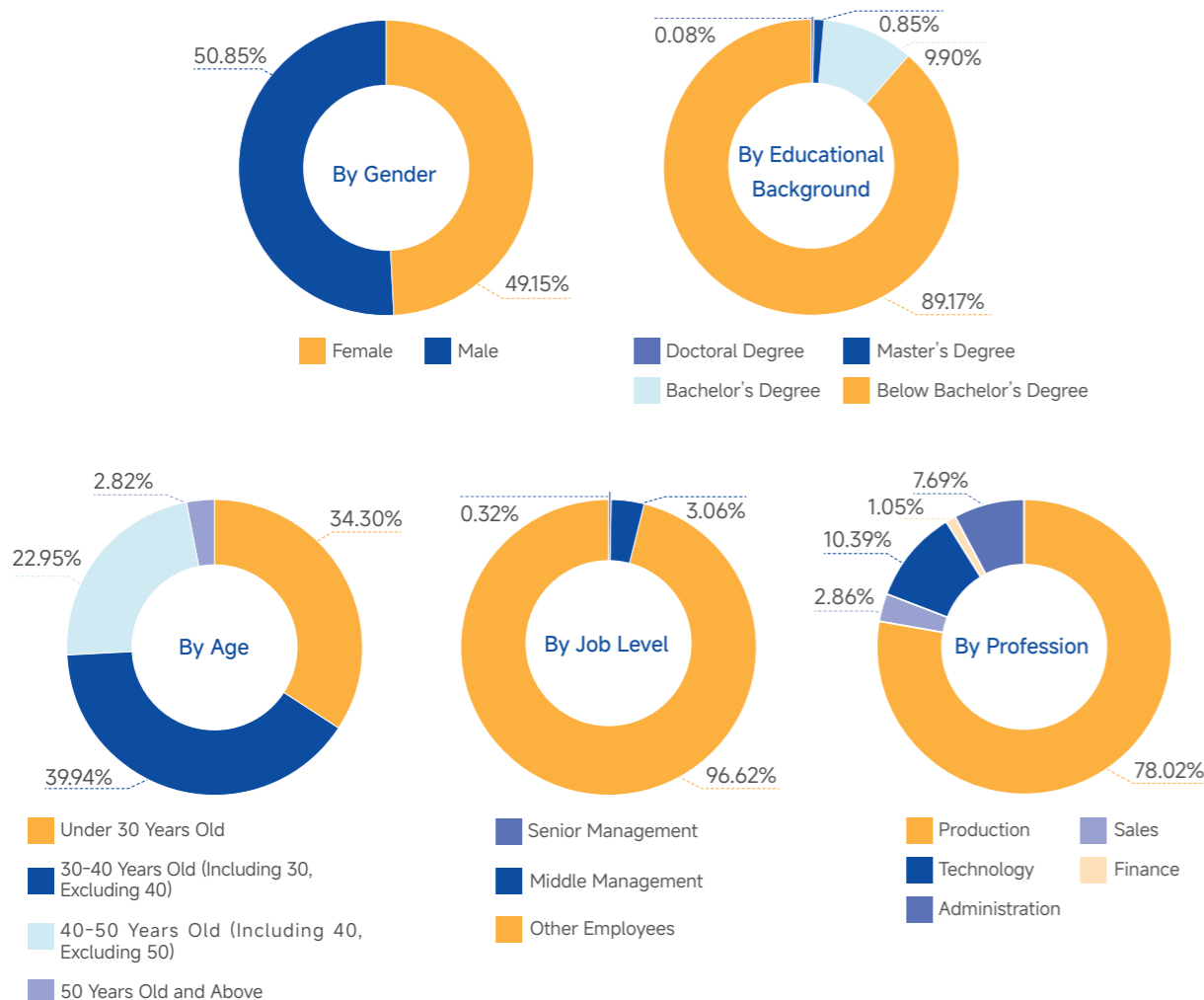


### Key Performance

During the Reporting Period, **1** employee enjoyed parental leave.

## Employee Structure

Indicator	Unit	2025
Total Number of Employees	Persons	2,484



## Salary and Welfare Management

### Employee Salary and Assessment

The Company has formulated the *Salary Management Operation Guidelines* and *Objective Management Evaluation and Reward Measures*, establishing an incentive salary mechanism based on performance results to provide employees with a fair, reasonable and competitive salary and welfare system. Employee salary consists of basic income and floating income, of which the floating income is directly linked to the results of individual performance appraisal.

