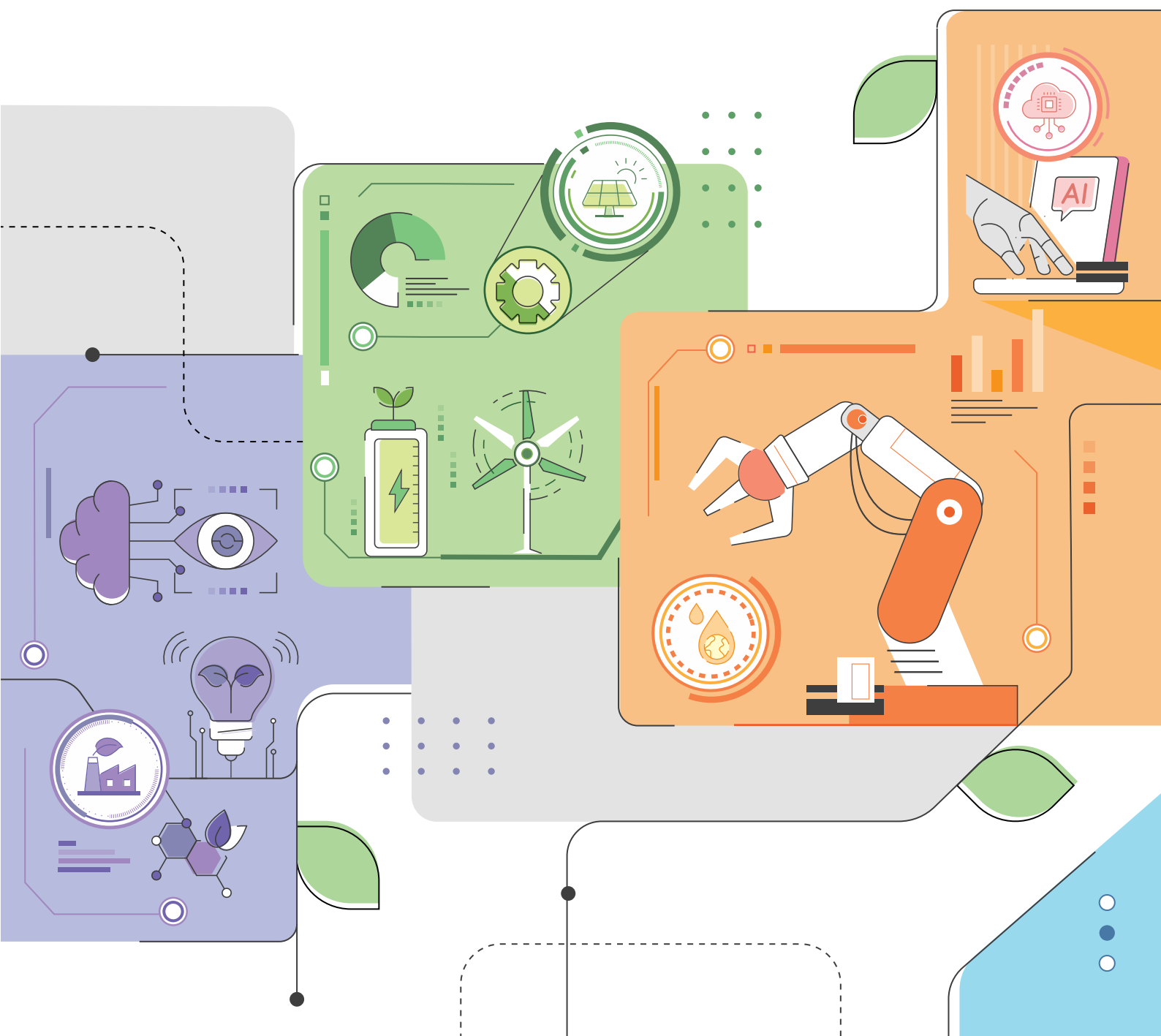# 创新奇智
AInnovation

AINNOVATION TECHNOLOGY GROUP CO., LTD

(A joint stock company incorporated
in the People's Republic of China with limited liability)

Stock Code: 2121

Environmental, Social and Governance Report
2024

Contents

2024 Environmental, Social and Governance Report

About the Report

AInnovation Technology Group Co., Ltd. ("**the Company**") hereby publishes the 2024 Environmental, Social and Governance (ESG) Report (**the "Report"**) to describe the Company's concept, practices and performance in environmental protection, social responsibility and corporate governance. This is the fourth ESG report released by the Company, and it aims to share with stakeholders the ESG progress and results achieved by AInnovation.

Reporting Standards

This Report is prepared under the Environmental, Social and Governance Reporting Code ("**ESG Reporting Code**") set out in Appendix C2 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

Reporting Scope

Unless otherwise specified, the scope of this Report is consistent with the scope of the annual consolidated financial report and covers the period from 1 January 2024 to 31 December 2024 (**the "Reporting Period"**). Certain parts of the Report either date back to previous years or look forward to future years.

Abbreviations

In the Report, the Company and its subsidiaries are collectively referred to as "**AInnovation**", "**the Group**" or "**we**".

Reporting Principles

➢ "Materiality": The Group has identified material ESG issues through stakeholders' engagement and materiality assessment, and made targeted disclosure of these issues in the ESG Report;

➢ "Quantitative": All data used in this Report are from relevant statistical reports and official company documents. Relevant standards and methods adopted in calculation of KPIs have been reported, with a narrative provided to illustrate the purposes and impacts;

➢ "Balance": This Report follows the balance principle to objectively present the Group's ESG performance;

➢ "Consistency": Unless otherwise specified, the statistical methods used for data and disclosed KPIs in this Report are consistent with those of previous years, so as to ensure comparability with historical data.

Report Availability

This Report is published in both Traditional Chinese and English. Should there be any discrepancy between the two versions, the Traditional Chinese version shall prevail. The Report is available for view or download on the HKEXnews website (http://www.hkexnews.hk) and the Group's website (https://www.ainnovation.com/).

Contact

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Tel: (86) 1082169566

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1. Sustainable Management to Drive Business Development

Robust corporate governance is an important premise of a company's stable development and sustainable operation. At AInnovation, we strictly abide by the *Company Law of the People's Republic of China*, the *Corporate Governance Code* set out in Appendix C1 to the *Listing Rules*, and other relevant laws, regulations and policies of the place where we operate. Besides, we highly emphasise standard corporate governance.

With reference to our current governance structure and management processes, we are actively engaged in business ethics, marketing compliance, ESG governance and Artificial Intelligence (AI) ethics. We maintain open and transparent channels of communication with stakeholders to explore the path to sustainable development for the Company and the industry in which we operate.

1.1 Reinforcing Corporate Governance

AInnovation has established and continuously improved the decision-making and operational management system centred on the shareholders' general meeting, Board of Directors, Supervisory Committee and senior management. There are three committees under the Board of Directors with clear authorities and responsibilities, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees help the Board of Directors better perform its functions in a professional, meticulous and responsible manner. As of the end of the Reporting Period, the Group's Board of directors consists of 7 directors, including 1 executive director, 3 non-executive directors and 3 independent non-executive directors. During the Reporting Period, the Group held 5 board meetings.

We believe diversity on the Board of Directors is essential to optimising decision-making and maintaining a competitive advantage. The Group has formulated and adopted *Board Diversity Policy*. The Nomination Committee reviews the structure, size and composition of the Board annually and, where appropriate, recommends to the Board changes that complement the Group's corporate strategy and ensure that the Board maintains a balanced and diverse profile. The Nomination Committee is committed to achieving Board diversity at all levels, including but not limited to knowledge, skills, professional experience, gender, age, cultural and educational background, and any other factors to diversify the board of directors and provide more innovative thinking and a broader perspective on corporate decision-making. As of the end of the Reporting Period, the Group's Board of directors contains 2 female directors.

A comprehensive and effective risk management system serves as a crucial guarantee for the Group's strategic goal and strong support for stable corporate development. We have established three lines of defence for risk management system, consisting of functional departments and business units, the Risk Management Department, the Internal Audit Department, and the Audit Committee. In accordance with internal policies such as the *Internal Audit Policy* and the *Management Measures for Audit Projects*, we systematically identify and assess various risks in the management processes of business operations, financial management, human resources and information technology. Correspondingly, we make risk responses as necessary.

To strengthen the Group's lawful and compliant operations and safeguard the legitimate rights and interests of stakeholders, we formulated the *Subsidiary Management Policy* during the Reporting Period. The document specifies management requirements for the Company's subsidiaries on daily business, human resources, and financial information. It also clarifies responsibilities of all parties, so as to enhance the Group's management efficiency for compliance.

1.2. Adhering to Business Ethics

Sound corporate development is dependent on business ethics. We strictly abide by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other related laws and regulations of the place where we operate. We have formulated and implemented the *Anti-Fraud Management Policy*, the *Internal Control Policy for Anti-Money Laundering and Counter-Terrorist Financing* and other internal policies.

We have established an Anti-Fraud Management Office, which is responsible for establishing and maintaining our anti-fraud systems. By means of publicity, education, and orderly and coordinated management, the Office is tasked with preventing behaviours that violate relevant laws and business ethics, such as abusing power for personal gain and accepting bribes. In addition, as the first line of defence in risk management, our functional departments and business units are responsible for implementing and monitoring the anti-fraud system on a daily basis. In internal audits and self assessments, we place the highest priority on the identification, assessment, and management of fraud risks. These efforts aim to continuously improve the effectiveness of various prevention and response initiatives.

➢ Fostering Integrity Awareness

We are committed to the principle of legality, compliance, honesty and fairness in business. We have incorporated the relevant provisions on business ethics into the *Employee Handbook* such as anti-corruption, anti-bribery and confidentiality obligations. All employees are required to be familiar with and strictly comply with these provisions, so that we can continuously strengthen their awareness of professional ethics and standardise their code of conduct.

We have established a system to avoid conflicts of interest involving employees' relatives. Management above L8, personnel in charge of regional companies below L8, and personnel who meet the aforementioned scope after new employment or position change during the performance of their duties, sign the Performance Confirmation Letter on a quarterly basis, and promise not to commit any illegal or unlawful acts that infringe the rights and interests of the Group in the course of business activities, such as bribery, corruption and embezzlement.

To promote a corporate atmosphere of integrity and self-discipline, AInnovation actively carries out various training and publicity events on business ethics. We continue to convey the requirements and concepts of anti-corruption, anti-bribery and anti-fraud to employees. For senior management and board members, we prepare the monthly industry analysis report that contains regulatory highlights, regulatory updates, and domestic and international penalty cases. By doing so, we help them understand the severe consequences of violating business ethics, and ensure that our decision-makers can lead the Company by example for healthier and more sustainable development.

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In addition, to build fair, transparent and sustainable business partnerships, the Group has included anti-bribery clauses in the procurement contract template. The initiative is designed to ensure that suppliers are aware of the importance of business ethics and work together with AInnovation to counteract non-compliance. Should a supplier commit serious misconduct, such as bribery or malicious abandonment of a bid, we will permanently discontinue their use and place them on a blacklist.

➢ Whistle-blowing Channels and Whistle-blower Protection

Employees and suppliers are encouraged to report any actual or suspected violation of business ethics to the Group's Anti-Fraud Management Office either by reporting email or by letter. During employee orientation, we provide a detailed introduction to reporting channels, emphasising employees' rights to report and the protective measures in place. Furthermore, in contracts signed with suppliers, we specify the integrity reporting email to safeguard the interests of both parties collaboratively.

• Reporting mail: jubao@ainnovation.com

• Reporting acceptance address: Internal Audit Department, Floor 8, Building A, No. 3 Haidian Avenue, Haidian District, Beijing

• Report Delivery Address: Reporting Mailbox in the Office Area

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The Group strictly standardises the reporting handling process. Upon receiving anonymous reports involving ordinary employees and middle management, we gather preliminary clues and materials, assess, investigate, and address the situation based on the specifics of the incident. Significant issues or issues involving senior management are escalated to the Company's Board of Directors for resolution. Depending on the severity of the case, the board may hire external auditors or other entities to assist with the investigation.

To rigorously protect the information of the whistle-blowers, the Group mandates that staff receiving reports or involved in fraud investigations must not disclose the whistle-blower's details or the content of the report to any department or individual without authorization. Personnel who need to access reporting-related information for work purposes are required to register the details of their access, to ensure the confidentiality and security of information.

Individuals who breach confidentiality or unlawfully revenge whistle-blowers will face disciplinary actions, including but not limited to dismissal or termination of employment contracts. If there is a suspicion of legal violation, the case will be referred to judicial authorities for legal proceedings, ensuring that the legitimate rights and interests of whistle-blowers are fully protected and maintaining a fair and transparent working environment.

During the Reporting Period, there were no unresolved or concluded corruption lawsuits filed against the Group or our employees.

1.3 Adhering to Marketing Compliance

The Group attaches great importance to and adheres to the principles of compliant marketing. We seriously comply with the Advertising Law of the People's Republic of China and other applicable laws and regulations and have formulated the AInnovation Brand Management Policy, specifying the form, usage scope, and licensing of the of trademark among other things, to maintain the positive brand image of AInnovation.

As part of our day-to-day work, we continuously raise employees' awareness of marketing compliance. We have included sections on marketing compliance in the onboarding and day-to-day training with systematic explanations and case studies. This ensures that employees understand and comply with the relevant regulations and requirements in their work.

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1.4 Practicing ESG Governance

➢   ESG Strategy

The Group continues to develop and innovate in areas such as AI products, services and smart business solutions. AInnovation always adheres to the mission to "Empower Businesses with AI technology". With in-house endeavours to improve our "technology and products" and efforts in digging deeper into external "industry scenarios", we spare no effort to contribute our part in industry development, expand the boundaries for technologies, and create value for all stakeholders. We adhere to the original aspiration of "Getting Technology-empowered for Good and Value Creation", committed to balancing the sound development of environment, society and governance, and realising synergistic enhancement of the Group's environmental benefits, social benefits and economic benefits.