In accordance with the annual business objectives reviewed and approved by the board of directors, the Company organizes all employees to conduct quarterly and annual KPI performance appraisals, focusing on key dimensions such as employees' work performance. The appraisal results serve as an objective basis for the distribution of employee performance bonuses, salary adjustments, job level promotions and demotions, selection of annual advanced individuals and post adjustments. During the Reporting Period, the proportion of employees receiving regular performance and career development appraisals reached 100%.

### Employee Welfare

The Company has formulated the *Welfare Operation Guidelines* to build a comprehensive welfare system for employees. We pay the five social insurances and housing fund in full and on time in accordance with regulations, provide employees with special welfare such as post subsidies, technical subsidies and high temperature subsidies, and legally protect employees' right to enjoy various statutory holidays such as annual leave, marriage leave, sick leave and maternity leave. On traditional festivals such as New Year's Day, Spring Festival, Lantern Festival, Dragon Boat Festival and Mid-Autumn Festival as well as employees' birthdays, the Company presents exclusive festival benefits and birthday gifts to all employees, making all employees truly feel the care and warmth of the enterprise family.



### Key Performance

As of the end of the Reporting Period, the total employee turnover rate of Shenzhen AVD was **3.66%**,

Ganzhou AVD **5.59%**, Ruidisheng **8.19%**, and Beijing AVD **0.00%**.

### Diversified Welfare System

Welfare Category	Types of Welfare	Scope of Employees
Basic Welfare	Endowment Insurance, Medical Insurance, Work-Related Injury Insurance, Unemployment Insurance, Maternity Insurance, Housing Fund	All Employees
Care Welfare	Festival Benefits, Post and Position Subsidies, Birthday Parties, High Temperature Subsidies, Night Shift Subsidies, Technical Subsidies, Female Employee Benefits, Team Building, Dining Benefits, Physical Examination	All Employees
Special Welfare	Household Registration Transfer and Recruitment, Talent Housing, Academic Promotion Subsidies, Couple Dormitories, Marriage Subsidies, Service Awards	Eligible Employees

Indicator	Unit	2023	2024	2025
Social Insurance Coverage Rate	%	100.00	100.00	100.00
Employee Welfare Coverage Rate	%	100.00	100.00	100.00
Employee Welfare Expenditure	RMB10,000	/	285.74	356.35

### Equity Incentive

To further improve the Company's governance structure, establish a sound long-term and effective incentive and restraint mechanism, and ensure the long-term and stable development of the Company, the Company launched the *2025 Employee Stock Ownership Plan (Draft)* for the first time in August 2025, which fully mobilizes employees' sense of responsibility to the Company, attracts and retains outstanding talents and core technical (business) backbones, and enhances the cohesion of employees and the development vitality of the Company.

To ensure the smooth implementation of the employee stock ownership plan and safeguard the legitimate rights and interests of the holders, the Company has formulated the *2025 Employee Stock Ownership Plan Management Measures*, and set up the 2025 Employee Stock Ownership Plan Management Committee of the Company as the daily supervision and management institution of the employee stock ownership plan to exercise rights on behalf of the holders.

## Strengthening Democratic Management

### Employee Communication Channels

The Company strictly abides by the requirements of laws and regulations such as the *Trade Union Law of the People's Republic of China* and the *Provisions on Democratic Management of Enterprises*. It has established an open and democratic communication mechanism for employees, and safeguards employees' democratic rights including the right to information, participation, expression and supervision by holding congresses of employee representatives, signing *Trade Union Collective Contracts* and other means. The Company actively supports trade unions in carrying out their work in accordance with the law, gives full play to the positive role of trade unions in protecting employees' interests and internal coordination, enhances employees' sense of belonging and loyalty, and fosters a sound corporate atmosphere.

The Company encourages employees to offer suggestions and ideas, and has established and improved multi-dimensional communication channels for employees, including the official WeChat Official Account, employee suggestion boxes, general manager mailboxes, employee communication meetings and other forms. The Company attaches great importance to employees' demands and suggestions, and regularly collects employee feedback through satisfaction surveys. It promptly formulates and implements rectification measures for the feedback issues and rational suggestions, so as to continuously optimize the internal management system.