➢   Statement of the Board of Directors

The Board of Directors, as AInnovation's top responsible body for ESG management, sets the Group's ESG management principles and strategies, and guides and oversees the practices and progress of ESG matters. The Board regularly identifies, assesses, and prioritises ESG risks. Taking into account various factors such as stakeholder feedback, external expert opinions, the Group's operational status, and development strategy, the Board sets ESG goals and plannings for the next stage. For more details, please refer to the "Stakeholder Communication" and "Materiality Assessment" sections of this chapter.

The Board reviews ESG matters at least once a year to understand the Group's ESG work and maturity. In addition, the Board assess the gap between the current state and the established ESG goals and evaluates the Group's ESG performance against industry benchmarks and best practices. To ensure that the Group's ESG goals are practical and business-oriented, the Board adjusts the ESG working arrangements in a timely manner based on business priorities and strategies. The Audit Committee, as delegated by and on behalf of the Board, provides day-to-day ESG oversight and management. During the Reporting Period, the Audit Committee reviewed the Group's progress towards ESG goals and the work performance, and found it to be overall consistent with the Group's ESG philosophy and strategies. Overall, the review revealed that the Group achieved notable progress and achievements. It is expected that the goals will continue to be met in the future

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➢ ESG Governance Structure

AInnovation continuously optimizes its sustainability framework and responsibilities, aiming to enhance sustainable governance and ensure synergistic growth of environmental, social and economic benefits. AInnovation has established a three-tier ESG governance structure, which is composed of the Board of Directors, senior management and the ESG Working Group, and with their functions defined respectively. Meanwhile, the Group is committed to enhancing the ESG professional knowledge and skills of each member of its organizational structure, and invites external institutions to conduct ESG training every year, so as to understand the latest external regulatory requirements, development trends of ESG in the industry, best practices in the industry, to continuously improve the ESG management capability, and to enhance the sustainable performance of the Group.

Board of Directors
- Responsible for formulating ESG strategies and objectives.
- Reviews and confirms the results of materiality assessments on ESG issues.
- Reviews the group's ESG-related objectives.
- Approves the reliability, truthfulness, comparability, and completeness of the information disclosed in this report.
- Authorizes the Audit Committee to carry out daily ESG supervision and management tasks.

Senior Management
- Assesses and delineates ESG risks related to the group.
- Proposes strategies and objectives for ESG management to the Board of Directors.
- Develops and promotes the implementation of ESG-related policies, ensuring the effective operation of the group's ESG risk management and internal control systems.
- Confirms that the results of the materiality assessment of ESG issues align with the group's strategy and business development realities.
- Oversees the reliability, truthfulness, comparability, and completeness of annual ESG information disclosure.

ESG Working Group
- Composed of heads of relevant departments within the group.
- Responsible for the concrete execution of ESG management policies.
- Carries out daily ESG management tasks, including materiality assessments of ESG issues.
- Reports the progress of ESG tasks to the group's senior management.
- Tracks, collects, and organizes the annual progress of ESG tasks and conducts annual ESG information disclosure activities.

AInnovation ESG Governance Structure

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➢　　Stakeholder Communication

Stakeholders' opinions, advice and expectations are critical reference for AInnovation's continuous improvement of ESG-related efforts. To address the concerns and expectations of key stakeholders, including government/regulatory authorities, shareholders/investors, employees, customers, business partners and suppliers, communities and the public, we proactively engage in a variety of communication methods such as meetings, satisfaction surveys, and email hotlines. This ensures the timely and effective comprehension of their ESG-related demands and aspirations, offering essential guidance for the adjustment of the Group's ESG development plans and priorities.

Stakeholders	Expectations and Requirements	Communication Mechanism
Government/Regulatory Authorities	• Compliance with laws and regulations • Tax compliance • Ethical governance of science and technology • Support local development	• Daily management • Meetings • Supervision and inspection
Shareholders/Investors	• Shareholder returns • Information disclosure • Investor relations • Corporate governance • Risk control	• Shareholders' meetings • Information disclosure • Activities promoting investor relations
Employees	• Salaries and performance evaluation • Comprehensive Training System • Employee Welfare • Fair opportunity for promotion and development • Quality workplace	• Performance appraisal • Talent development • Employee activities and care • Staff meeting • Daily communication
Customers	• Adhering to commitments • Innovative products • Quality services • Information security and privacy protection	• Contract performance • Hotline and e-mail • Customer satisfaction survey • Daily communication

Stakeholders	Expectations and Requirements	Communication Mechanism
Business Partners and Suppliers	• Adhering to commitments • Equal, open and fair procurement • Sustainable supply chain management • Win-win development	• Compliant procurement • Contract fulfilment • Industry communication • Daily communication
Communities and the Public	• Support for community welfare • Support for youth education • Promote environmental protection • Response to climate change	• Cultivation of skilled talents • Youth development • Green office • Climate risks identification

➢ Materiality Assessment

To identify ESG topics that are important to the Group and our stakeholders, we take the following steps to conduct a materiality assessment of each ESG topic:

❖ **Step 1 — Initial identification of ESG topics:** According to the requirements of the ESG Reporting Code, we identified 17 ESG topics relevant to the Group based on the Group's actual business and industry characteristics;

❖ **Step 2 — Determination of the materiality of each topic:** Through internal interviews and questionnaire surveys, we conducted our analysis based on two dimensions, namely "Materiality to AInnovation" and "Materiality to Stakeholders", and formed a materiality assessment matrix;

❖ **Step 3 — Validation of matrix evaluation results:** The Group's Board of Directors, senior management and ESG Working Group reviewed and confirmed the results of the materiality assessment.

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During the Reporting Period, we conducted a comprehensive analysis and judgment of each topic, taking into account information from internal stakeholder communication and external expert opinions. The results indicate that the substantive assessment of our Group's ESG issues in 2024 remains consistent with that of 2023. The specific matrix is as follows:
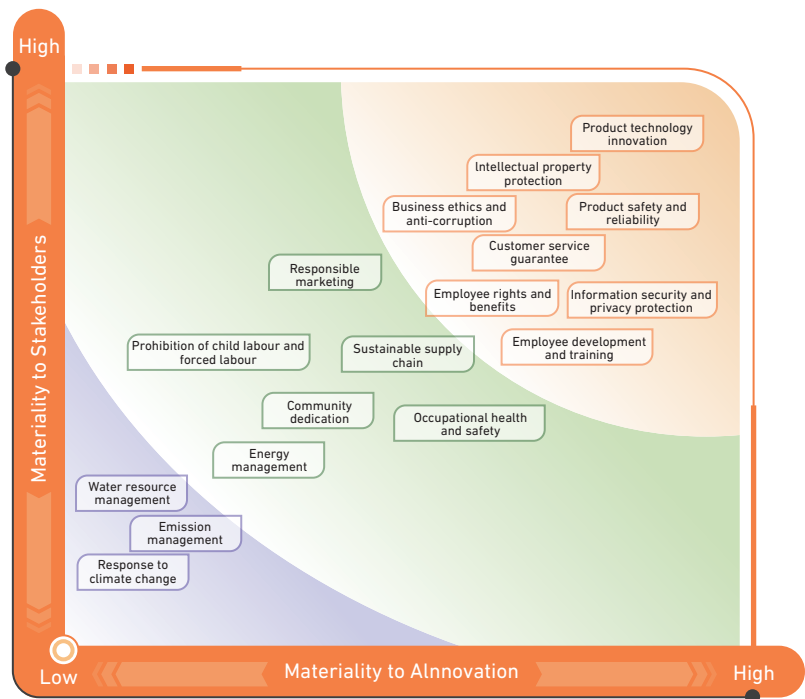
AInnovation Materiality Assessment Matrix

1.5 Ensuring AI Ethics

Adhering to ethical principles, the Group is committed to guaranteeing and promoting the healthy and sustainable development of AI. During the Reporting Period, we proactively prepared and gradually integrated ethics into the entire lifecycle management of AI. Our AI Ethics Governance Committee ("AI Ethics Committee") was officially established in March 2024 with the promulgation of the *Artificial Intelligence Ethics Committee Charter of AInnovation*, which provides comprehensive guidance for AI ethics governance work.

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The AI Ethics Committee consists of a Governance Committee and an Advisory Committee, with a Secretary Office under the Governance Committee. The Governance Committee includes members such as the Chief Executive Officer (CEO), the Technical Director, the Product Director, and the Secretary of the Board, with a Secretariat under it. The Advisory Committee consists of external experts selected by the Group. The AI Ethics Committee will be fully responsible for various matters, such as formulating and refining policies, closely monitoring the legal and regulatory requirements of the places where the Group operates, supervising the compliance of the Group's AI activities with ethical standards, and providing professional evaluation and consultation for the Group's related disputes.

It has set up a dedicated email (alethics.committee@ainnovation.com) to receive ethics-related complaints and reports. to collect feedback and opinions, and to further explore AI ethics with stakeholders. It is also responsible for cooperating with relevant industry regulators in legal review in accordance with the ethics-related complaint and appeal mechanism. The email also collects feedback and opinions, and to further study and explore AI ethics with stakeholders on behalf of the Group.

Ethical Principies	• Ensuring that technology is controllable, data is secure, and ethics are followed; paying close attention to the development of AI ethics and technologies; and constantly updating and improving the rules and standards of ethical review, as well as the ethical standards and responsibility requirements in AI R&D and application; developing and updating ethical guidelines and policies to keep pace with the rapid development of AI technologies and to address emerging ethical challenges.
Culture Development	• Organising regular and ad hoc training on AI ethics review work for employees and AI ethics training for researchers to increase AInnovation's awareness of AI design, development and application as well as employees' ability to identify and resolve potential ethical issues, and to promote an "everyone can play a key role" culture of ethical governance.
Review Procedures	• Establishing robust procedures for reviewing and monitoring potential ethical risks throughout the product and service lifecycle, including project approval, product or service launch, ongoing monitoring of operations, and subsequent iteration of products and solutions; and based on the results, conducting a comprehensive ethical review of all AI projects of AInnovation, and tracking and overseeing the entire review process as required.
Risk Control	• Establishing an ethical risk target management mechanism, ethical risk event response mechanism, and ethical governance quality control mechanism to ensure the effective implementation of the AI governance system.
Technologies and Tools	• Developing a platform with a series of tools and technologies for data governance, algorithm testing, model health check-ups and ethical review to support ethical governance practices.
External Ecosystem	• Discussing and implementing ethical governance in the field of AI with industry experts, university scholars, and eco-chain partners, in order to function the synergy with scientific research institutions, the industry. government agencies and the general public and to promote the practice and application of AI ethics; and actively participating in the establishment of industry/national standards.

Governance Strategy of the AI Ethics Committee

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2.   Innovative Development to Pursue Superior Quality

AInnovation always regards technical innovation as its core competitiveness and uses it as a driver for product iteration. As such, we deliver superior products to customers and provide them with premium services. We also continuously optimise the quality management system to ensure the stability and efficiency of our products and to increase customer satisfaction. Meanwhile, we have established an intellectual property protection mechanism and an information security management system to protect the knowledge achievements of our own and partners.

2.1   Promoting Innovation and R&D

AInnovation strives to build cutting-edge AI models and intensify technology R&D, thus strengthening core competitiveness for a leading position in the industry. To lay a solid foundation for innovation, we continue to improve the R&D and innovation management mechanism. Specifically, we set up a high-quality R&D team, cultivate a culture of innovation, and promote product renewal and iteration. Besides, we cooperate and communicate with suppliers and industry associations, contributing to the advancement of the industry.

Technological Innovation Achievements

➢   2024 Annual Progress

In 2024, AInnovation adhered to the development path of "AI + Manufacturing" and launched the upgraded technology platform "AInnoGC Industrial LLM" and AIGC product matrix, creating real-world generative AI solutions and applications for the manufacturing industry to empower key business processes.

During the Reporting Period, AInnovation launched an AInnoGC Industrial LLM technology platform with AInno-75B as its core, realizing obvious improvement in four aspects of ChatX series generative AI applications, industrial LLM, LLM Service Engine and AI Agent development platform, and continuously forming differentiated advantages. As for ChatX series generative AI applications, the Company continued to promote business implementation. ChatX, which is based on LLM Service Engine and developed by AI Agent application development platform, met intelligent transformation demand from industrial enterprises for multi-scenarios and multidimensions, such as ChatDoc knowledge Q&A capacity for data of document type, ChatBI data analysis capacity for data of structured form type and ChatVision visual insight capacity for data of video/image vision. As for application scenarios related to enterprise core production such as on-site logistics and components assembly and other parts, we provided ChatRobot Pro intelligent dispatch and control capacity and, in upstream industrial design part, ChatCAD auxiliary industrial design capacity. In April 2024, LLM related applications including ChatRobot and ChatCAD were reported by CCTV's "Science and Technology Driving Force (《科技推動力》)" column.

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The product matrix of ChatX series
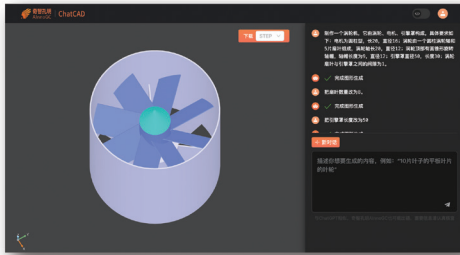
ChatCAD

Launched the industry's first Text-to-CAD application, enabling automated generation of parametric industrial design models through conversational descriptions of requirements, reducing reliance on traditional complex CAD software.