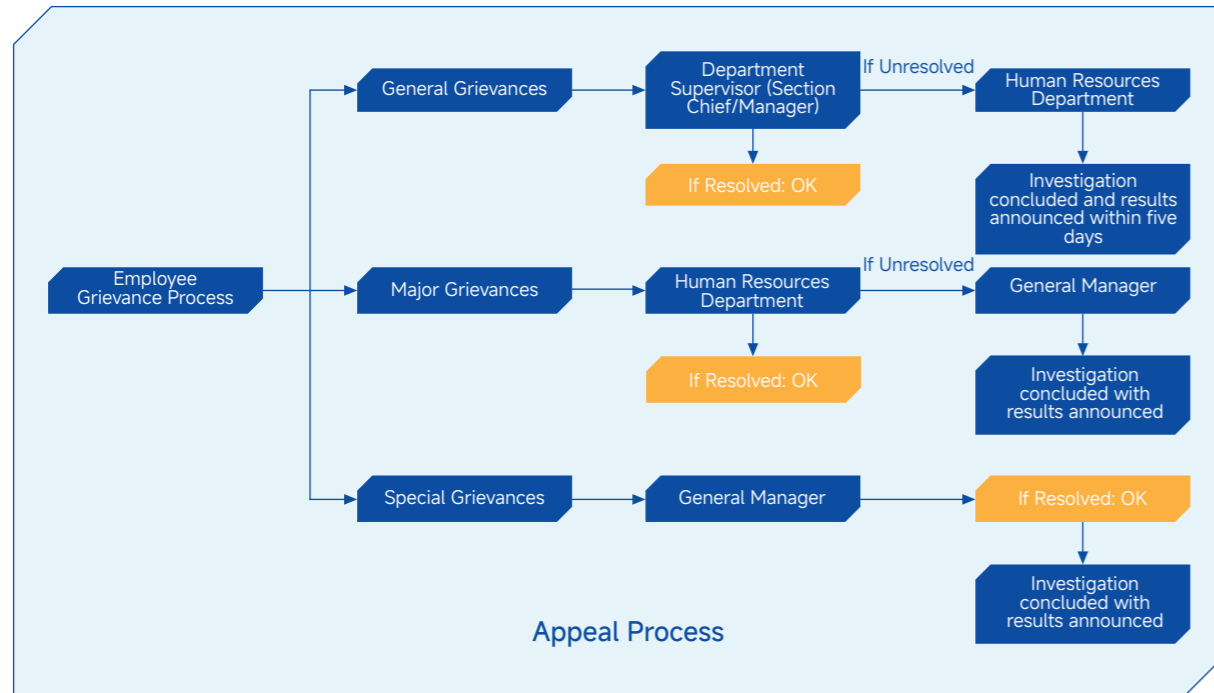
### Key Performance

During the Reporting Period, the Company convened a total of **3** Staff Representative Congresses.

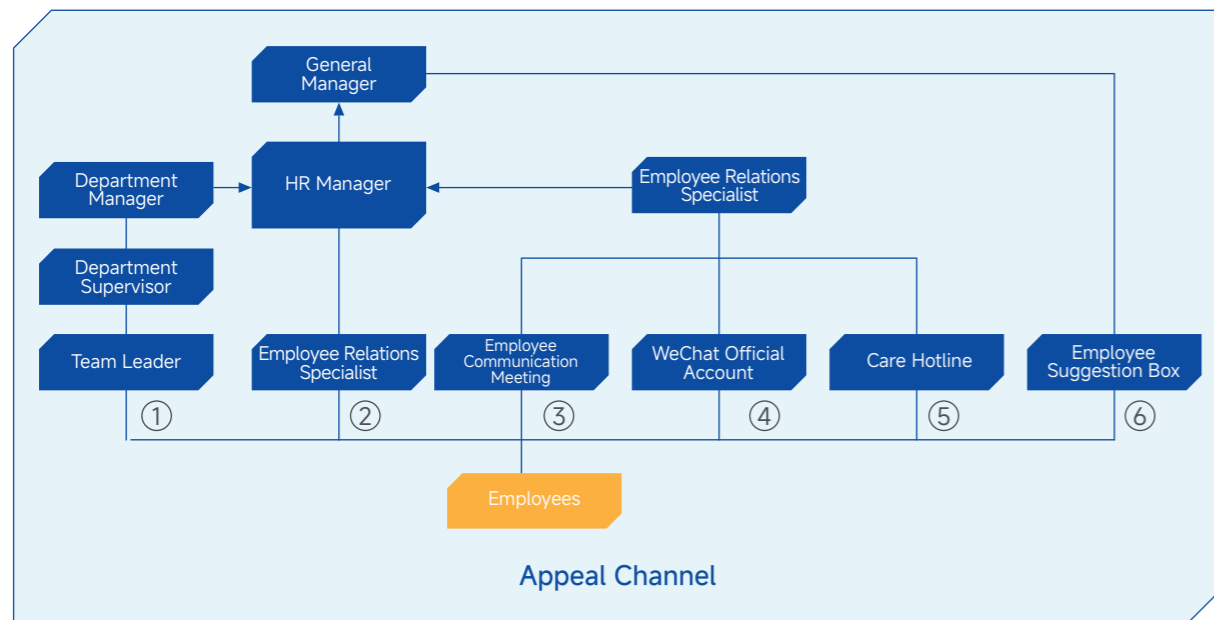


### Employee Grievance Mechanism

The Company has formulated the *Guidelines for the Management of Employee Complaints and Grievances*, established and improved a standardized complaint and grievance mechanism, and built smooth and confidential grievance channels for employees. All employees are supported to promptly file grievances and reports regarding incidents such as corruption, abuse of power for personal gain, disclosure of confidential information, unauthorized command, abuse of authority, and other matters causing dissatisfaction. Meanwhile, the Company has constructed a comprehensive whistleblower protection mechanism, clearly stipulating that no entity may retaliate against employees who file legitimate grievances. Once such acts are verified, the Company will impose severe penalties in accordance with laws and regulations; for serious cases, the labor contract will be directly terminated. If the act involves violations of laws, the case will be transferred to the relevant authorities for legal liability investigation in accordance with the law.



Appeal Process



Appeal Channel

### Employee Satisfaction Survey

The Company attaches great importance to and continuously monitors changes in employee satisfaction. It conducts an annual Employee Satisfaction Survey, promptly responding to or addressing the problems, opinions, suggestions put forward by employees as well as their satisfaction level with the Company. This approach fosters a sense of ownership among employees and continuously improves the Company's human resource management capabilities. During the Reporting Period, Shenzhen AVD conducted a satisfaction survey covering dimensions such as compensation and benefits, career development, and employee care, with an employee participation rate of 68.44% and an overall satisfaction score of 82.03. Ganzhou AVD carried out a full-staff satisfaction survey, achieving an overall satisfaction score of 76.30.

## Employee Care

### Employee Activities

The Company attaches great importance to the balanced development of employees' work and life, regularly organizes a variety of rich and diverse cultural and sports activities, effectively enhances employees' sense of happiness and belonging, and continuously strengthens the enterprise's centripetal force and cohesion.



Employee Tug-of-War Competition



Employee Singing Competition



Employee Basketball Game



Employee Table Tennis Competition



Internal Trainer Appreciation Event



Company Annual Gala



Fun Sports Meet



Team-Building Activity



Employee Birthday Party



Retiree Farewell Party

## Assistance for Employees in Need

The Company attaches great importance to employee care initiatives, regularly conducting annual condolence and assistance activities for employees in need. Focusing on addressing employees' most pressing concerns and difficulties, the Company takes concrete actions to deliver practical benefits and solutions, ensuring that the assistance efforts accurately cover employees in need and the families of special-needs employees. During the Reporting Period, Ganzhou AVD provided assistance to 1 employee in need, with a total assistance amount of RMB 12,000.

## Safeguarding Employees' Mental Health

The Company attaches great importance to employees' mental health. It has established a Psychological Assistance Association and set up a Spiritual Home Station. The Company regularly carries out publicity and education on mental health knowledge, and conducts activities such as psychological counseling and mental health guidance to help employees relieve work pressure, improve their psychological adjustment ability and mental resilience. This supports the harmonious physical and mental development of employees and facilitates their synchronous growth and joint development with the enterprise.

### Case Study Workplace Stress and Emotional Management Training

The Company's Human Resources Department organized training on workplace stress and emotional management on June 26, 2025. Through case analysis and explaining stress relief methods, the training helped employees improve their mental health literacy and better cope with the pressure in work and daily life.