ChatRobot

ChatRobot leverages industrial large models for long-sequence task orchestration and complex decision-making, empowering industrial robots with advanced intelligent control and decision capabilities.

ChatRobot Pro

ChatRobot Pro is equipped with an end-to-end VLA strategy model, it offers enhanced comprehension, learning, and real-time responsiveness, ideal for scenarios requiring rapid handling of complex tasks.

ChatVision

Analyzes live surveillance feeds via natural language interaction to accurately identify non-compliant images/videos. Utilizes Agent capabilities to deeply analyze historical data and uncover potential compliance risks.
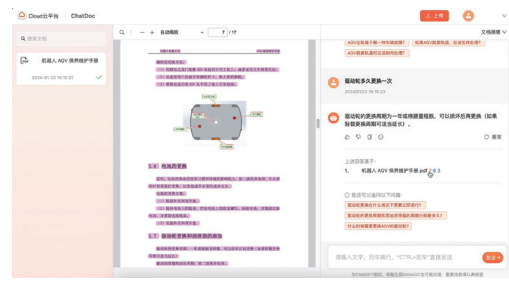
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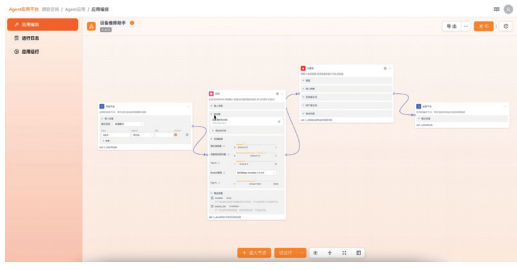
The product matrix of ChatX series

ChatBI

Interactive visual report generation and data analysis tool, making data insights more intelligent and user-friendly.

ChatDoc

An enterprise-level Q&A solution that swiftly filters, locates, and precisely summarizes information from vast document repositories to deliver rapid responses.

AI Agent

Constructed an AI Agent development platform for the industrial field through the deep integration of industrial scenarios requirements and technology R&D capabilities.

The platform takes the intelligent application orchestration engine as the core, and creates a four-in-one development paradigm of "process orchestration - knowledge injection - tool invocation - model scheduling" by modularizing and packaging the core functional modules such as the knowledge base management module, tool plug-in framework, and large-small model synergistic reasoning components. The platform enables rapid development of generative AI applications covering industrial scenarios such as equipment operation and maintenance, process optimization, and quality inspection through visual drag-and-drop, shortening the development cycle by over 60%

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During the year 2024, our technological and commercial capabilities gained recognition from multiple institutions: according to the Report on Market Share of China's AI Application (中國AI應用市場份額報告) published by IDC, AInnovation ranked third in China's computer vision application market share and fourth in China's machine learning platform market share, climbed to the No.1 in China's AI-empowered industrial quality inspection solutions market share, and maintained its second-place ranking in the food and beverage segment of China's manufacturing MES market share. AInnovation was listed on the main list of "2024 Forbes China AI Tech Enterprise TOP 50 (2024福布斯中國人工智能科技企業TOP 50)" and the list of "2024 Forbes China AI Innovation Technologies TOP10 (2024福布斯中國人工智能創新技術TOP10)". It was recognized by the China Academy of Industrial Internet, a unit directly under the MIIT, in the "High-Potential Service Provider for General AI and Industrial Integration AI Large Models (通用人工智能與工業融合AI大模型潛力服務商)". AInnovation, as the lead unit, also co-authored the "Research Report on Implementation of AI + Manufacturing Application (《人工智能+製造業應用落地研究報告》)" with CAICT. As the main enterprise of artificial intelligence production chain in Qingdao, AInnovation was the contractor of the "Shandong Engineering Research Center of AI Industrial Large Models (人工智能工業大模型山東省工程研究中心)", which was recognized by Shandong Development and Reform Commission as the 2024 Shandong Engineering Research Center and evaluated as the National Postdoctoral Research Workstation, Shandong Key Laboratory for Intelligent Manufacturing Industrial Large Models, Shandong Top 100 Innovative Private Enterprises (山東民營企業創新100強), Shandong Top 100 Software Enterprises (山東省軟件百強) and Qingdao Leading Benchmark Private Enterprises (青島市民營領軍標杆企業) and other titles.

Simultaneously, anchored by the AInnoGC Industrial LLM, we continued to broaden our industry ecosystem, forging strategic collaborations with leading institutions and hosting the "'Large Model +' Unlocking Infinite Potential with Large Models" Summit to deepen industry dialogue. Aligning our corporate strategy with national priorities, we actively engage in AI and new industrialization initiatives. Recognized for technological excellence, we provide steadfast support for the intelligent, high-quality development of the real economy.

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➢ **AI Technology Twin Towers**

AInnovation specialises in two major business sectors: "AI + Manufacturing" and "AI + Financial Services", and has established AI technology twin towers: "MMOC AI technology platform" and "AInnoGC Industrial LLM technology platform".
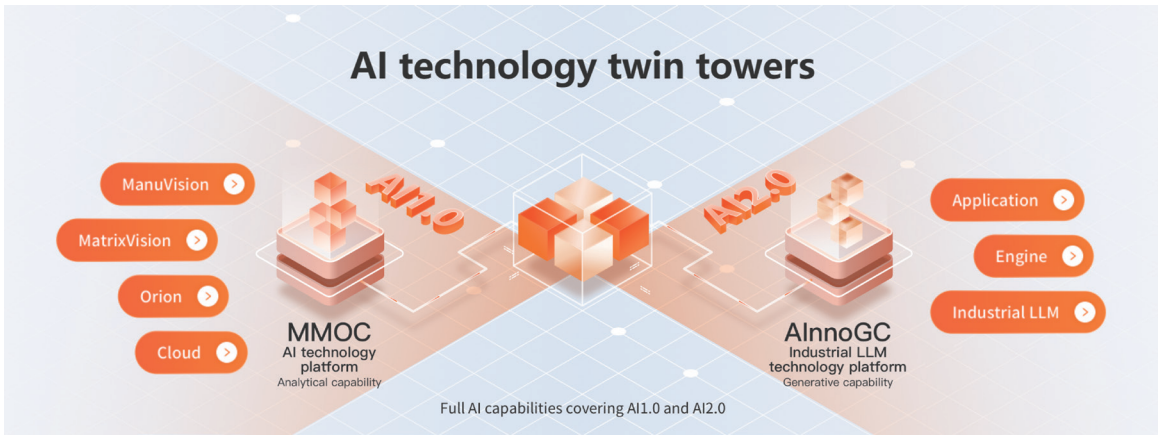
AInnovation AI Technology Twin Tower

The "MMOC AI technology platform" is independently developed by the Group. It consists of the ManuVision (an intelligent machine vision platform), the MatrixVision (an intelligent edge video platform), the Orion (a distributed machine learning platform), and the Cloud (a cloud platform). It has successfully delivered digital and intelligent information transformation projects for hundreds of customers.

In 2024, we iterated and upgraded the four platforms under the "MMOC AI technology platform" to improve platform performance and solve pain points of the industry.

ManuVision, an intelligent machine vision platform	We have introduced an industrial defect database to the platform, which can efficiently and intelligently generate industrial defect images and solve the difficulty of collecting industrial defect data. In addition, we have launched an exclusive version for the panel semiconductor industry, boosting the project delivery efficiency in the industry at lower costs.
MatrixVision, an intelligent edge video platform	We have made a huge optimisation to the back-end reasoning architecture of the platform. By differentiating and decoupling the business and functional modules, we raise the reasoning efficiency of the algorithmic model by more than 30%.
Orion, a distributed machine learning platformCloud, a cloud platform	We have improved the intelligent annotation function to make model training more convenient.

"AInnoGC" is a generative AI platform developed by AInnovation. It is built on AInnovation Cloud infrastructure, which is mainly composed of three layers of industrial LLM, Engine and Application.

AInnoGC Industrial LLM	AInnoGC Engine	AInnoGC Application
AInnoGC Industrial LLM is an industry grand model for industrial and intelligent manufacturing, and has been updated to AInno-75B version. It supports text generation, data analysis, knowledge questions and other functions.	AInnoGC Engine is an intermediate service layer, connecting industrial LLM and generative AI application, providing data processing, large model fine tuning, large model service, prompt engineering and other life-cycle services to help Industrial LLM landing business scenarios.	AInnoGC Application layer is a ChatX series of generative AI applications for many segments in the manufacturing industry, including ChatBI, ChatRobot, ChatDoc, ChatVision and ChatCAS.

AInnovation has outperformed peers in terms of core technical R&D, solution innovation and ecological cooperation for pioneering practices in technological application across various segments. During the Reporting Period, the Company received honours and awards from authorised institutions and professional media, as detailed below:

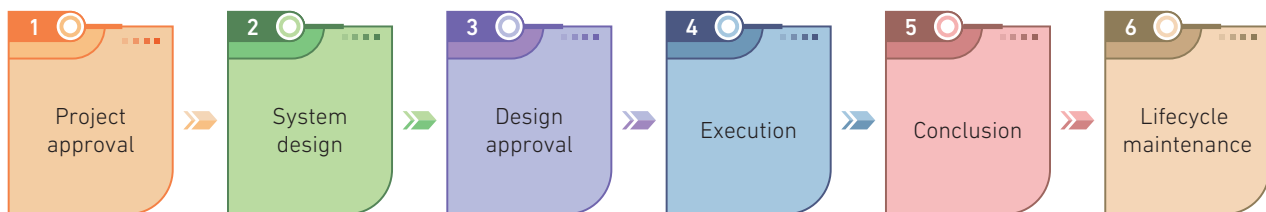| Number	Awarding organisation	Awarded prize
1	China Academy of Information and Communication Technology (CAICT)	Certificate of deep learning platform functional test; passed the CAICT's first tranche of industrial LLM standard compliance verification and received the current highest rating of 4+ level
2	China Academy of Industrial Internet	In the"Industrial Application Accuracy Evaluation of Artificial Intelligence Large Models", the industrial LLM of AInnovation ranked sixth overall, and the document generation capacity ranked first
3	China Academy of Industrial Internet	Potential service provider of Artificial General Intelligence (AGI) and industrial-integrated AI LLM
4	Office of the National Postdoctoral Management Committee	The National Postdoctoral Research Workstation
5	Shandong Development and Reform Commission	The "Shandong Provincial Engineering Research Centre for AI Industrial LLM" constructed by AInnovation was accredited by the Shandong Provincial Engineering Research Centre in 2024
6	Department of Industry and Information Technology of Shandong Province	Certification from Shandong "One Enterprise, One Technology" R&D Centre

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Number	Awarding organisation	Awarded prize
7	Department of Science & Technology of Shandong Province	Leader of the establishment of "Intelligent Manufacturing Industrial LLM Key Laboratory of Shandong Province"
8	Shandong Provincial Informatisation and Industrialisation Integration Promotion Centre	2024 Shandong Excellent Enterprise of Informatisation and Industrialisation Integration
9	Shandong Software Industry Association	Top 100 Software Enterprise of Shandong Province
10	Qingdao Municipal Bureau for Private Sector Development	2024 Qingdao Private Pioneer Enterprise
11	Qingdao Municipal Bureau of Science and Technology	Qingdao Municipal Science and Technology Advancement Award
12	MIT Technology Review (one of the world's largest think tanks on technology commercialisation)	15 Advanced Application Cases of AI LLM in China
13	Forbes (a globally renowned commercial magazine)	"2024 Forbes China AI Tech Enterprise TOP 50" and"2024 Forbes China AI Innovation Technologies TOP10"
14	SuperCLUE (a comprehensive benchmark for Chinese general-purpose LLM)	Ranked No. 1 in China and positioned in the excellent leader segment of the Chinese industrial LLM evaluation benchmark (SC-Industry), with an overall score of 65.2
15	IDC (International Data Corporation)	Ranked third in China's computer vision application market share and fourth in China's machine learning platform market share
16	IDC (International Data Corporation)	Climbed to the No.1 in China's AI-empowered industrial quality inspection solutions market share
17	IDC (International Data Corporation)	Maintained second-place ranking in the food and beverage segment of China's manufacturing MES market share.
18	Frost & Sullivan (a consulting firm of business growth)	Best Case of Generative AI Industrial Manufacturing in China
19	Gelonghui (a global investment research platform)	Recognised as the Annual Excellent Enterprise in Digital Technology in the "Gelonghui Golden Award" for Annual Outstanding Enterprises
20	Jazzyear, a Chinese sci-tech think tank	Listed on the "2024 China Innovative Practices of AI LLM Industrial Application Scenarios"

Leveraging our core technological strengths, we have actively participated in the formulation of national and industry standards, providing the industry with more standardised and mature technologies. We have also strengthened our professional competitiveness and industry-wide influence in the intelligent fields of digital transformation and cloud computing. As an important participant, we co-compiled China's first national standard for digital transformation, the *Integration of Informatisation and Industrialisation - Digital Transformation - Reference Model for Value and Effectiveness* (GB/T 23011-2022). During the Reporting Period, we participated in the preparation of the *General Requirements for Industry Oriented Large-Scale Pre-Trained Models - Part 8: Industry* (T/CCSA 561.8-2024), one of the first 8 group standards under the series issued by the China Communications Standards Association (CCSA). As one of the first drafters, we formulated the *Artificial Intelligence Generated Content (AIGC) Large Model Function Test Index System* (T/AIA 012-2024 T/QDAIIA 007-2024). Besides, we participated in the development of the *Information Technology Application Innovation Products - Guidelines for Application Software Evaluation* (T/QDSIA 0001-2024).