Workplace Stress and Emotional Management Training

# Employee Training and Development

## Employee Training Management

### Talent Development System

Let the Company closely integrate talent cultivation with its development strategies, formulating systems such as the *Training Management Guidelines*. It provides all employees with rich, flexible, and diverse training courses, including training on basic literacy, job skills, safety, and leadership. This meets employees' learning needs for improving professional knowledge and basic occupational skills, encourages independent learning, and promotes the Company's sustainable development while enhancing individual value. The Human Resources Department is responsible for continuously improving the internal training system and overall managing the Company's training-related affairs, including the development of annual training plans, training evaluation assessments, and improvements.

The Company attaches great importance to training effectiveness and has established a sound training quality monitoring mechanism. Following internal training, employees can be evaluated through four assessment methods: written tests, oral exams, practical operations, and experience reports. This ensures the effective transformation and implementation of training outcomes.

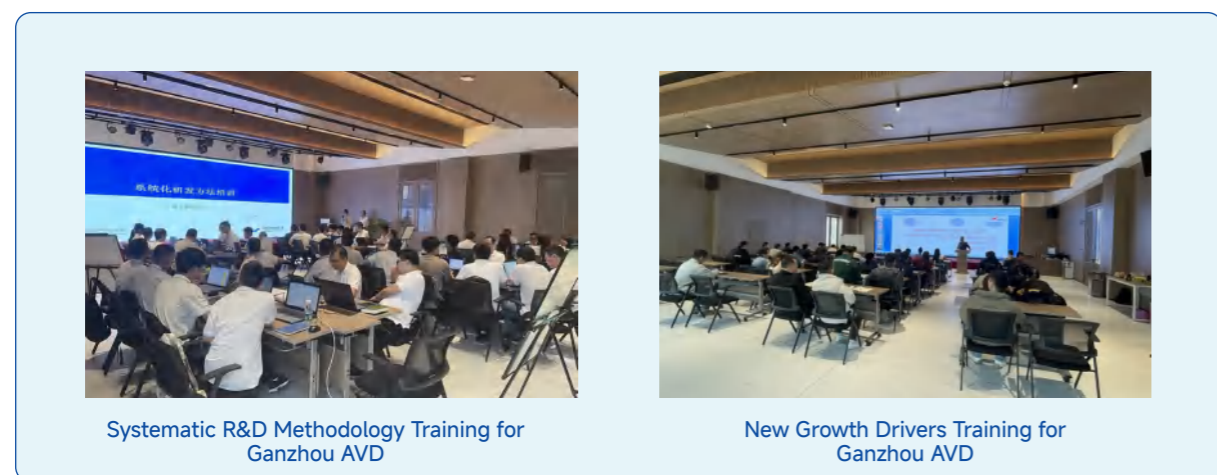
### Internal Trainer Management

The Company continuously promotes the development of its internal instructor team, taps into the potential of internal training, enriches training resources, and drives the Company's training system toward standardization, systematization and standardization. The Company has clearly stipulated in the *Training Management Guidelines* the selection criteria, assessment and certification, teaching procedures, responsibilities, incentive standards, and daily management of internal instructors, so as to further improve the professional quality and overall level of the internal instructor team. During the Reporting Period, the Company had a total of 164 internal instructors, with 21 newly certified instructors.

### Hierarchical Training

According to different management levels, business functions and educational backgrounds, the Company formulates tailored training plans for employees in various positions such as management personnel, technical personnel and production staff. Employee training can be categorized into pre-job training, on-job training, return-to-work training and development training. Adopting a combination of internal and external approaches, the Company leverages internal instructors, externally hired professional lecturers, external training programs and team development workshops to comprehensively enhance employees' comprehensive quality and work competence.





Indicator	Unit	2023	2024	2025
Employee Training Investment	RMB 10,000	43.69	77.32	41.04
Number of Employee Training Sessions	Times	323	538	585
Total Person-Times of Training Participation	Person-Times	13,236	/	23,871
Employee Training Coverage Rate	%	/	100.00	100.00
Total Training Duration	Hours	32,721	66,281.84	94,000.35

### Academic Qualification Upgrade Support

AVD encourages employees to pursue academic qualification enhancement education and provides academic qualification upgrade subsidies to eligible employees to support their self-development. Employees can independently choose various forms of on-the-job academic qualification improvement, such as self-study examinations, adult college entrance examinations, and on-the-job postgraduate examinations. During the Reporting Period, a total of 14 employees of the Company participated in academic qualification enhancement, and a total subsidy of RMB23,000 was issued.