➤ **Strengthening R&D Capabilities**

AInnovation attaches importance to the efficiency of knowledge innovation and achievement transformation, continuously strengthening technological R&D capabilities and stimulating employees' creativity. We improve the reward mechanism for innovative achievements, clarify the cash rewards corresponding to patents of different stages and categories, and tap into employees' potential for innovation. At the same time, the Group adheres to the *Management Measures for Research and Development Products* and other internal policies, establishing a standardised R&D management system with clear control nodes throughout the process. This ensures the legality, standardisation, accuracy, and completeness of related documents for R&D projects. Such measures powerfully drive the enhancement of the Group's core competitiveness.

1 Project approval	2 System design	3 Design approval	4 Execution	5 Conclusion	6 Lifecycle maintenance

Product R&D Process of AInnovation

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➢   **Developing Sustainable Products**

The Group is committed to incorporating ESG concepts into the development and management of projects. We assess and summarise their environmental impacts, work safety performance and corporate social responsibility at the initiation and post-project phases. Bearing in mind the unique social responsibility of a high-tech enterprise, we have leveraged AI products and solutions to drive digital transformation for customers across industries, addressing their operational pain points and helping them achieve higher efficiency and greater sustainable value.

Case	Helping the Coal Mining Area to Establish a Smart Energy Management System

Based on the in-house AInnoGC Industrial LLM, AInnovation has established a smart energy management system for a coal mining area in Shanxi Province, solving the problems of insufficient data insight and inefficient management in traditional mining areas with three core modules. The Agent application platform deeply integrates the Intelligent Operation Centre (IOC), which can automate security inspection, equipment monitoring and other processes. With access to hundreds of thousands of multi-dimensional energy data, ChatBI can generate Structured Query Language (SQL) queries and visualised analyses based on the questions from users. It supports dynamic tracking and intelligent reasoning of energy consumption, carbon footprint and other indicators. ChatDoc integrates the production safety library and emergency plan system to provide intelligent diagnosis of safety incidents and automatic generation of emergency plans. The programme vigorously promotes the improvement of operational efficiency, the optimisation of safety management and the low-carbon transformation for the mining area, forming a smart management paradigm.

Case	Helping a Globally Leading Beer Producer to Build an Intelligent Manufacturing Data Analysis Platform

AInnovation customised an intelligent manufacturing data analysis solution for a top five global beer producer, who is the first in the world to be awarded the title of "Sustainable Lighthouse Factory" in the beer and beverage industry. Based on AInnoGC Industrial LLM's generative AI application ChatBI, the solution extracts data from business systems such as the Manufacturing Execution System (MES), Warehouse Management System (WMS), energy and equipment, and organises them into a system of indicators. By integrating intelligent data analysis agents, it understands managers' intentions through simple dialogues, generates reports in real time, and quickly builds data dashboards. As such, the solution improves the energy utilisation and the efficiency of decision-making in production management and operations.

2.2 Protecting Intellectual Property

The protection of intellectual property is an important guarantee for consolidating the Group's technological advantages and for building long-term competitiveness. AInnovation strictly abides by the *Trademark Law of the People's Republic of China*, 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. In addition, the Group's has arranged dedicated personnel to keep abreast of the updates of intellectual property rights related laws and regulations to update internal policies accordingly in a timely manner.

The Group has a complete intellectual property management structure. In particular, we have set up a technical review committee to conduct strict assessments and ensure that the Company's technical solutions and products are developed and promoted on a legal and compliant basis. This can help protect the Company's innovation results and intellectual property rights while maintaining the Company's competitive advantages and business interests. During the Reporting Period, we optimised the *AInnovation Intellectual Property Management Policy* to further regulate the management system, management scope, application process and authorship, bonus rules and other matters. The effort strengthened the Group's planning and implementation of intellectual property. Meanwhile, the Company and two companies under the Group had passed the national standard certification and obtained the *Intellectual Property Management System Certificate*.

Intellectual Property Management System Certification

We encourage employees to explore potential patents at every stage of product R&D projects. It is stipulated that during any stage of the project, if the accumulated technological innovations meet the conditions for applying for domestic and foreign patents or if the project achievements meet the conditions for applying for software copyright, the inventor or the project leader must actively contact the Intellectual Property Management Department to jointly promote and complete the application process. During the Reporting Period, we conducted 4 intellectual property training sessions, including "Research and Development Results Patent Empowerment Training" sessions and "Intellectual Property Management Personnel Training" sessions, to raise employees' awareness of intellectual property protection and management.

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Case	Intellectual Property Training for Employees

In 2024, AInnovation carried out patent basics training to provide comprehensive guidance of patent knowledge and practice to employees. The training covered the legal feature of patent, patent application process, the writing of technical disclosure documents and other key aspects. It fostered employees' ability to identify patentable technologies and provided strong support for corporate patent layout.

As of 31 December 2024, the Group has applied for a total of 1,365 AI-related patents, of which 1,118 are invention patents, accounting for 82% of all AI patents. The number of successfully registered AI-related patents has reached 605. Additionally, we have accumulated 474 copyrights. During the Reporting Period, we focused on patent applications in the direction of large models, with 13 new patent applications in this area and a total of 22 patents granted. During the Reporting Period, we were granted 79 AI-related invention patents, exceeding the target of 66 patents set for the year.

Furthermore, AInnovation has established the *AInnovation Brand Management Policy* to improve the management of brand trademark usage and ensure the standardization and consistency of trademark usage. We conduct autonomous monitoring for trademark infringement, performing monthly monitoring of trademarks through independent searches. Upon detecting any infringement, we immediately file a complaint with the Market Supervision and Administration Department and cooperate with subsequent investigations and legal procedures. Our new employee training also specifically incorporates content regarding the norms and systems for using the AInnovation brand, enhancing new employees' awareness of trademark protection and maintenance and ensuring that every employee can fully understand and comply with brand management regulations. This aids in building brand barriers for the Group and enhancing market competitiveness.

We actively take various measures to ensure that the intellectual property rights of others are also not infringed and to maintain fair competitive enviroment. Through a professional retrieval system, we will timely understand the patent-related data and layout of companies within the industry at all stages of technical solution design and product research and development. Once we find potential risks on infringing patents of others, we will organise seminars with professional institutions to conduct an infringement analysis, and adjust the layout of our own patents in a timely manner according to the results.

2.3 Maintaining Superior Quality

As the AI industry speeds up the iteration, AInnovation continues to improve the quality control system throughout the chain and empower the intelligent industrial upgrading, so as to support its high-quality development. We strictly adhere to the *Product Quality Law of the People's Republic of China* and other relevant laws and regulations, continuously refine our internal quality management system, and have passed the CMMI Level 3 certification and ISO9001 Quality Management System Certification. Additionally, by formulating and implementing internal regulations such as the *Project Management Process Standards*, we rigorously monitor the implementation of quality management procedures and measures during project processes to ensure that project execution and delivery meets quality requirements and standards.
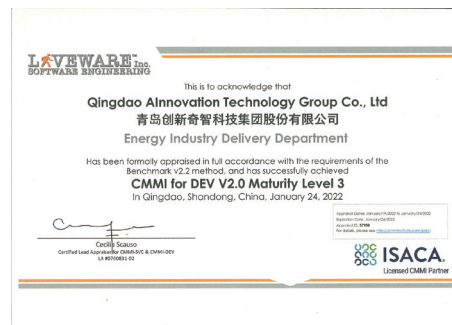
ISO9001 Quality Management System Certification   **CMMI Level 3**

To ensure product quality throughout the entire process, we implement strict quality control at the design, procurement, and product testing stages

During the Design Phase	**During the Procurement Phase**	**During the Product Testing Phase**
• Design documents are required to undergo quality-related document reviews led by the technical lead responsible for the development, ensuring that significant quality risks are avoided in the design.	• Our Centre of Excellence (COE) team conducts qualification assessments on selected suppliers to confirm their technical expertise. • For suppliers of customized projects, we evaluate their technical delivery capabilities and conduct tests against technical benchmarks. Some suppliers may require on-site visits to assess their production capabilities and technical strength. • We only purchase software, hardware components, and data annotation services used in the development process of products and solutions from accredited suppliers	• We conduct comprehensive inspections of product samples and their components to ensure they meet the relevant technical requirements. • Since hardware components need to be assembled on-site for project delivery, we perform tests at the site before handing over the project to the client.

We control the product quality throughout the process as a fundamental guarantee for quality excellence. Given the highly customised nature of our projects, we have developed specialised quality control management processes. We manage and continuously optimise design plans and implementation plans through pre-review, mid-term control, and post-project review. All design documents and test records are properly archived for future reference. During the Reporting Period, AInnovation experienced no product recalls due to quality or safety issues.

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Additionally, we continue to enhance the expertise and professionalism of our team. During the Reporting Period, the Group organised a number of quality training sessions, including "How to better use the ManuVision platform to support project delivery" and "How to apply ManuVision algorithms to projects", so as to improve the project quality delivered by employees.

2.4 Providing Excellent Services

AInnovation works to improve the service quality, making sure that every customer's needs are satisfied in a timely and effective manner. The Group has obtained the ISO 20000 Information Technology Service Management System Standard Certification and has established, implemented, operated, monitored, reviewed, maintained, and continuously improved the IT service management system. Dedicated to providing premium IT services to customers, we ensure business continuity, improve customer satisfaction, and drive the optimisation and efficiency of internal processes.

IT Service Management System Certification

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We have developed and implemented the *AInnovation After-Sales Service Management Policy* to standardise the priority of after-sales issues, the after-sales service management process and related documents including after-sales service satisfaction surveys. This aims to offer an efficient, professional and consistent service experience to customers. Besides professional after-sales services for projects within the contract warranty period, we have set up relevant after-sales service processes for projects out of the contract warranty period to support the after-sales services and follow-up visits by customers.

Customer	Customer Service Centre	Project Team
Call	Answer the call	
	Issue a work order	Check the order
		After-sales service engineer
		Remote handling
	Resolved	Not resolved / Handled by the technical principal
		Remote assistance
	Resolved	Not resolved / Handled by the project principal
		Site service
	Progress notice	Resolved
Answer the call	Follow-up call	
	Archive	
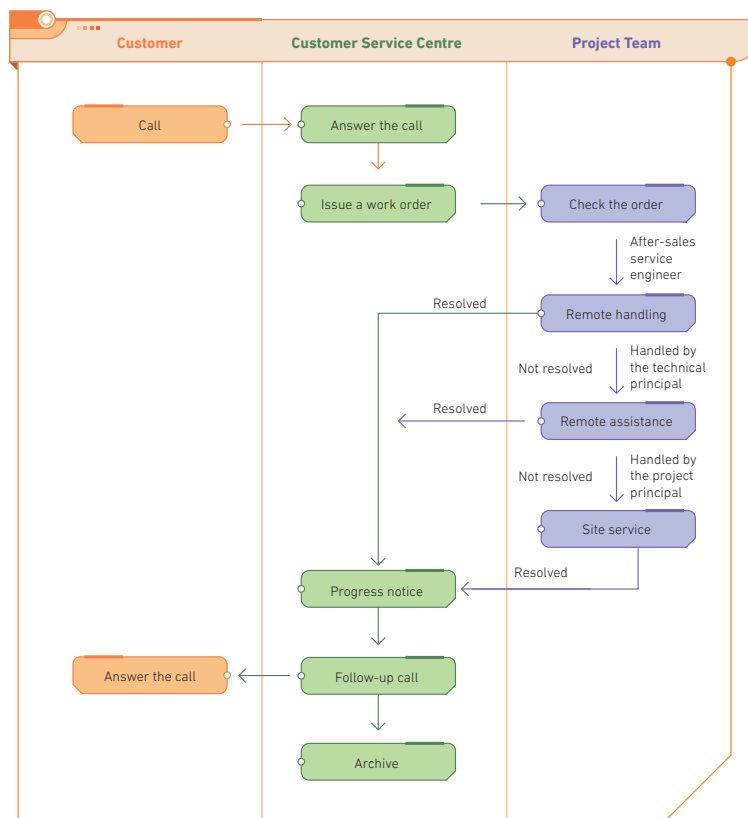
After-Sales Service Procedures for Projects within the Contract Warranty Period

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The Group's customer service team provides remote customer services on a 24-hour real-time basis and dispatches work orders that need to be processed to after-sales engineers. Our engineers provide remote and on-site technical support depending on customers' requirements. We also provide system maintenance services for all cloud-based solutions and following the principle of incident importance and urgency, we stipulate the response time regarding failure events at all levels in the service and solve customers' problems in a timely manner. For customers requiring inspection services during the post-sales period, engineering and technical personnel will visit the site or conduct remote inspections of the system at specified intervals. Upon completion, they will provide feedback and reports to the customer. If any faults or risks of faults are discovered during the inspection, subsequent repairs will be arranged to ensure the high quality and effective operation of the customer's system.

After the completion of postsales services, we conduct customer satisfaction surveys focusing on delivery quality, the service attitude of delivery personnel, the technical level and professionalism of delivery personnel, and project progress. We share the survey results with the service execution team to continuously optimise customer service quality and to enhance customer satisfaction. Moreover, we are committed to improving customer feedback channels and complaint handling processes to ensure that complaints are addressed promptly and appropriately. As of the end of the Reporting Period, we have not received any complaints regarding our products and services

2.5　Managing Information Security

AInnovation fully recognises the importance of information security in the field of artificial intelligence. We strictly comply with laws and regulations relating to information security, including but not limited to 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*. In accordance with relevant standards such as the *Information Security Technology - Information System Security Management Requirements (GB/T20269-2006)* and the *Information Security Technology - Basic Requirements for Information System Security Classified Protection (GB/T22239-2008)*, we have developed the *Information Security Management System*, the *Compliance and Legal Guidelines for Data Access and Services of AInnovation* and other internal policies. We continuously improve the information security management system. Through supervision and inspection, we reduce our information security risks and ensure orderly business operations. Meanwhile, we build a security foundation for AI development, ensuring that data is collected and used in a compliant manner to minimise information security risks.

During the Reporting Period, we optimised the *Information Security Management Policy*. We improved the management of adding and changing employee accounts based on the original management standards and requirements for information confidentiality, database security, network security, physical security, supplier security, security incident and response, and emergency plan.

➢ **Strengthening Information Security Management**

Committed to strengthening information security management, the Group has obtained the ISO27001 Information Security Management System certification. Under the requirements of the certification, the Group continues to strengthen information security monitoring to ensure the effective implementation of the Group's information security management system. In addtion, AInnovation has set up an information security management structure and established the Information Security Committee as the highest decision-making body. The Chief Technology Officer (CTO) serves as the head of the Information Security Committee and is responsible for leading, decision-making and supervising information security and data protection. The Information Security Committee includes an implementation department tasked with executing relevant decisions and managing daily activities pertaining to information security and data protection.
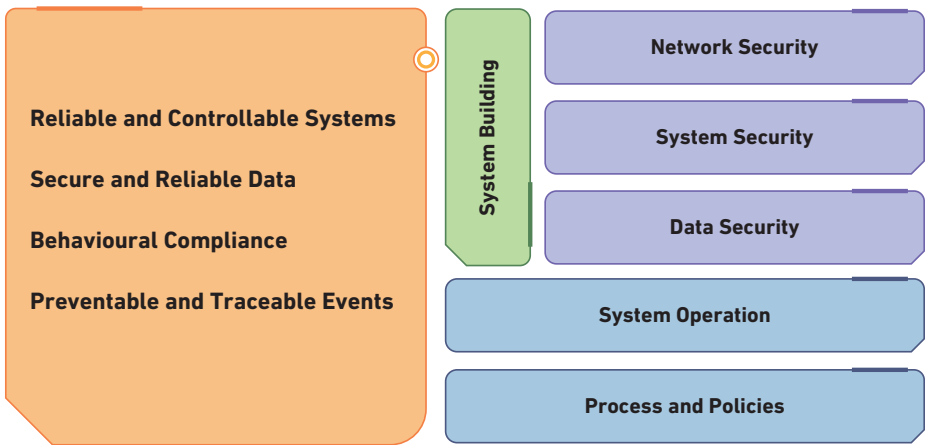

Information Security Management System Certification

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To further enhance the effectiveness of information security management, we have set an overall objective for the information security management system of "reliable and controllable systems, secure and reliable data, behavioural compliance, and preventable and traceable events". We build a management system that includes network security, system security and data security, and continuously improve system operation and management of processes and policies.

Reliable and Controllable Systems	System Building	Network Security
Secure and Reliable Data		System Security
Behavioural Compliance		Data Security
Preventable and Traceable Events		System Operation
		Process and Policies

Overall Objective for the Information Security System of AInnovation

➢ **Comprehensively Protecting Information Security**

Under the guidance of the information security objective, we have established the information security guarantee path of being "unhackable, incomprehensible, unmovable, unchangeable, unescapable and undefeatable". The Group has set up a series of security control points in five major areas, namely the secure physical environment, secure communication environment, secure area boundary, secure computing environment and secure management centre. The Group has also built a methodology based on the security system to work out the implementation path for the construction of the information security system, and carried out effective and specific security technology measures to build a solid line of defence on information security.

Information Security Methodology	Examples of Measures on Information Security Protection
Unhackable	Take measures such as physical security management, network security management, and access control to prevent hacking
Incomprehensible	Encrypt data and data transmission processes
Unmovable	Set up network security monitoring and alarm systems, configure firewalls and user behaviour management equipment, and implement data loss prevention policies and access control policies
Unchangeable	Deploy antivirus devices to periodically scan and kill malicious codes
Unescapable	Deploy bastion hosts. build log systems. deploy user behaviour log devices, and conduct regular information security audits
Undefeatable	Implement disaster backup and recovery in terms of system architecture, data security, etc.

AInnovation always prioritises data security protection for customers. In this way, we can not only ensure that customer data is processed in a secure and compliant manner, but also can build trust between the Group and customers. We strictly adhere to the terms of authorisation and scope of application as set out in the customer agreement to analyse and process customer data. We set permissions for the Internet Data Centre (IDC) internally, including establishing physical isolation, implementing the principle of least privilege for employees, and auditing access logs. In our contracts with partners, we make detailed provisions on data protection to ensure the effective implementation of the Group's data security as well. We require third parties to sign a security responsibility provision or confidentiality agreement and obtain approval of written application before providing access to any information systems for them. We continuously enhance employee awareness of information security through diversified data security related training, including orientation training for new employees and regular trainin g for all staff organised by the Information Security Committee to organise.

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3.   Cooperation with Peers to Lead the Industry Development

We actively participate in industry communication activities and deepen strategic collaborations with industry partners, universities and other external institutions. By doing so, we promote technological innovation and product upgrading for the industry. Furthermore, we continuously strengthen our supplier management. Committed to building a clean, honest, fair and equitable business partnership with suppliers, we join hands to promote a sustainable industry ecosystem.

3.1. Cooperating for Ecological Development

AInnovation has always been actively expanding communication and cooperation with other parties. On the one hand, we promote exchanges with universities to strengthen talent cultivation. On the other hand, we establish strategic cooperation with industry partners to accelerate the application of R&D results. During the Reporting Period, we entered into strategic cooperation agreements with external stakeholders such as Shandong University, DingTalk (China) Information Technology Co., Ltd. ("DingTalk") and China Resources Digital Holdings Limited ("CR Digital"). By means of technology sharing, we deepened the integration of industry, education and research and built an open and win-win ecosystem for innovation.

➤   **University-Enterprise Cooperation**

Case	Shandong University Student Employment Practice Base

In June 2024, AInnovation signed a strategic cooperation agreement with Shandong University and received official accreditation as the "Shandong University Student Employment Practice Base". We plan to effectively transform scientific research results on campus into business productivity by complementing the advantages and resources of both sides. We launch collaborative projects on technical topics such as generative AI, large language models, cutting-edge algorithms, and mathematical models. Additionally, we deepen university-enterprise exchanges, provide data and case support for disciplinary progress on campus, and help shape new disciplinary growth points. Moreover, we provide students with a practical platform, and encourage them to think deeply and conduct independent research for innovation. We nurture high-quality talents and gather premium resources for business operations, effectively connecting the "education chain" and "talent chain" with the "industry chain" and "innovation chain". These efforts altogether advance the in-depth cooperation among industry, education and research, and help drive scientific and technological innovation.

山东大学学生就业实践基地
授牌仪式
2024年6月26日

AInnovation Received Official Accreditation As the "Shandong University Student Employment Practice Base"

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➤ **Industrial Cooperation**

Case   **Talent Cultivation Programme of the Robot Innovation Centre**

In March 2024, the Chengdu Robot Innovation Centre jointly developed by AInnovation and the Chenghua District People's Government of Chengdu was officially launched, with an area of about 5,000 square metres in the first session. As an important base for the cultivation of highly skilled talents in western China, we are committed to the cultivation of skilled experts and the deep integration of AI and industrial manufacturing. Leveraging the advantage of industry-education integration, we have led the establishment of the AI and Big Data Industrial Internet Innovation Workshop. The workshop combines industrial robotics, Internet of Things, virtual simulation, AI and other cutting-edge technologies, and is equipped with more than 300 sets of intelligent manufacturing devices. We have developed courses for practical training projects and built a generative Q&A training platform with the "AInnoGC Industrial LLM". By doing so, we aim to promote new industrialisation and high-quality development of the real economy in western China through AI technology.

Chengdu Robot Innovation Centre jointly developed by AInnovation and the Chenghua District People's Government of Chengdu

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| **Case** | **AInnovation Reached Strategic Cooperation with DingTalk** |

In June 2024, AInnovation and DingTalk signed a strategic cooperation agreement in Beijing. The two parties would make full use of their respective technical and ecosystem advantages and resources to jointly explore and develop AI-native innovative products and "AI + manufacturing" solutions. Through resource sharing and innovative integration, the two parties aimed to complement each other's strengths, promote the intelligent upgrading of enterprise service software, and help accelerate the digital transformation process of enterprise customers in various industries.

Chengdu Robot Innovation Centre jointly developed by AInnovation and the Chenghua District People's Government of Chengdu

Case	**AInnovation Reached Strategic Cooperation with CR Digital**

In October 2024, AInnovation reached strategic cooperation with CR Digital. The two parties would use AInnovation's "AInnoGC Industrial LLM technology platform" and CR Digital's large model platform capabilities to conduct joint research and development and co-create an industrial LLM platform. The two parties collaborated to deliver scenario solutions based on LLM technology in response to customer needs for industrial intelligence. In addition, the two parties promoted the development of industrial intelligence by jointly building exemplary projects.

Going forward, AInnovation and CR Digital will work together to apply for major national science and technology projects, create AI application demonstration cases, and hold influential brand events, continuing to create value for all participants in the ecosystem.

Signing Ceremony for Strategic Cooperation between AInnovation and CR Digital

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3.2 Managing Responsible Supply

The Group implements end-to-end supplier management through the COE (Centre of Excellence) mechanism, which comprehensively covers suppliers' qualification collection, review, follow-up evaluation and grading. To ensure procurement compliance and efficiency, we have formulated a series of guidelines and strictly implemented supplier access, performance evaluation and exit mechanisms. During the Reporting Period, we revised and updated the *Supplier Management Policy* to further standardise the supplier selection process and strengthen the binding provisions for some suppliers.

AInnovation abides by "the five appropriate" principle (appropriate price, appropriate time, appropriate location, appropriate quantity and appropriate quality). Based on the principle, we select in top suppliers who offer an appropriate price, make a delivery on time, locate at a nearer place, meet the supply quantity requirement and supply high quality goods for cooperation. For new suppliers introduced to AInnovation, we conduct rigorous screening and evaluation, mainly focusing on their business qualifications, related products and services, and financial status. In particular, we pay close attention to whether suppliers hold certifications from the International Organization for Standardization (ISO) to further assess their quality control. Suppliers that meet the requirements and are successfully onboarded are subject to annual comprehensive assessments. We promptly phase out suppliers with lower composite scores or those found to have violated regulations.

During the Reporting Period, AInnovation launched a digital supplier management platform to centralise the management of suppliers across all subsidiaries. Through automated and intelligent means, we focused on strengthening the management of supplier qualification reviews and performance evaluations, while improving the efficiency and quality of related tasks. This helps to integrate and optimise the supply chain at the Group level.

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Supplier selection

- Investigate suppliers before including them into the pool to ensure that they meet the Group's basic requirements for supplier qualification (registered for more than 2 years with registered capital of more than RMB 2 million); issue the *Supplier Qualification Investigation Registration Form* to suppliers and obtain relevant information; include suppliers into the pool only after submitted information is reviewed;

Supplier management

- Regularly maintain and update the information of suppliers (name, contact information, etc.) in the pool;

Supplier assessment and review

- Conduct annual year-end assessment of suppliers in terms of quality, cost, delivery, service and technology. If the comprehensive score of a supplier is lower than 60, it is considered ineligible, and will not be allowed to bid for any project within 2 years;

Inactive or removed suppliers
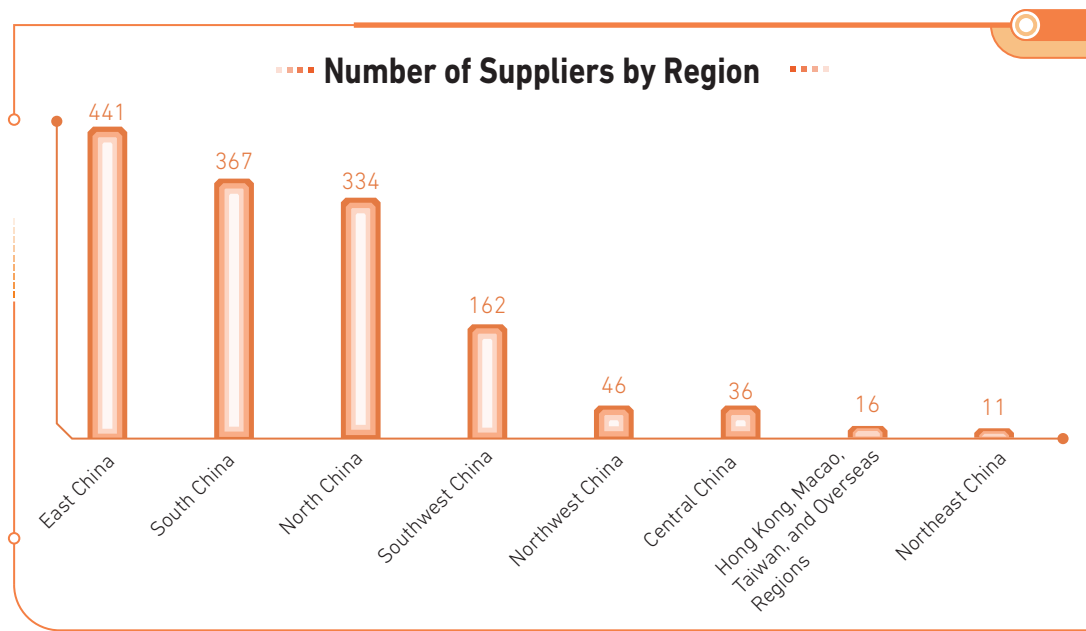
- Suppliers will be classed as removed if they have no cooperation with the Group within 2 years or fail to meet the selection requirements when their statuses are updated;
- Those who need to be re-used will be re-included in the pool after the latest materials are reviewed;
- Suppliers with complete materials but have no cooperation with the Group within 2 years will be marked as inactive.