## Employee Career Development Pathways

The Company has formulated the *Personnel Promotion Management System* and the *College Student Reserve Cadre Training and Management Measures*, establishing three career development paths: the Management Track (M), Technical Track (T), and Marketing Track (S). It has built a post management system featuring "structured positions, clear growth paths, and broad development space," realizing "vertical connection and horizontal intercommunication" among the three tracks (management, technical, and marketing). Through the "multi-path" model, the Company continuously optimizes employee development routes and provides comprehensive development opportunities for employees. The Company has abolished the post management system of "one position for a lifetime," clarified the promotion requirements for each rank, and continuously motivates employees to enhance their professional and management capabilities. During the Reporting Period, a total of 41 employees participated in internal transfers or internal applications.

Tube Row No. (M)		Tube Row No. (T)		Tube Row No. (S)		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 VP Sales		
M6-1	Deputy General Manager	T6-1		S6-1	VP Sales		
M5-2	Senior Director	T5-2	Chief Engineer	S5-2	Senior Sales Director		
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	Supervisor	T2	Engineer	S2	Sales Representative / Customer Service Supervisor		
M1	Team Leader	T1	Assistant / Assistant Engineer	S1	Customer Service Representative / Marketing Specialist		
Clerk/Technician							
10-3	Team Leader/Quality Controller/Material Management Officer/Machine Debugging Officer						Grassroots Position
10-2	Multi-Skilled Operator/Machine Operator						
10-1	General Operator (including Cleaning Personnel/Caterer/Security Staff)						

Employee Career Development Pathways

# 05

## Public Welfare: United Hearts for Goodness

### Our Philosophy

AVD prioritizes the fulfillment of corporate social responsibility as a core part of its development strategy. It actively supports the national rural revitalization strategy, remains committed to social welfare initiatives, and strives to foster synergy and harmonious coexistence between the Company and society.

### Our Actions

Enhance Contributions to Local Communities, Support Rural Revitalization, Engage In Social Welfare and Charity



# Rural Revitalization

## Consumption Assistance

With the in-depth advancement of the rural revitalization strategy, poverty alleviation agricultural products play an important role in increasing farmers' income and promoting rural economic development. To actively respond to the national call and fulfill corporate social responsibility, the Company has carried out activities related to purchasing poverty alleviation agricultural products to implement consumption assistance.

## Education Assistance

The Company attaches great importance to the development of rural education. To enhance students' awareness of independent learning in poverty-stricken areas, the Company invites students from the Daliangshan to participate in study tour activities at the Company every year. It is hoped that these students can broaden their horizons beyond the mountains and envision more possibilities for their future.



2025 Daliangshan Student Study Tour Program

# Public Welfare and Charity

To further promote the Company's active fulfillment of social responsibility and regulate donation activities, the Company has established the *Administrative Measures for External Donations*, strengthening the management of donation matters to make its charitable initiatives more targeted, transparent, and sustainable. The Company remains committed to participating in a wide range of public welfare and charitable activities. While striving for growth and development, it stays true to its founding mission, forges ahead with dedication, and joins hands with all sectors of society to cultivate positive community relations and promote harmonious social development. During the Reporting Period, the Company donated RMB 50,000 to the earthquake-stricken area of Dingri County in Shigatse City, Xizang, and contributed HKD 50,000 to the victims of the fire disaster at Fook Yuen Estate in Tai Po, Hong Kong.

### Case Study 2025 AVD Public Welfare Care Program

The Company joined hands with Shenzhen Longgang Chunnuan Social Work Service Center to launch the 2025 Qiutiwei Public Welfare Care Program — "Qiutian Blossoms" Inclusive Care Activity. The project was prepared in 2025 and held at Longcheng Park, Longgang District, Shenzhen on March 21, 2026 (World Down Syndrome Day). 20 families of adolescents with intellectual disabilities, members of the Xiaohua Choir and over 40 volunteers from the Company participated in the event. With the characteristics of "sports rehabilitation and music therapy", the activity was held in the form of a sports carnival and concert, providing a platform for adolescents with intellectual disabilities to demonstrate themselves and integrate into society, helping them enhance confidence and grow healthily. The Company's total public welfare investment in this activity reached RMB 33,900.