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We are committed to building a sustainable and resilient supply chain, empowering the ESG construction of the supply chain with our ESG practice experience. Based on the nature of the materials purchased, the Group identifies and assesses ESG risks faced at each stage of the supply chain, and urge suppliers to implement risk prevention and control measures. Meanwhile, we prefer to establish cooperative relationships with suppliers who possess a sense of social responsibility and awareness of environmental protection, with the aim of supporting the sustainability of upstream enterprises in the value chain through practical actions.

During the Reporting Period, the Company had a total of 1,413 suppliers. The number of suppliers by geographical region is as follows:

Number of Suppliers by Region

Region	Number
East China	441
South China	367
North China	334
Southwest China	162
Northwest China	46
Central China	36
Hong Kong, Macao, Taiwan, and Overseas Regions	16
Northeast China	11

Note:

East China includes: Shanghai, Jiangsu, Zhejiang, Shandong, Anhui; South China includes: Guangdong, Guangxi, Hainan, Fujian; North China includes: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia; Southwest China includes: Sichuan, Chongqing, Guizhou, Yunnan, Tibet; Northwest China includes: Shaanxi, Gansu, Xinjiang, Qinghai, Ningxia; Central China includes: Hunan, Hubei, Henan, Jiangxi; Northeast China includes: Liaoning, Jilin, Heilongjiang

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4. Supportive Workplace to Foster Employee Growth

AInnovation regards talents as the important driver for its sustainable development. We advocate the peopleoriented approach and strive to achieve diversity, equity and inclusion in workplace. In addition, we continuously stimulate employees' awareness of learning and motivation for progress with abundant training resources and clear promotion channels. Meanwhile, the Group offers competitive remuneration and benefits and actively listens to the employees, making sure that our workplace is warm, comfortable and safe.

Employee Training

In December 2024, the National Development Credit Research Institute and Liechacha Workplace Safety Research Institute jointly named AInnovation the "2024 Best Employer of Workplace Credit in China" in recognition of the Group's outstanding performance in talent attraction and employee experience.

AInnovation was named 2024 Best Employer of Workplace Credit in China

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4.1   Protecting Employee Rights and Interests

➢   **Compliant Employment**

We strictly abide by laws and regulations such as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*. We legally sign labour contracts with all employees and have developed and continuously improved internal management regulations such as the Employee Handbook to protect basic rights and interests of every employee.

We adopt a "Zero Tolerance" attitude towards child labour and forced labour in all aspects, and take appropriate measures to prevent the occurrence of such situations. We require new joiners to provide personal documents and academic certificates to verify their ages effectively; if child labour is identified, we immediately terminate the employment contract and take relevant personnel to their legal guardians. In addition, the Group strictly follows the statutory working hours to guarantee a better balance between employees' personal life and work. Should any instances of forced labour be discovered, AInnovation will strictly handle the situation immediately in accordance with regulatory requirements and take measures to prevent similar occurrences in the future. During the Reporting Period, the Group had no child or forced labour violations.

➢   **Diversity, Equality and Inclusion**

AInnovation has always been committed to the employment principle of "equal employment". We are devoted to ensuring that every employee within the Group is treated fairly and impartially and can reach their full potential in a respectful working environment. We have incorporated the concepts of diversity, equality and inclusion into our corporate culture, and have included relevant provisions in internal policies such as the *Employee Handbook*. In all aspects such as recruitment, hiring, training, compensation, promotion, and employee transfers, we consistently base our decisions on the professional skills of the individual and the actual needs of the position at AInnovation. We pledge not to discriminate against any candidate or employee based on ethnicity, race, gender, skin colour, age, family background, religious beliefs, physical condition, or nationality, nor to limit their career development.

➢ **Remuneration and Benefits**

With reference to the industry situation and the Company's positioning, AInnovation has formulated a remuneration and benefits system that is competitive in the industry and fair within the Company. Our remuneration policy is performance-oriented, aiming to motivate employees and optimise the allocation of corporate resources. During the Reporting Period, we revised and updated the *AInnovation Remuneration Management Policy* to better respond to market changes and employee needs.

On joining, we determine the compensation package for talents based on factors such as job category, rank, and employee capabilities, which includes basic salary and performance bonuses to stimulate employee motivation. Meanwhile, we use OKRs (Objectives and Key Results) as a performance management tool to ensure scientific and conduct performance assessments from three dimensions: business objectives, business management, and team management, based on actual performance at the end of each quarter. Assessment results serve as an important basis for salary adjustments and promotion decisions. During the Reporting Period, in accordance with the *2024 Performance Appraisal Plan,* we announced the proposed performance appraisal results to each department to ensure the fairness and rationality of the results.

To enhance employee well-being and practice a people-oriented approach, we provide paid annual leave, comprising statutory annual leave and annual welfare leave. Employees are also entitled to sick leave, marriage leave, bereavement leave, maternity/paternity leave, and injury leave in accordance with relevant laws and regulations. We also offer exclusive benefits for female employees, such as a half-day leave on Women's Day and 1 hour of breastfeeding time per day within a year of childbirth. Furthermore, the Group provides social insurance and commercial insurance for employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, to better guarantee employees' life and work.

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As of the end of the Reporting Period, the Group had 962 employees, and the proportion of full-time employees reaches 100%. The details of the employee structure and employee turnover rate are as follows:

	Category	Number of Employees	Employee Turnover Rate[1]
Gender	Male	678	34%
	Female	284	31%
Age	Aged under 30	338	35%
	Aged 30 to 40	479	14%
	Aged above 40	145	60%
Area	East China	618	34%
	Southwest China	125	19%
	North China	94	39%
	Central China	70	29%
	South China	39	33%
	Northwest China	14	63%
	HK, Macau, Taiwan and overseas	2	0%
Educational Background	PhD	5	—
	Master's degree	114	—
	Bachelor's degree	762	—
	Below Bachelor's degree	81	-

Note:

1. Employee turnover rate = Annual cumulative number of resignations in this category/(annual final number of employees in this category + annual cumulative number of resignations in this category) *100%

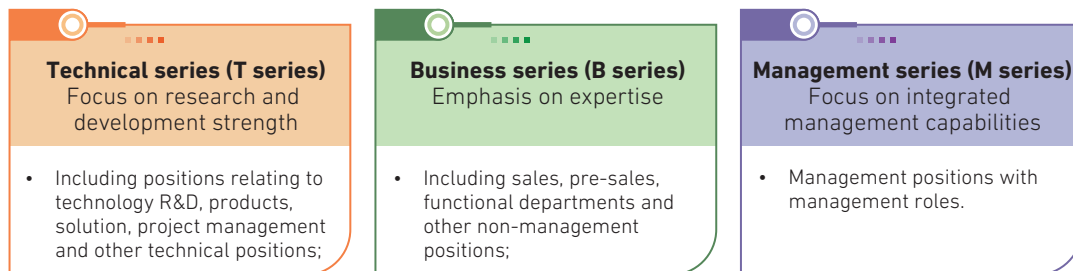**2024 Environmental, Social and Governance Report**

4.2 Supporting Talent Development

AInnovation emphasises talent development and cultivation, is committed to continuously exploring the potential of employees and builds a high-quality talent pool. We have provided our employees with customised and diversified career development paths. Based on their needs and willingness, we also offer various training sessions and programmes to enhance the professional skills and vocational quality of our employees.

➢ **Promotion and Development**

The Group is dedicated to creating a fair, transparent and comprehensive career development environment, offering each employee a clear promotion channel. All employees can access detailed job information and a comprehensive management mechanism system through the *Employee Handbook*, ensuring that every employee has a well-defined career development direction.

According to the business characteristics and the nature of the position, we divided positions into technical series (T series), business series (B series) and management series (M series) horizontally, and we classified each series into 13 levels vertically according to employees' experience and competence. According to their skills and preference, employees can freely choose suitable development channels and fully exert their personal value.

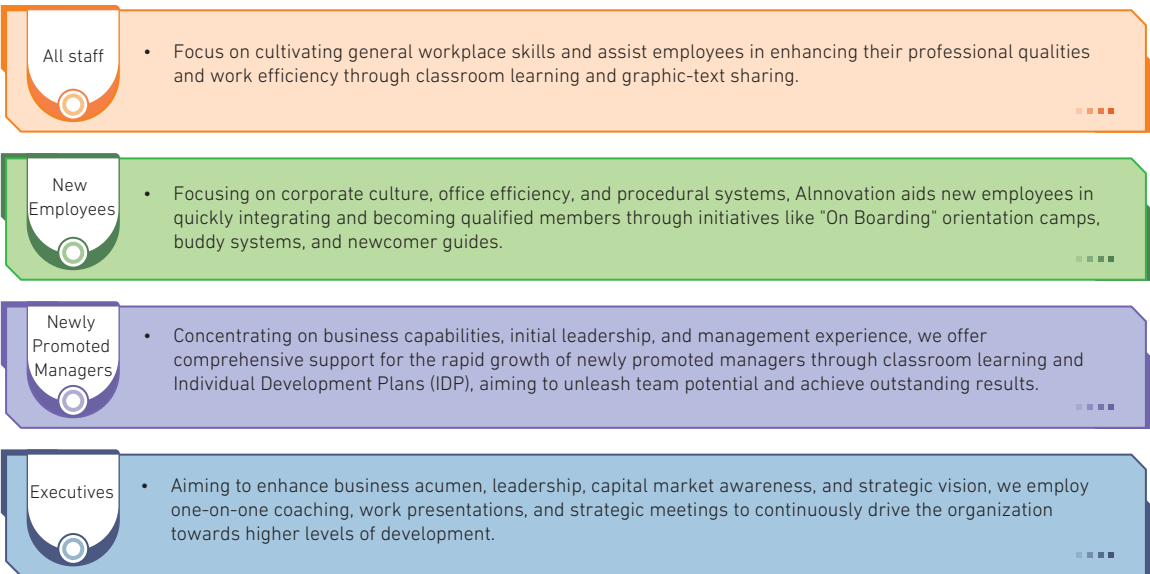| **Technical series (T series)** Focus on research and development strength	**Business series (B series)** Emphasis on expertise	**Management series (M series)** Focus on integrated management capabilities
• Including positions relating to technology R&D, products, solution, project management and other technical positions;	• Including sales, pre-sales, functional departments and other non-management positions;	• Management positions with management roles.

AInnovation's System of Promotion Channel

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In order to improve enhance employees' competence, improve job fit, and fully activate the talent team, we carried out the talent inventory action. Considering overall factors such as employees' performance, potential (including physical power, brain power and mind power) and experience accumulation, we thoroughly sorted out the talent team of each department, building a more complete and systematic talent pool for the common growth of the Group's value and employees' value.

➢ **Talent Cultivation**

We provide employees at all levels and functions with training resources that match their needs, and create a variety of training programmes aimed at improving employee competencies. The training sessions cover practical topics such as improving work efficiency, training management skills, and accumulating business experience, and are delivered in interesting ways such as offline training sessions, face-to-face consultations, and strategy meetings. These comprehensively enhance employees' work capabilities and overall quality.

All staff	• Focus on cultivating general workplace skills and assist employees in enhancing their professional qualities and work efficiency through classroom learning and graphic-text sharing.
New Employees	• Focusing on corporate culture, office efficiency, and procedural systems, AInnovation aids new employees in quickly integrating and becoming qualified members through initiatives like "On Boarding" orientation camps, buddy systems, and newcomer guides.
Newly Promoted Managers	• Concentrating on business capabilities, initial leadership, and management experience, we offer comprehensive support for the rapid growth of newly promoted managers through classroom learning and Individual Development Plans (IDP), aiming to unleash team potential and achieve outstanding results.
Executives	• Aiming to enhance business acumen, leadership, capital market awareness, and strategic vision, we employ one-on-one coaching, work presentations, and strategic meetings to continuously drive the organization towards higher levels of development.

AInnovation's Talent Development Framework

Case **"Training Camp for Newcomers"**

AInnovation regularly organises "Training Camp for Newcomers" with the goal of helping new employees fit in and become qualified "AInnovation Members". We share AInnovation's development history and culture, goals and direction, product technology, rules and regulations, and other information to help new employees quickly understand the Company and settle in.

We have adopted a variety of training methods in our orientation training to satisfy the different learning needs and preferences of new employees, including offline classrooms, online courses, and graphic sharing. In addition, we emphasise the continuity and effectiveness of training, and constantly optimise the content and methods of training through regular evaluation and feedback mechanisms. These efforts ensure that the orientation training is always aligned with the Group's strategic goals and actual needs. During the Reporting Period, 100% of new employees particiated in the "Training Camp for Newcomers".

Case **Individual Development Plan (IDP)**

At AInnovation, the IDP is one of the training programmes tailored for newly promoted managers. The purpose is to provide employees with personalised training resources that match the needs of their promotion sequence. Eligible employees may, after consultation with their superiors, develop an IDP that matches their personal career development path. The HR Department will provide corresponding customised training sessions based on their IDP. To ensure the effectiveness of IDP in promoting the personal growth and capacity improvement of employees, we review and iteratively optimise the results of its implementation on an annual and quarterly basis.

The Group emphasizes the learning-oriented atmosphere and continuously promotes the construction of online learning platform. Within our Enterprise Resource Planning (ERP) system, we've established an online learning platform, allowing employees to access all training courses at any time, and facilitating flexible learning and mastery of relevant knowledge. The existing courses cover many aspects such as human resources management, organizational construction and development, and professional skills improvement. During the Reporting Period, to better meet the learning needs of employees, we further optimized the configuration of online courses and developed the "Learning Cloud" platform for the Company's management team and high-potential individuals. This platform not only consolidates and accumulates the essence of internal knowledge through courses on managerial role cognition and influence enhancement but also introduces over 1,000 standard courses across six major categories covering leadership and management, marketing and sales, improving the efficiency and diversity of online training.

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Meanwhile, we also focus on tapping into the internal education resources of the Company and constantly select and train internal instructors. These allow us to better transfer experience and make the training content and methods more relevant to the real business scenario. We require internal instructors to engage with trainees at least once every three months through exchange meetings, mini-lectures and other formats to share knowledge and answer questions. This helps the trainees better understand and apply what they have learned, and encourages each employee to grow in practice.

During the Reporting Period, the total training time of the Group's employees counted 17,358 hours. The specific training percentage and average training hours of employees are shown in the following table:

	Category	Percentage of trained employees	Average hours of training for employees
Gender	Male	69%	18
	Female	31%	19
Class of Position	Management staff (Level 8 and above)	5%	59
	Junior staff (below Level 8)	95%	16

4.3 Multiple Care and Benefits

At AInnovation, we have always held the belief that every employee is essential to the Company. We are dedicated to creating an amiable and caring workplace for our employees. We provide our employees with daily benefits such as telephone subsidies, lunch subsidies and overtime subsidies. We also provide family condolence payments and maternity celebration payments for special occasions. During the Reporting Period, we hosted a variety of festivities, such as the Lunar New Year kickoff and the "AInnovation Family Dinner" at the Dragon Boat Festival. We offer sincere congratulations and well-prepared gifts to employees on their service anniversaries. This is our way of expressing our gratitude for their loyalty and of strengthening their sense of belonging to and approval of AInnovation.

Lunar New Year Kick off Celebration

"AInnovation Family Dinner" at the Dragon Boat Festival

Congratulations for Employees' Service Anniversary

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The Group actively listens to employees and has established a platform for diverse, smooth and effective communication, in order to facilitate equal exchanges of idea between employees and the Group. The Group is governed democratically. The employee representatives of each company review and supervise systems and policies that are practically related to the interests of employees. In June 2024, we organised the annual staff representative meeting. By circulating written proposals for signature, we jointly reviewed and voted on documents such as the *2024 Performance Appraisal Plan of AInnovation* and the *AInnovation Remuneration Management Policy* (revised in 2024), as well as other specifics.

Meanwhile, we actively create a supportive and collaborative workspace, and expect all "AInnovation Members" to embrace work and life with passion. To this end, the Company's HR Department regularly conducts one-on-one talk with newly hired employees, regular employees and key employees. This is to understand their work situation and potential needs, to identify any problems and difficulties they face in time, and to provide the necessary help and support for them.

4.4 Protecting Occupational Health

AInnovation prioritises the health and safety of its employees as a crucial foundation for the implementation of operational activities and the achievement of strategic objectives. The Group strictly complies with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other national occupational health related laws and regulations. We are committed to ensuring the occupational health and safety of our employees in a scientific and efficient manner.

Regarding the full understanding of self health status in a timely manner, for existing employees, we offer annual health check-up services; for new hires, we arrange pre-employment medical examinations to screen for and prevent diseases, aiding in better health management. To support employees in maintaining physical fitness and improving their working efficiency, we have established a fitness area within the office space, equipped with a range of professional fitness equipment, encouraging employees to engage in moderate exercise during work breaks, relieve work pressure and promote physical and mental health.

Office Fitness Area

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To effectively prevent and manage employees' occupational health and safety risks, we have formulated and implemented a prevention and control procedure for occupational health and safety accidents, namely the *Emergency Preparedness and Response Control Procedure* to properly handle various emergencies and reduce personal injury and property loss. At the same time, we conduct regular knowledge dissemination, periodic safety training, and professional and practical drills for employees to continuously enhance their awareness of occupational health and safety hazards and their ability to respond to sudden emergencies. During the Reporting Period, we organised fire drill activities in our Beijing and Shanghai offices. Over the past three years, there were no work-related fatalities within the Group, and there were no work-related injury incidents during the Reporting Period.

Case	**Fire Drills**

AInnovation's subsidiaries in Shanghai and Beijing, in collaboration with the property management of their respective buildings, conducted fire drill activities in June and November 2024. To effectively enhance employees' awareness of fire safety, self-protection abilities, we introduced them to the evacuation routes in the event of a fire, the types and operating methods of fire-fighting equipment such as fire extinguishers and water guns.

Fire Drill at AInnovation

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5.   Environmentally Friendly Practices to Achieve Low-Carbon Operations

AInnovation strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China* in relation to enviroment protection in the places where the Group operates.

5.1   Addressing Climate Change

In recent years, climate change has become one of the major global challenges due to frequent extreme weather events. Although the nature of AInnovation's industry and business means that we are hardly involved in the emission of pollutants and the consumption of fossil energy like traditional industries, we are keenly aware of our social responsibilities as a technology enterprise. We leverage our advantages of industry-leading AI technology models to provide customers with tailored solutions for green transformation. This helps the customers move steadily forward on their path to sustainability.

During the Reporting Period, we identified and assessed the potential risks and opportunities of climate change for the Group through research and climate scenario analysis. The results indicate that there is currently no significant impact on the Group from the risks and opportunities related to climate change. However, we will continue to take proactive measures to operate in a green manner, commit to run on a low-carbon and efficient operating model, and contribute to the process of mitigating global climate change.
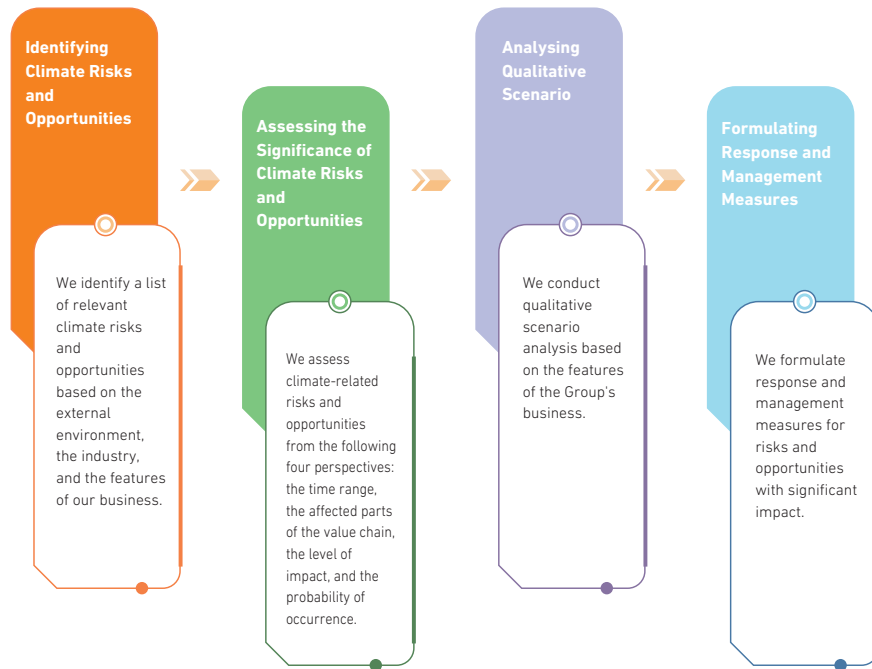
➢   **Governance**

AInnovation has established a complete three-tier ESG governance structure, comprising the Board of Directors, senior management and the ESG working group. We have always been concerned about climate change issues and fully integrates them into the management functions and processes of the ESG governance structure. Through actions such as policy analysis, peer benchmarking, and the incorporation of professional opinions from external experts, we regularly identify the climate-related risks and opportunities relevant to the Group. We also review status, formulate strategies, manage risks, and set indicators and targets for various potential impacts to improve the Company's resilience and adaptability to climate change.

➢   **Risk Management**

During the Reporting Period, the Group fully identified climate-related risks and opportunities associated with its business and conducted qualitative scenario analysis in accordance with the requirements of "climate-related disclosure" under the *ESG Reporting Code*. We conducted a systematic assessment to thoroughly analyse the potential impact of various climate factors on our operations and strategies. This provided the basis for formulating appropriate prevention, mitigation and recovery measures for risks and opportunities that were significant to the Group.

Identifying Climate Risks and Opportunities

We identify a list of relevant climate risks and opportunities based on the external environment, the industry, and the features of our business.

Assessing the Significance of Climate Risks and Opportunities

We assess climate-related risks and opportunities from the following four perspectives: the time range, the affected parts of the value chain, the level of impact, and the probability of occurrence.

Analysing Qualitative Scenario

We conduct qualitative scenario analysis based on the features of the Group's business.

Formulating Response and Management Measures

We formulate response and management measures for risks and opportunities with significant impact.

Aspects	Descriptions
Time range	Short term (0-3 years), medium term (3-10 years), and long term (more than 10 years)
Affected parts of the value chain	Inbound logistics, operations, outbound logistics, marketing and sales and services
Level of impact	Insignificant, minor, medium, major, critical
Probability of occurrence	Rare, occasional, likely, highly likely, anticipated

Aspects for Assessing the Significance of Climate Risks and Opportunities

Probability of occurrence	Level of impact				
	Insignificant -1	Minor -2	Medium -3	Major -4	Critical -5
Anticipated -5	Low	Medium	High	High	High
Highly likely -4	Low	Low	Medium	High	High
Likely -3	Low	Low	Medium	Medium	High
Occasional -2	Low	Low	Low	Low	Medium
Rare -1	Low	Low	Low	Low	Low

Significance Rating Table of Climate Risks and Opportunities

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Risk Level	Descriptions
High risk	Senior management are required to pay attention to the formulation and launch of mitigation plans in the near future.
Medium risk	Attention is required from functional departments.
Low risk	It is managed according to routine procedures.

Hierarchical Management Initiatives

➤ **Strategy**

We carefully weighed the external factors such as policies and laws, technology, market, reputation and natural factors, in conjunction with our business characteristics and industry research results, to identify 11 relevant climate risks and 4 climate opportunities. Based on the results of the surveys on probability of occurrence and the level of impact, we classified climate risks and opportunities into three levels: high, medium and low, and mapped an materiality matrix of climate risks and opportunities. Based on the different climate scenarios of "Net Zero 2050", "Fragmented World" and "Current Policies" published by the Central Banks and Supervisors Network for Greening the Financial System (NGFS), the results show that climate change risks and opportunities are not expected to have a significant impact on the Group for the time being.
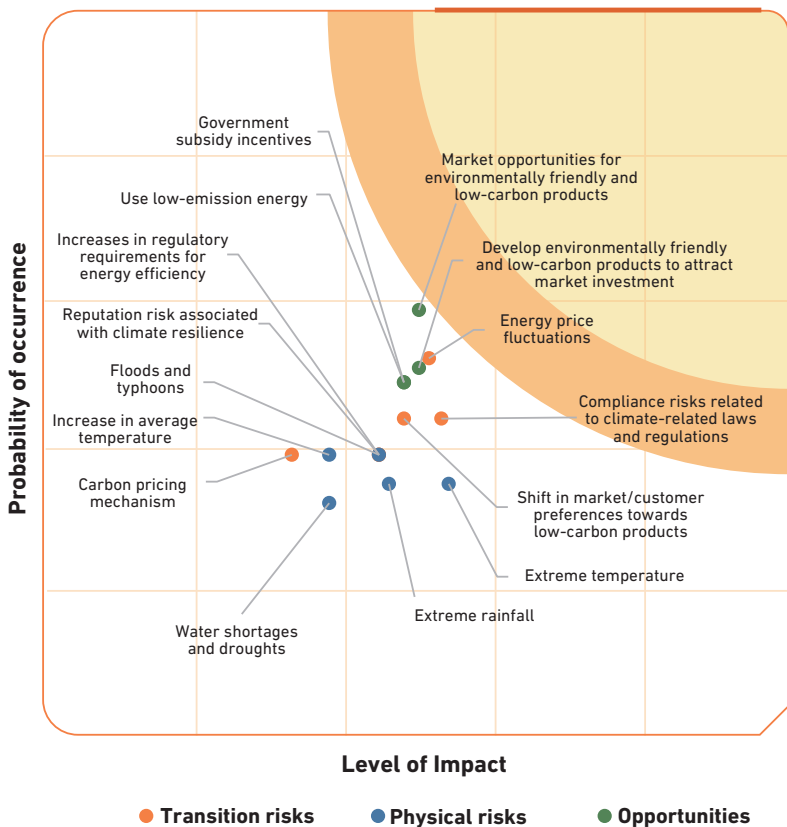
2024 AInnovation Materiality Assessment Matrix of Climate Risks and Opportunities

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Nevertheless, AInnovation maintains a high level of environmental and social responsibility, and actively participates in addressing the challenges and opportunities presented by climate change. We have optimised our business structure and continue to focus on developing AI technology for climate-related applications such as improving energy efficiency and reducing carbon emissions. In this way, we explore the potential application values and innovative solutions of AI products in addressing climate change. With continuous technological innovation and breakthroughs, we improve the performance and effectiveness of AI products in addressing climate change scenarios to meet the growing market demand for such products. (See the subsection "2.1 Promoting Innovation and R&D".)

In terms of internal operations, we actively promote a series of energy conservation and emission reduction measures within the Company and integrate the concept of green development into our daily operations. We implement a range of measures to reduce energy consumption, minimise waste of resources and improve overall operational efficiency. This has effectively reduced the carbon emissions from our operations. (See the subsection "5.2 Creating a Green Workplace".)

Meanwhile, to ensure the continuity of our operations and protect them from the impact of extreme weather, we are constantly optimising our risk management processes and promoting climate risk management. We have established an emergency response system that covers extreme weather conditions such as heavy rain, dense fog, heavy snow, lightning and freezing. We closely monitor the weather where we operate and issue timely early warnings to all employees via instant messaging tools such as email and WeChat. We have diligently carried out preventive measures and stockpiled emergency supplies to ensure a swift response in the event of catastrophic extreme weather. Moreover, we strictly follow the weather emergency policies of the local governments where we operate to ensure the safety of our employees and property.

➢ Metrics and Targets

Due to the nature of the industry, in the course of its operations, AInnovation basically does not involve the emission of pollutants and the consumption of fossil fuels associated with traditional industries. However, we still strengthen the promotion of green operation models and keep track of the carbon emissions generated in our operations.

KPI[1,2,3,4,5]	2024	2023
Total GHG emissions (tons of CO_2 equivalent) [6,7]	**422.86**	522.26
Including: Indirect GHG emissions from energy consumption (Scope 2) (tons of CO_2 equivalent)[6,7]	**422.86**	522.26
GHG emission intensity (tons of CO_2 equivalent per m²) [8]	**0.02**	0.03
Total energy consumption (MWh)[7]	**749.53**	932.08
Including: Total indirect energy consumption (MWh)[7]	**749.53**	932.08
Energy consumption intensity (MWh per m²)[8]	**0.04**	0.05
Total water consumption (tons)[9,10]	**1,833**	2,711
Water consumption intensity (tons per m²)[10]	**0.10**	0.14

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During the Reporting Period, for the first time, we extended the scope of greenhouse gas emission data statistics to Scope 3, covering part of employee business travel (transportation), part of employee commuting, and upstream greenhouse gas emissions from purchased electricity (not included in Scope 2). The above-mentioned activities generated a total of 392.62 tons of CO2 equivalent greenhouse gas emissions during the Reporting Period[6].

Notes:

1. Emissions produced in our operation mainly include a small amount of domestic wastewater. Such wastewater has no material impact as they are discharged into municipal pipelines. Therefore, KPI A1.1 (Emissions' category and corresponding data) is not disclosed in the Report.

2. Hazardous waste generated in our operations mainly consists of small amounts of used toner cartridges and ink cartridges produced by office printing equipment, which are recycled and disposed of by the suppliers without any material impact. Therefore, KPI A1.3 (Total hazardous waste produced and intensity) is not disclosed in the Report.

3. The non-hazardous waste generated in our operations is small amounts of office waste. The office waste is handed over to the property management company for disposal and has no material impact, therefore, KPI A1.4 (Total non-hazardous waste produced and intensity) is not disclosed in the Report.

4. A3 (Environmental and natural resources) and A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable as we do not use other environmental and natural resources during operation, thus such information is not disclosed in the Report.

5. As we do not use packaging materials in our operation, therefore, the KPI A2.5 (Total packaging materials used for finished products and per unit produced) is not applicable.

6. Based on operational characteristics, our Scope 2 greenhouse gas emissions are all indirect energy-related emissions from purchased electricity (Scope 2). The greenhouse gas emissions data for the Reporting Period were calculated in accordance with the *Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators (for Trial Implementation)* issued by China's National Development and Reform Commission of China, the latest national grid average carbon dioxide emission factor published by China's Ministry of Ecology and Environment, and the *Greenhouse Gas Reporting: 2024 Conversion Factors* issued by the UK Department for Energy Security and Net Zero. In addition, to ensure the comparability of data, we have also recalculated and presented the relevant data for FY2023, using the updated emission factors.

7. During the Reporting Period, the total greenhouse gas emissions and total energy consumption of the Group decreased. This was due to the reduction in our office space, the decrease in the number of employees, as well as the continuous energy-saving measures taken by the Group and the improvement of overall energy use efficiency.

8. In order to ensure the comparability of data, the total greenhouse gas emission intensity for FY2024 is calculated solely based on Scope 2 emissions and does not include Scope 3 emissions.

9. Our water sources are supplied by municipal water, and we have no issues in obtaining suitable water resources. The total water consumption mentioned only covers the office locations in Xi'an, Chongqing, Qingdao, Hefei, Shenzhen, and Shanghai. The water bills for other office locations are borne by the property management companies, and the water consumption cannot be separately measured.

10. During the Reporting Period, the total and intensity of water resource consumption of the Group decreased compared to 2023. The reasons are as follows: in 2024, we continued to take water-saving measures and improved the overall efficiency of water resource utilization; in addition, the workplace in Guangzhou was relocated at the beginning of 2024 and could no longer provide water consumption data, so it was not included in the scope of statistics for the Reporting Period.

5.2 Creating a Green Workplace

AInnovation insists on promoting the green office concept. In pursuit of "environmental protection, energy saving, emission reduction, and water conservation", we encourage all employees to actively participate in environment protection and make contributions to creating a low-carbon society. We have successfully passed the ISO14001 Environmental Management System Certification and established procedural documents such as the Environmental Factors Identification and Significance Control Procedure to effectively analyse and control significant environmental factors, ensuring that our operational processes have minimal impact on the environment.

AInnovation ISO14001 Environmental Management System Certification

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We aim to create a green workplace and have taken the following measures in equipment management, resource recycling, and consciousness enhancement:

Energy Conservation

- AInnovation extensively uses LED lighting in office spaces and turns off unnecessary lighting during non-working hours to further reduce electricity consumption.
- The central air conditioning system is set at a constant temperature to ensure it operates in a low power consumption mode, minimizing energy waste.

Resource Recycling

- We set up classified garbarge bins to promote waste sorting and resource recycling, advancing the realization of circular utilization.
- We advocate for double-sided printing and the reuse of waste paper to reduce paper waste.

Consciousness Shaping

- Environmental protection notices are posted throughout the office to constantly remind employees to conserve resources.

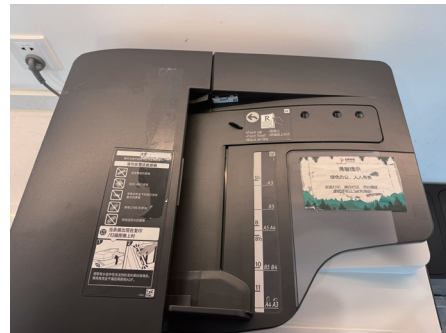**Electricity Saving Notice at Office**

Sorting Bins

Paper Conservation Notice at Office   **Double-sided Printing Notice**

The Group has preferred buildings certified by the Leadership in Energy and Environmental Design (LEED), the WELL Building Standard, as the offices.

➢ The building where our Beijing office is located has obtained the LEED and WELL gold certifications;

➢ The building where our Shanghai office is located has obtained the LEED gold certification;

➢ The building where our Singapore office is located has obtained the LEED platinum certification;

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➢ The building where our Hong Kong office is located has obtained the LEED gold pre-certification, the BEAM Plus temporary platinum certification for new buildings, the CGBL-2 (CGBL, China Green Building Label) star-rated building certification, and the WELL Building Standard certification.

AInnovation Beijing Office Buildings Obtaining Green Building Certifications

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6. Community Contribution to Build a Better Society

AInnovation always incorporates social responsibility into its development process. We actively participate in public welfare undertakings with the concept of "technology for good", and launch inclusive activities to share our AI expertise and industry development trends. We empower sustainable social development through a series of initiatives, contributing to educational equality, technological innovation and industrial upgrading.

6.1 Supporting Education with Warmth

We are well aware of the importance of education for personal growth and social development. This is why we are committed to charities that provide educational support and care for children in poverty-stricken areas.

Case — **Public welfare event for the donation of school supplies to Yanshan Township Central Primary School**

In May 2024, on the eve of Children's Day, AInnovation launched a public welfare event to provide support and donate school supplies to underprivileged students at Yanshan Township Central Primary School in Bengshan District, Bengbu City. We are committed to promoting the equitable distribution of educational resources, improving the educational conditions of students in disadvantaged areas, promoting the educational development of children in poverty-stricken areas, and providing public kindness and support for them.

AInnovation Visiting Yanshan Township Central Primary School in Bengshan District

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6.2 Empowering Youth with a Vision for Science and Innovation

With its technological advantages in the AI industry, AInnovation organised a number of visits for youth to its AI Innovation Empowerment Exhibition Centre. These visits give them an insight into cutting-edge technological developments, promote the deep integration of technology and education, help broaden their vision for science and innovation, and unleash their potential for technological innovation. In this way, we help build a solid foundation for future science and technology innovators.

Case	**A Company Visit and Field Trip by Shandong University's Young Teachers and Students from Hong Kong, Macao, Taiwan, and Overseas Chinese Communities**

In April 2024, AInnovation and Shandong University jointly organised a company visit and field trip for 40 young teachers and students from Hong Kong, Macao, Taiwan and overseas Chinese communities to visit the AInnovation's AI Innovation Empowerment Exhibition Centre. We demonstrated the practical benefits of combining AI technology with industry scenarios to reduce costs and increase efficiency, shared industry-leading experience and technological advantages, and increased the recognition of technological innovation among teachers and students.

Shandong University's Young Teachers and Students from Hong Kong, Macao, Taiwan, and Overseas Chinese Communities Visiting the AInnovation's AI Innovation Empowerment Exhibition Centre

Case | **Being the Science and Innovation Practice Base of Qingdao No. 4 Experimental Junior Middle School**

In May 2024, AInnovation and Qingdao No. 4 Experimental Junior Middle School officially reached a strategic cooperation and signed a contract to build a science and innovation practice base. We respond to the national major strategy for "Invigorating China Through Science and Education" and take the advantage of the base to help inspire teens' interest in scientific research with AI. In the future, we plan to hold a series of science and technology innovation practice activities and build a platform for experiencing the era of digital and information technology. In this way, we encourage the teenagers to develop their innovative and creative abilities, and cultivate their logical thinking skills and sense of social responsibility. With these efforts, we will continue to explore new mechanisms for cultivating talents in science and technology innovation.

Case | **A Visit by Students from Tsinghua University and Peking University to AInnovation for Practical Training**

In August 2024, AInnovation welcomed students from Tsinghua University and Peking University to visit its AI Innovation Empowerment Exhibition Centre for practical training. With this, we built a platform for communication and cooperation between universities and AInnovation through explaining technical theories and sharing research cases, and helped promote in-depth exploration of technological innovation models.

Students from Tsinghua University and Peking University Attending the Research Case Sharing at AInnovation

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Case	**A Visit and Field Trip by Students from Beijing 101 Middle School**

In November 2024, we co-organised a social practice event with the Direct Promotion Programme of Beijing 101 Middle School, taking more than 60 students to visit the AInnovation's AI Empowering Innovation Exhibition Centre. The event introduced students to the cutting-edge applications and development prospects of AI technology, and helped them to enhance their innovative thinking and scientific exploration capabilities.

Social Practice Event Co-Organised by AInnovation and Beijing 101 Middle School

Appendix : HKEx ESG Reporting Code Index

Part C

Aspects	Descriptions	Chapter
A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1 Addressing Climate Change 5.2 Creating a Green Workplace
A1.1	The types of emissions and respective emissions data.	5.1 Addressing Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Addressing Climate Change
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Addressing Climate Change
A1.5	Description of measures to mitigate emissions and results achieved.	5.1 Addressing Climate Change 5.2 Creating a Green Workplace
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.2 Creating a Green Workplace
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	5.1 Addressing Climate Change 5.2 Creating a Green Workplace
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total（kWh in' 000s）and intensity (e.g. per unit of production volume, per facility).	5.1 Addressing Climate Change
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.1 Addressing Climate Change
A2.3	Description of energy use efficiency initiatives and results achieved.	5.1 Addressing Climate Change 5.2 Creating a Green Workplace
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.1 Addressing Climate Change 5.2 Creating a Green Workplace
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable

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Part C

Aspects	Descriptions	Chapter
A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Not Applicable
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not Applicable
B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Protecting Employee Rights and Interests 4.2 Supporting Talent Development
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1 Protecting Employee Rights and Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Protecting Employee Rights and Interests
B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Protecting Occupational Health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4 Protecting Occupational Health
B2.2	Lost days due to work injury.	4.4 Protecting Occupational Health
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4 Protecting Occupational Health

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Part C

Aspects	Descriptions	Chapter
B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Supporting Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Supporting Talent Development
B3.2	The average training hours completed per employee by gender and employee category.	4.2 Supporting Talent Development
B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Protecting Employee Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Protecting Employee Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Protecting Employee Rights and Interests
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.2 Managing Responsible Supply
B5.1	Number of suppliers by geographical region.	3.2 Managing Responsible Supply
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.2 Managing Responsible Supply
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.2 Managing Responsible Supply
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.2 Managing Responsible Supply

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Part C

Aspects	Descriptions	Chapter
B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	2.3 Maintaining Superior Quality 2.5 Managing Information Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.3 Maintaining Superior Quality
B6.2	Number of products and service-related complaints received and how they are dealt with.	2.4 Providing Excellent Services
B6.3	Description of practices relating to observing and protecting intellectual property rights	2.2 Protecting Intellectual Property
B6.4	Description of quality assurance process and recall procedures	2.3 Maintaining Superior Quality
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.5 Managing Information Security
B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Adhering to Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.2 Adhering to Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Adhering to Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	1.2 Adhering to Business Ethics

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Part C

Aspects	Descriptions	Chapter
B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Community Contribution to Build a Better Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Community Contribution to Build a Better Society
B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Community Contribution to Build a Better Society
Part D	**Climate-related Disclosures**	
Governance	the governance process, controls and procedures the issuer uses to monitor and manage climate-related risks and opportunities;	5.1 Addressing Climate Change
Strategy	the issuer's strategy for addressing significant climate-related risks and opportunities;	5.1 Addressing Climate Change
Risk Management	the process the issuer uses to identify, assess and manage climate-related risks and opportunities; and	5.1 Addressing Climate Change
Metrics and Targets	the metrics and targets the issuer uses to measure, monitor and manage significant climate-related risks and opportunities, and how the issuer assesses its performance (including progress towards the targets set).	5.1 Addressing Climate Change

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