# Future Outlook

As the country ushers in the “15th Five-Year Plan” period in 2026, it marks a pivotal moment for AVD to deepen its ESG practices and drive sustainable development. Adhering to its core mission and assuming social responsibility, AVD will be guided by sustainable development. It will continue to deeply cultivate the three core areas of ESG, elevate the Company’s ESG governance standards to new heights, and ensure the Company’s high-quality and sustainable development moves forward steadily and far.

In the area of governance, AVD will continue to refine its corporate governance mechanisms, strengthen its internal control and risk management systems, strictly comply with laws, regulations, and regulatory requirements, uphold the bottom line of business ethics, and ensure that compliance management runs through the entire course of its operations. At the same time, the Company will further enhance the timeliness, accuracy, and completeness of information disclosure, strengthen investor relations management, and fully safeguard the legitimate rights and interests of its shareholders. It will continue to optimize its ESG governance structure, reinforcing the three-tier management system comprising “leadership by the Board of Directors, guidance by the Strategy and ESG Committee, and execution by the ESG Special Task Force,” and will more closely integrate ESG performance into the performance appraisal systems of senior management and all business departments, thereby establishing a long-term mechanism to ensure the effective implementation of its sustainable development strategy.

In the environmental domain, AVD will deeply practice the concept of green development. With greenness, low carbon, and sustainability at its core, it will promote the quality improvement and upgrading of green practices, and contribute to the achievement of the “Dual Carbon” goals. The Company will fully implement the green manufacturing model, continue to promote the standardized construction of “Green Factories”. Through measures such as optimizing production processes, upgrading energy-saving equipment, and adjusting the energy structure, it will steadily improve production energy efficiency, increase the proportion of renewable energy use, and continuously reduce carbon emission intensity, energy consumption, and water consumption during operations. AVD will strengthen environmental management and control throughout the entire operation process. It will enhance the resource recycling and utilization in all links such as raw material procurement, production processing, product packaging, and waste disposal, reduce material loss, promote packaging reduction, standardization, and recyclability, and minimize the negative impact of the Company’s operations on the ecological environment.

The Company will increase investment in environmental technology research and development and the introduction of environmental protection equipment, focus on the research and development of green products, and launch products with greater environmental benefits and in line with the requirements of low-carbon development. It will fully integrate ecological and environmental requirements into the supply chain management system, strengthen collaborative guidance on environmental management and control for upstream and downstream partners, promote the green transformation of the supply chain, and jointly reduce the carbon footprint of the entire industrial chain. AVD is committed to becoming an environment-friendly enterprise most trusted by stakeholders.

In the social domain, AVD will always stay true to its original aspiration of social responsibility, comprehensively improve the quality and efficiency of fulfilling social responsibilities, and achieve coordinated development between the enterprise and society. The Company will continuously increase R&D investment, empower product iteration and upgrading through technological innovation, strictly implement product quality standards, and build a solid product safety line. It will provide customers with more intelligent, reliable, and competitive products and services, and continuously improve customer satisfaction. AVD will continue to improve the talent development system, optimize talent training mechanisms and career development paths, create a fair, open, inclusive, and innovation-encouraging environment for talent growth, strengthen the introduction, cultivation and echelon construction of core talents, protect the legitimate rights and interests of employees, and promote the common growth and progress of employees and the Company.

Always adhering to its social responsibility, AVD will carry out diversified charitable and public welfare activities to convey the warmth of the enterprise. It will actively respond to the national rural revitalization strategy, continue to exert efforts in consumption assistance and educational assistance, and support rural construction and coordinated regional development.

# Appendix

## Indicator Index Table

Report Section		Sustainability Reporting Standards of the 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)
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## Feedback Form

Thank you for reading the 2025 Environmental, Social and Governance (ESG) Report of Shenzhen AV-Display Co., Ltd. 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.

### Your Information

Name:

Phone:

Organization:

Email:

### Multiple Choice (Please tick ✓ the appropriate option)

1. Your overall evaluation of Shenzhen AV-Display Co., Ltd.'s 2025 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: