SUN.KING TECHNOLOGY GROUP LIMITED
賽晶科技集團有限公司
(INCORPORATE IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 580

2024
ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

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The Chairman's Statement

In 2024, China implemented a series of policies to promote the development of ESG. These policies not only influence the Company's strategic decisions, operational management, and information disclosure but also guide companies in deepening their ESG practices, ultimately enhancing their overall ESG performance. At the same time, we fully recognize that addressing climate change is pivotal to ensuring sustainable development. In response, we have strengthened the management of climate-related risks and opportunities, demonstrating proactive actions and a strong sense of responsibility in tackling climate change by continuously executing the Company's low-carbon transition plan. On behalf of the Board of Directors, I would like to present the Group's practices and achievements during the reporting period in ecological and environmental protection, social responsibility, and corporate governance, as we remain committed to promoting sustainable value creation.

Advancing the "dual carbon" goals requires continuously increasing the supply of non-fossil energy and the transmission of clean energy. An important component of clean energy transmission is ultra-high voltage (UHV) direct current transmission and flexible direct current transmission, which not only continuously deliver clean energy but also promote the sustainable transformation of regional energy structures. Since 2023, there has been a significant increase in the construction of direct current transmission projects. We have implemented production support measures to ensure the timely delivery of core components for direct current transmission, thereby facilitating the completion of transmission projects and supporting the society's transition to a low-carbon economy. Accelerating the development of non-fossil energy to promote a green and low-carbon energy transformation is the driving force for high-quality development in the new energy sector. During the reporting period, the favorable development trends in wind power, photovoltaic power, and energy storage have boosted the Group's progress in core components and innovative technologies for new energy. These achievements are the fruitful results of the Group's persistent focus on the new energy sector.

The Group has also continuously advanced its pollution and carbon reduction efforts while gradually improving its carbon management system. This includes a series of steps such as optimizing the energy mix, promoting carbon verification, and managing the carbon footprint in order to systematically monitor and reduce carbon emissions. During the reporting period, the Group's photovoltaic power generation system was put into operation, marking a significant step in optimizing the Group's energy structure. Furthermore, the Group has conducted carbon verification and carbon footprint certification for its products, thereby upholding its commitment to transparent carbon emissions management. These actions constitute important steps in the Group's pursuit of carbon neutrality. As of the date of this report, the Group has certified two municipal-level green factories and one provincial-level green factory, marking an important achievement in its comprehensive green transformation and its active role in setting an industry example.

Fulfilling high standards of social responsibility is a necessary choice for achieving high-quality corporate development. We strengthen compliance management, reinforce the foundation of quality, and build stable and harmonious labor relations to provide essential support for the Company's sustainable and high-quality growth. Innovation serves as our driving force. By attracting talent through diverse channels, fostering professional growth through comprehensive training, and deploying human capital with scientific precision, we harness the power of people to drive innovation and ensure the Company's continued success. At the same time, we actively explore new strategies to enhance supply chain management, fostering sustainability across the entire value chain. During the Reporting Period, the Group remained committed to ethical business practices, maintained a stable and engaged workforce, and further optimized the Group's supplier network. Our recently commercialized products achieved remarkable breakthroughs in domestic substitution and international market expansion, significantly strengthening the Group's core competitiveness. At the same time, we uphold a zero-tolerance policy against corruption, enforcing strict measures to prevent fraudulent activities. Beyond business, we remain deeply committed to social responsibility, actively engaging in philanthropic initiatives across multiple sectors to contribute to the long-term prosperity and well-being of society.

In the face of global challenges such as climate change, resource scarcity, and geopolitical uncertainties, the Board of Directors actively fulfills its governance role, adhering to standardized operations and transparent management. With a firm commitment to shareholder rights and open communication, we ensure that trust and accountability remain at the heart of our corporate vision. Our diverse board composition not only heightens sensitivity to emerging risks but also enriches decision-making with a breadth of perspectives, enabling us to navigate complexities with wisdom and agility. During the Reporting Period, we conducted a comprehensive review of regulatory developments and proactively implemented new requirements, continuously enhancing our governance framework and operational effectiveness to meet the growing expectations of shareholders and investors while creating long-term sustainable value.

Looking forward, we confidently embrace both challenges and opportunities.. We are excited to collaborate with our partners across industries to drive high-quality ESG development.

Xiang Jie
Chairman of the Board

About the Report

This report is the ninth annual Environmental, Social, and Governance (ESG) report issued by Sun.King Technology Group Limited (the "Company") and its subsidiaries (together with the Company, referred to as the "Group"). The report focuses on the Group's performance in the ESG aspects.

Preparation Basis

This report is prepared based on the Environmental, Social, and Governance (ESG) Reporting Guidelines (the "Guidelines") outlined in Appendix C2 of the Securities Listing Rules of the Hong Kong Stock Exchange (the "Exchange"). The climate-related disclosure content aligns with the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Scope

The Group is primarily engaged in the production and sale of power electronic components and systems, with products mainly applied in power transmission and distribution, electrified transportation, industrial sectors, and other industries and fields. As the Group's core business is concentrated in mainland China—where over 94% of its revenue is derived from customers and its non-current assets are also located—this report, unless otherwise specified in the box below, covers the overall environmental and social performance of all subsidiaries in mainland China.

The Company's main subsidiaries in mainland China are as follows

- Beijing Sunking Power Electronics Technology Co., Ltd. （"Beijing Sunking"）
- Jiashan Sunking Capacitor Co., Ltd. （"Jiashan Capacitor"）
- Jiashan Sunking Electrical Equipment Technology Co., Ltd. （"Jiashan Sunking"）
- Sunking Pacific Semiconductor Technology (Zhejiang) Co., Ltd. （"Sunking Semiconductor Zhejiang"）
- Wuhan LandPower Co., Ltd. （"Wuhan LandPower"）

- Wuxi Sichuang Power Electronic Technology Co., Ltd. （"Wuxi Sichuang"）
- Wuxi Sunking Power Capacitor Co., Ltd. （"Wuxi Sunking"）
- Zhejiang Jiashan Keneng Power Equipment Co., Ltd. （"Zhejiang Jiashan Keneng"）
- Zhejiang Sine Power Technology Co., Ltd （"Zhejiang Sine"）
- SunKing New Energy Technology (Jiaxing) Co., Ltd. （"SunKing New Energy"）
- Jiaxing SunKing Engineering Management Service Co., Ltd. （"SunKin Engineering"）

*Note:

1、Compared to the scope of the previous year's ESG report, this year's report includes two new subsidiaries: SunKing New Energy and SunKin Engineering.

2、During the Reporting Period, the Company acquired equity in Ningbo Hairong Electric Co., Ltd. （"Ningbo Hairong"）. As the acquisition took place in the fourth quarter, only the headcount of Ningbo Hairong is included in the Group's total number of employees in this report, while its other performance indicators are not covered.

3、The English names of all the above-mentioned companies registered in China are direct translations of their registered Chinese names.

In addition, the Group has offices and conducts research and development activities in Hong Kong, Germany, the Netherlands, and Switzerland. However, the business operations in these regions are not currently included in the scope of this report. Nevertheless, the Group strictly complies with all relevant laws and regulations in the regions where it operates and will provide detailed explanations when necessary.

For details on the Group's corporate governance, please refer to the "Corporate Governance Report" section in the 2024 Annual Report.

Reporting Period

Unless otherwise stated, this report details the Group's management and practices in ESG aspects from January 1, 2024, to December 31, 2024 (referred to as the "Reporting Period").

Reporting Principles

This report is prepared in accordance with the guidelines of the Hong Kong Stock Exchange (the "Exchange") and follows the "Comply or Explain" principle. It adheres to four key reporting principles: Materiality, Quantitative, Balance, and Consistency.

Materiality	Through a materiality assessment, the Group identifies environmental and social issues that have a significant impact on investors and other stakeholders. The section "Stakeholder Consultation and Materiality" in the ESG report presents key stakeholders, procedures, and the results of consultations.
Quantitative	Key performance indicators ("KPI" s) are disclosed to measure and effectively compare performance. Where applicable, the standards, methodologies, assumptions, calculation tools, and sources of conversion factors used for the calculation of quantitative indicators are disclosed.
Balance	The report presents the Group's performance during the Reporting Period in a fair and impartial manner.
Consistency	Consistent statistical methods are used to measure and calculate KPIs, ensuring that data can be meaningfully compared over time.

Stakeholders' Feedback

The Company welcomes feedback from stakeholders regarding its environmental, social, and governance practices and performance. Suggestions or opinions can be shared with the Group through the following methods:
Address: Building 9-A, KongGangRongHuiYuan, Yuhua Road, Tianzhu Airport industrial Zone B, Shunyi District, Beijing

Email: **info@sunking-tech.com**

Website: **http://www.sunking-tech.com**

The Group's Commitment to Sustainable Development

Sustainable development is an inevitable outcome of social productivity growth and technological advancement. The ESG concept has gradually become a key guiding principle for promoting corporate sustainability. As global capital, governments, regulatory bodies, media, and other stakeholders increasingly focus on environmental and social issues, businesses are presented with both opportunities and risks.

To better respond to the opportunities and challenges brought by sustainable development, the Group will actively adjust its strategic development plans based on market trends, better manage the ESG risks related to its business operations, strictly adhere to high standards of business ethics, and uphold integrity in operations. With business expansion as a long-term goal, the Group will seize opportunities, mitigate risks, and ensure stable growth and high-quality development in its operations.

Sustainable Development Governance

The Group is committed to creating value for shareholders and actively fulfilling its corporate social responsibility. The Group's ESG governance framework consists of three parts, the Board of Directors (the "Board"), the Strategic and Sustainable Development Committee, and the ESG Working Group, ensuring the effective implementation of all ESG-related tasks.

ESG Governance Structure and Responsibilities	
The Board	The Board is committed to integrating ESG principles into the business operations, providing comprehensive oversight and decision-making for ESG matters, including formulating ESG strategies, monitoring ESG risks and opportunities, and incorporating ESG-related risks and opportunities into the Group's overall strategic planning. The Board oversees the implementation of ESG-related decisions and reviews the ESG report and other disclosure documents annually. Under the guidance of the Board, the Strategic and Sustainable Development Committee and the ESG Working Group are responsible for executing ESG-related tasks.
The Strategic and Sustainable Development Committee	The Committee provides recommendations to the Board on the sustainable development strategy, including the vision, goals, strategies, indicators, and targets for sustainable development. It supervises the implementation of the sustainable development strategy, reviews environmental, social, and governance-related reports, and promotes the implementation of other ESG-related work in accordance with regulatory requirements.
The ESG Working Group	Composed of senior executives from key business departments, the ESG Working Group assists the Strategic and Sustainable Development Committee and the Board in overseeing ESG-related matters. The Group is responsible for collecting and analyzing ESG data, monitoring and evaluating ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing the ESG report. The ESG Working Group meets regularly to assess the effectiveness of current policies and procedures, and develops appropriate solutions to improve the performance of ESG policies.

In the ESG Working Group's regular meetings, the Group discusses current and future plans, sets ESG-related goals and indicators, and reports regularly to the Board to help assess and identify the Group's ESG risks and opportunities. It evaluates the implementation and effectiveness of internal control mechanisms and reviews the progress of established goals and indicators to monitor and manage the Group's sustainability objectives, reduce potential risks, and minimize the negative impact on business operations.

With the assistance of the Strategic and Sustainable Development Committee and the ESG Working Group, the Board actively responds to stakeholders' feedback, conducts annual materiality assessments, and evaluates and prioritizes key ESG issues. This process helps to effectively manage ESG performance and identify potential risks. The Group maintains regular communication with key stakeholders through various platforms and communication channels to understand their expectations and concerns.

The Group evaluates the materiality of ESG issues through the following steps

➤ Identifying ESG-related issues;

➤ Consulting stakeholders such as investors, regulators, and employees on the prioritization of key ESG issues;

➤ Reviewing and determining the material ESG issues based on the results of stakeholder communication.

Through these processes, the Company gains a better understanding of the expectations and concerns of key stakeholders such as investors, regulators, and employees regarding different ESG issues. This provides decision-making reference for the Board to establish the sustainability direction, better respond to the risks and opportunities of sustainable development, and adjust the sustainability plans as necessary to align with the Group's long-term business strategy.

Stakeholder Communication

The Group values maintaining effective communication and good relationships with all stakeholders. In order to fully understand, respond to, and address the key concerns of different stakeholders, the Group ensures ongoing communication and engagement with employees, shareholders and investors, customers, suppliers, government and regulatory bodies, as well as local communities. The Group proactively responds to their key concerns and strives to enhance the Company's level of sustainable development.
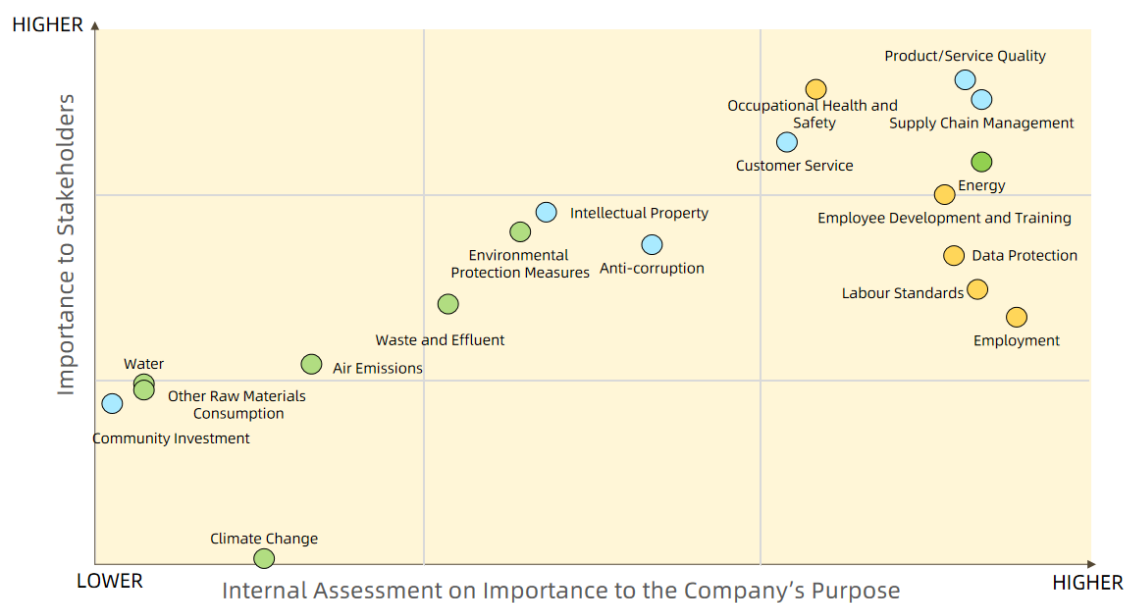
To identify the most important areas for the Group to report on in this ESG report, the Company regularly collects feedback and discusses ESG matters with stakeholders through the following various channels:

Stakeholder Type	Communications Channels	Expectations
Employees	• Regular performance evaluation • Training and seminars • Internal communications • Employee satisfaction survey • Various staff activities • Labour union	• Remuneration and benefits • Equal opportunities • Career development • Occupational health and safety
Investors	• Annual general meeting • Announcements and circulars • Periodic reports (including financial reports) • Investor conference • On-site investigation	• Financial Performance • Information transparency • Safeguard the interest of shareholders • Compliance operation
Customers	• Customer service hotline and email • Company's website • Customer satisfaction survey • Customer visit	• Product safety and quality • Customer service • Customer's privacy protection
Suppliers	• Site visits • Correspondence • Conference	• Supply chain management • Responsible Procurement • Long-term partnership
Government and Regulatory Bodies	• Regular performance monitoring and evaluation • Written or electronic communication • Government press releases	• Comply with laws and regulations • Corporate governance
Local Community	• ESG Report • Community service activities	• Environmental Protection • Corporate social responsibility • Community activities • Employment opportunities

Materiality Assessment of Issues

The Company considers identified issues as important matters in business management and operational development, and discusses them to develop corresponding solutions with high attention and response. During the Reporting Period, the Company conducted an annual materiality assessment by benchmarking domestic and international ESG policies and optimizing ESG reports of peers. This assessment identified the ESG areas the Company considers important and the potential challenges they may bring. The results of the materiality assessment based on the benchmarking study are as follows:

A materiality matrix chart with "Importance to Stakeholders" on the vertical axis (LOWER to HIGHER) and "Internal Assessment on Importance to the Company's Purpose" on the horizontal axis (LOWER to HIGHER). Plotted issues include: Product/Service Quality, Occupational Health and Safety, Supply Chain Management, Customer Service, Energy, Intellectual Property, Employee Development and Training, Environmental Protection Measures, Anti-corruption, Data Protection, Labour Standards, Waste and Effluent, Employment, Water, Air Emissions, Other Raw Materials Consumption, Community Investment, Climate Change.

Based on the assessment, the five most important issues for the Group are

- ➤ Product/Service Quality
- ➤ Supply Chain Management
- ➤ Energy
- ➤ Occupational Health and Safety
- ➤ Customer Service

The Group is committed to maintaining close communication with stakeholders on the identified issues and continuously improving ESG performance. At the same time, the Group is dedicated to effectively managing ESG-related risks to support the future development of the business. In line with its sustainable development vision, the Group will operate according to high ethical standards and provide sustainable returns to stakeholders.

Green Development

Environmental Management

Our company regards ESG governance as the core strategic guideline for sustainable development. We implement environmental protection concepts and policies from the top down, ensuring compliance with relevant laws and regulations while continuously improving governance on environmental matters to promote green development.

During the Reporting Period, the Group identified and evaluated environmental factors, and organized and summarized key environmental topics, including hazardous and non-hazardous waste management, climate change-related management, and the management of various types of energy and resource use. We have thoroughly reviewed the management systems for these environmental issues, as well as the preliminary goals set previously, and further improved the relevant management systems and measures. The Group's environmental management system continues to operate effectively. During the Reporting Period, the GB/T24001-2016/ISO14001:2015 environmental management system certification for the Group's main products remained valid and appropriate.

Reactor	Power electronic capacitors and power capacitor installations
IGBT chip, Diode chip, IGBT module	Capacitor for flexible HVDC
Laminated busbars	• Online monitoring system for transmission, transformation and distribution;
High-voltage static dynamic reactive power compensator device	• Computer information system integration and online monitoring system software; • Infra-red thermal imager and partial discharge tester

The Group actively participates in the construction of green factories. In 2023, Jiashan Sunking was listed as a "Green Factory" by Jiaxing, Zhejiang. As of the date of this report, Sunking Semiconductor Zhejiang also received this honor, and Wuxi Sunking was awarded the "2024 Green Factory of Jiangsu Province." This is a result of the company's ongoing environmental management efforts and an inevitable outcome of the Group's high-quality development.

Emissions and Waste

The Group identifies potential environmental impacts from various stages of its operations, including but not limited to the generation of wastewater, waste gases, and waste materials. We continuously improve emissions and waste management, implement various emission reduction measures, and promote green production and green office practices.

During the Reporting Period, the Group complied with national and local laws and regulations concerning emissions and waste resulting from its operations, including but not limited to

Environmental Protection Law of the PRC

Law of the PRC on the Prevention and Control of Atmospheric Pollution

Comprehensive Emission Standard for Air Pollutants of the PRC(GB 16297-1996)

Water Pollution Prevention and Control Law of the PRC

Emission Standard of Water Pollutants for Electronic Industry of the People's Republic of China (GB 39731-2020)

Law of the PRC on Prevention and Control of Environmental Pollution by Solid Wastes

Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023)

Waste Gas Discharge

To effectively control the various types of waste gases generated during the production process, the group has implementing emissions policies and enhancing emissions management to strengthen the management of waste gas emission and treatment processes, ensuring real-time monitoring and supervision of emissions and disposal measures.

▶ Fixed Source Waste Gas Emission Management

For waste gas emissions generated during production (including from workshops and warehouses), the Group continuously monitors each stage of the waste gas disposal process, regularly inspects and maintains environmental protection equipment, and insists on using high-adsorption activated carbon and other consumables, replacing them regularly to ensure the proper operation of the waste gas treatment system and the effective adsorption of consumables. During the Reporting Period, the Group conducted waste gas emission testing, and both organized and unorganized emissions met national and local standards.

The waste gas treatment measures adopted by the group are as follows		
Location	Source of exhaust gas	Process mode
Workshop	Busbar welding	Waste gas collection device with filter cartridge dust removal
	Potting and injection molding	Vacuum pump with activated carbon adsorption device
	Spraying and Drying	Water curtain device + filter cotton + secondary activated carbon
	Shot Blasting	Filter cartridge and cloth bag collection
	Welding, cleaning and curing	Ventilation bag dust collector with secondary activated carbon adsorption and collecting hood with secondary activated carbon
	Unorganized Emissions (e.g., small amount of dust)	Ventilation facilities, timely cleaning
Hazardous Waste Warehouse	Volatilization of Hazardous Waste	Activated carbon treatment device with secondary activated carbon adsorption

In addition to meeting basic emission standards, the Group continues to work on improvements and explores further ways to reduce waste gas emissions and related pollutants. By optimizing production processes, enhancing production skills, and upgrading environmental protection facilities, as well as renewing consumables to improve adsorption rates and implementing reasonable layout planning and other environmental-related procedural management, the group continuously enhances its waste gas emission management capabilities. This also drives the lifecycle management of equipment and technological innovation.

Case — **Optimizing Waste Gas Treatment Processes to Reduce Pollutant Emissions**

During the Reporting Period, the Group actively advanced the updating and upgrading of waste gas treatment equipment. Specifically, the waste gas disposal system for spraying and drying processes was transformed from the original "water curtain device + primary activated carbon adsorption" to a "water curtain device + filter cotton + secondary activated carbon" system. Additionally, the collection system for iron filings generated during shot blasting was upgraded from filter bag collection to filter cartridge and cloth bag collection. These improvements have increased the waste gas treatment efficiency and significantly reduced pollutant emissions, contributing actively to the creation of a beautiful Earth with clear skies, green land, and clean water.

▶ Mobile Source Waste Gas Emission Management

In terms of vehicle usage and emission management, the Group strictly adheres to relevant laws and regulations and implements local policies on motor vehicle pollution prevention. The Group has formulated the Office Vehicles Management Measures and Vehicle Management System, which lay out the acquisition, use, maintenance, and retirement process of company vehicles. The Group conducts annual vehicle assessments and, based on actual usage, replaces vehicles when necessary to ensure rational configuration and efficient utilization. Additionally, the Group has established the "Drivers'

Behavior Guidelines," which includes requirements for drivers to turn off engines when parked or idle, plan travel routes in advance to optimize fuel consumption, and regularly maintain vehicles to ensure that engine performance does not affect the effective use of fuel.

During the Reporting Period, the Group revised the "Official Vehicle Management Measures" to include procedures for purchasing electric vehicles as official vehicles. A comprehensive review of vehicle management was also conducted, covering aspects such as the number of vehicles, usage frequency, scheduling, maintenance, and wear and tear. Furthermore, after the disposal of diesel forklifts used in production, the group replaced them with electric forklifts.

The breakdown of air emissions during the Reporting Period, as well as comparisons with previous years			
Type of Air Emission	2024 Emission (in kg)	2023 Emission (in kg)	2022 Emission (in kg)
Nitrogen oxides （NO_x）	49.18	45.90	31.16
Sulfur Oxides （SO_x）	1.10	1.08	0.71
Particulate Matter (PM)	3.62	3.38	2.29
Total	53.91	50.36	34.16
Employee Intensity (g/Chinese Mainland employee)	57.59	62.95	43.91

Note 1: As of December 31, 2024, the number of employees in mainland China was 936.

Regarding non-GHG air emissions, the Group has set its target to achieve an 10% reduction in non-GHG air emissions intensity in 10 years from 2023, or by 2033.

Since the Group's waste gas emissions primarily come from vehicle exhaust, in order to achieve this target, the Group will persist in implementing and continuously optimizing the above-mentioned measures regarding company vehicles. Additionally, according to the latest procedures outlined in the group's policy, electric vehicles will be gradually procured as official vehicles when existing vehicles are decommissioned or new vehicles are added.

Greenhouse Gas Emissions

During the Reporting Period, the Group's greenhouse gas（"GHG", mainly carbon dioxide, methane and nitrous oxide) emissions were contributed by:

Scope1   Direct Emissions from operations that are owned by or controlled by the Group;

Scope2   "Energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group;

Scope3   All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

The Group enhances its brand image and market competitiveness through its actions on the path toward green and low-carbon development, aiming to lead the industry's transition toward sustainability. During the Reporting Period, the Group continued to strengthen its green and low-carbon management by focusing on a range of initiatives, including vehicle management, production and office equipment management, energy management, office supply consumption, business travel, and water resource management, thereby implementing its energy conservation and emission reduction action plan.

Measures to Reduce Greenhouse Gas Emissions by the Group

➤ Regular maintenance or replacement of outdated or inefficient production and office equipment;
➤ Encouraging employees to use public transportation, new energy vehicles, and other green transportation methods for commuting;
➤ Expanding new energy, such as gradually replacing solar-powered streetlights in the factory area and building photovoltaic power generation systems;
➤ Taking measures to optimize energy use, including controlling the operation of production equipment based on production plans, turning off power when not in use, and setting air conditioning temperatures within reasonable ranges to reduce electricity waste;
➤ Standardizing the use of business flights, encouraging the use of teleconferences, video conferences, and other means to hold and participate in meetings, thereby reducing business travel frequency;
➤ The Group conducts energy-saving and environmental protection training and awareness campaigns through various means, such as corporate communications, bulletin boards, posting slogans, and holding regular seminars. These efforts promote the development of an environmental protection culture and enhance awareness of green and low-carbon development.

The details of greenhouse gas emissions during the Reporting Period and their comparison with previous years are as follows

Greenhouse Gas Emission Scope	Emission Source	2024 Emission (in tCO_2 e)	2023 Emission (in tCO_2 e)	2022 Emission (in tCO_2 e)
Scope 1	Gasoline Combustion from Group Vehicles [Note 1]	201.40	191.98	254.83
	Diesel Combustion from Group Vehicles [Note 1]	1.70	2.89	
	Diesel Combustion from Fixed Sources [Note 1]	0.01	0.02	
Scope 2	Purchased Electricity [Note 2]	6,913.36	6,752.37	9,338.43
	Purchased Steam [Note 3]	2,147.58	2,112.40	N/A [Note 4]
Scope 3	Waste Paper Disposal [Note 1]	26.94	33.94	N/A [Note 7]
	Electricity used by Third-Party for Freshwater & Sewage Treatment	52.50 [Note 5]	76.59 [Note 6]	
	Business Travel by Train [Note 8]	137.37	/	/
	Business Flight Travel [Note 9]	265.89	246.88	76.08
Total		9,746.75	9,417.06	9,669.34
Employee Density (tons CO_2e/employee in Mainland China)		10.41	11.77	12.43

Note 1: Unless otherwise specified, the emission factors are prepared based on Appendix C2 and its designated documents from the Listing Rules of Hong Kong Exchanges and Clearing Limited.

Note 2: According to the Ministry of Ecology and Environment of the People's Republic of China (2022): For 2024, the emission factor for electricity purchased from the State Grid Corporation of China is calculated as 0.5366 tons of CO_2 equivalent per MWh.

Note 3: According to the "Greenhouse Gas Emission Calculation Methods and Reporting Guidelines for Coal Production Enterprises (Trial)" (2015): The emission factor for purchased steam in China in 2023 is calculated as 0.11 tons of CO_2 equivalent per GJ.

Note 4: The Group also purchased steam in 2022, but did not record the steam enthalpy, so the corresponding greenhouse gas emissions could not be calculated.

Note 5: According to the 2022/23 Annual Report of the Water Supplies Department and the 2022-2023 Sustainability Report of the Drainage Services Department: For 2024, the emission factor for treated freshwater is 0.437 kg of CO_2 equivalent per cubic meter, and for treated sewage in 2023, the emission factor is 0.21672 kg of CO_2 equivalent per cubic meter.

Note 6: According to the 2021/22 Annual Report of the Water Supplies Department and the 2021-2022 Sustainability Report of the Drainage Services Department: For 2023, the emission factor for treated freshwater is 0.435 kg of CO_2 equivalent per cubic meter, and for treated sewage in 2022, the emission factor is 0.21915 kg of CO_2 equivalent per cubic meter.

Note 7: To better reflect the Group's environmental performance, the Group began disclosing Scope 3 emissions for freshwater and sewage treatment and waste paper disposal starting in 2023.

Note 8: The Group began calculating carbon emissions from business travel by train starting in 2024, based on mileage-related emission factors for different seat classes.

Note 9: The CO_2 emissions from the Group's business flights are reported based on the results from the International Civil Aviation Organization (ICAO) carbon emissions calculator.

Note 10: As of December 31, 2024, the number of employees in mainland China was 936.

The Group will further monitor and optimize carbon reduction measures to help achieve the goal of "carbon peaking before 2030 and carbon neutrality before 2060." In 2023, the Group set a target to reduce greenhouse gas emissions intensity by 10% within ten years.

Case	Conducting Carbon Verification to Support Climate Change Actions

During the Reporting Period, the Group actively promoted its subsidiaries to conduct carbon verification work, issue carbon footprint certification certificates and reports, and strengthen the management of climate change and sustainability efforts.

Wuxi Sunking released a greenhouse gas verification report and certificate

Hazardous Waste Emissions and Disposal

The Group has established several management systems for hazardous waste generated during its operations, including the Hazardous Waste Management System, Solid Waste Emission Control Procedures, Safe Management Procedures for Hazardous Waste, Waste Storage Management System, and the Hazardous Waste Management Ledger. These systems standardize the collection and disposal processes for hazardous waste materials such as waste organic solvents, sealing material scraps, waste paint sludge, waste activated carbon, and oil-water mixtures. Additionally, the Group has developed an Emergency Response Plan for Hazardous Waste Accidents to ensure proper handling of hazardous waste disposal incidents and minimize harm.

Hazardous Waste Disposal Measures of the Group	
Source of Hazardous Waste	**Disposal Methods for Hazardous Waste**
Factory Hazardous Waste	● Each production department, following the Group's relevant policies and applicable laws and regulations, designates specific areas for classifying, locating, and labeling waste, and subsequently disposes of it according to the management procedures. ● For the disposal of hazardous waste, the Group commissions qualified external enterprises to handle the disposal, and has established a Hazardous Waste Management Ledger to monitor and record the disposal of hazardous waste.
Office Hazardous Waste	● For small amounts of hazardous waste generated during daily office operations, such as waste batteries, waste toner cartridges, and old electronics, the Group has established and implemented a relevant waste classification and disposal system. ● The Group continuously conducts waste classification awareness campaigns and training on waste sorting knowledge, encouraging employees to actively participate in waste classification.

During the Reporting Period, the Group's hazardous waste emissions, density, and comparison with previous years are detailed in the table below. The Group strictly follows the regulations for the collection and disposal of hazardous waste, ensuring that no adverse effects are caused to the surrounding environment.

Hazardous Waste	2024 Emissions (in tonnes)	2023 Emissions (in tonnes)	2022 Emissions (in tonnes)
Total	69.80	53.59	53.88
Employee Intensity (tonnes/Chinese Mainland employee)	0.075	0.067	0.069

Note 1: As of December 31, 2024, the number of employees in mainland China was 936.

For hazardous waste emission density, the Group will use 2023 as the baseline year and aims to reduce hazardous waste emission density by 10% within ten years (or by 2033).

To reduce hazardous waste, the Group strengthens its fine management practices. This includes reducing hazardous waste at the source by using biodegradable raw materials, rationally designing product structures to improve resource utilization, and ensuring high production quality through raw material quality control, enhancing employee skills, and increasing automation. Additionally, the Group strictly purchases production materials based on actual orders to avoid the generation of stagnant inventory. Furthermore, the Group also improves waste resource utilization through recycling.

Case	**Using Biodegradable, Non-Toxic Materials to Reduce Hazardous Waste Emissions**

The Group's capacitors use benzyl toluene insulating oil, a biodegradable, non-toxic material that is free from PCB. The use of wide membranes and aluminum foil materials in the design helps reduce the amount of internal insulating oil. The insulating oil is collected after being vacuumed, and after passing various tests and meeting quality standards, it is reused for specified products.

Non-Hazardous Waste Emission and Disposal

The Group has strengthened interdepartmental coordination to establish a standardized mechanism for the management of non-hazardous waste. Through the implementation of waste sorting policies and other measures, the Group collects and recycles waste effectively.

Group's Non-Hazardous Waste Handling Department Coordination Mechanism	
Department Name	**Department Responsibilities**
Production Department	Apply for raw materials according to orders；In accordance with the Waste Storage Management System and Waste Sales Management System, concentrates iron filings and scrap steel generated during production and stores them in the warehouse.
All Departments	Apply for office supplies as needed to avoid waste; implement waste sorting.
Administration Department	Waste paper, iron filings, and scrap steel generated during production and office operations are regularly sold to recycling companies, while other non-hazardous waste is entrusted to qualified companies for proper disposal.

During the Reporting Period, the Group's non-hazardous waste generation and comparison with previous years are as follows			
Non-Hazardous Waste	2024 Amount (in tonnes)	2023 Amount (in tonnes)	2022 Amount (in tonnes)
Total	718.52	560.98	419.20
Employee Intensity (tonnes/Chinese Mainland employee)	0.77	0.70	0.53

Note 1: As of December 31, 2024, the number of employees in mainland China was 936.

In terms of non-hazardous waste emission density, the Group has set a target to reduce non-hazardous waste emission density by 10% within ten years (or by 2033), using 2023 as the baseline year. To reduce the discharge of non-hazardous waste, the Group strictly reviews and controls the distribution of office supplies, adopts various electronic systems to promote paperless office practices, and encourages employees to develop a conservation mindset, starting from their own positions to improve resource utilization. For example, employees are encouraged to circulate electronic versions of documents, print or photocopy double-sided, and we have also issued an initiative to suppliers to reduce excessive packaging.

Use of Resources

The Company integrates the concept of resource conservation and environmental protection into its business operations. We have developed a series of management systems for the use of water, electricity, and vehicle fuel, clarifying the responsibilities of management departments and establishing penalty mechanisms to minimize resource consumption and improve usage efficiency. In terms of raw material consumption, the Group adopts a just-in-time production system and a raw material purchasing system to avoid large stockpiles of inventory.

Energy management

In addition to fuel used by vehicles, the Group also consumes electricity and steam in its operations. To effectively manage energy consumption, we have established the Resource and Energy Management Control Procedures and the Electricity Conservation Regulations. The Group actively promotes energy conservation and emissions reduction, strictly implementing various energy-saving measures. At the same time, we closely monitor and assess energy usage, investigate abnormal or excessive energy consumption, and remain committed to identifying feasible ways to reduce energy use in our operations.

The Group Energy Saving Measures	
Use of Energy-efficient Equipment	The Group avoids using high-energy-consuming office and production equipment and continuously optimizes lighting systems by replacing lighting sources with energy-efficient ones and installing smart lighting control systems that offer motion detection, timed switching, and brightness adjustment functions to optimize lighting energy consumption.
Efficient utilization and upgrading of production equipment.	The Group schedules production based on order demand; outdated, high-energy-consuming, and low-efficiency equipment within the facilities is phased out. All equipment in use is regularly maintained and upgraded to ensure energy efficiency.
Use New Energy	During the Reporting Period, the decentralized rooftop photovoltaic power generation system at the Group's Jiashan plant has been successfully put into operation, promoting the application and development of green energy. The Wuxi Sunking photovoltaic power generation system has been constructed and is undergoing trial operation, marking the beginning of new energy power usage.
Optimizing Energy Structure	The Group continually optimizes the ratio of electricity and steam usage based on the characteristics of production processes to maximize the reduction of production energy consumption.

The energy consumption details of the Group for the Reporting Period, compared with previous years, are as follows				
Energy Categories		2024 Consumption (in MWh)	2023 Consumption (in MWh)	2022 Consumption (in MWh)
Direct Energy Consumption	Total	652.343	648.62	481.05
	Petrol [Note 1]	645.926	637.52	467.76
	Diesel [Note 1]	6.417	11.10	13.29
Indirect Energy Consumption	Total	18,306.822	17,174.36	11,760.08
	Purchased Electricity	12,883.644	11,840.02	11,760.08
	Purchased Steam	5,423.178	5,334.34	N/A [Note 2]
Total		18,959.164	17,822.98	12,241.13
Employee Intensity (MWh/Chinese Mainland employee)		20.26	22.28	15.73

Note 1: Conversion factors refer to the IEA Energy Statistics Handbook and the 2006 IPCC National Greenhouse Gas Inventory Guidelines.
Note 2: The Group purchased steam in 2022, but did not record the steam heat certificate, so it cannot calculate the corresponding greenhouse gas emissions.
Note 3: As of December 31, 2024, the number of employees in mainland China was 936.

In terms of total energy consumption, the Group has set a target to reduce energy consumption density by 10% within 10 years starting from 2023 , or by 2033. In order to improve energy utilization efficiency and effectively reduce energy consumption, the establishment of an energy management system has become a key aspect of energy management. During the Reporting Period, both Wuxi Sunking and Wuhan LandPower obtained the GB/T 23331-2020 / ISO 50001:2018 energy management system certification, further advancing the development and improvement of the Group's energy management system.

Case **Increased Use of Photovoltaic Power Generation in the Factory to Reduce Purchased Electricity**

Photovoltaic power generation produces no pollutants and is a truly green energy source. During the Reporting Period, the Group continued to optimize its energy usage structure. Despite a significant increase in production, the photovoltaic power generation system at the Jiashan plant generated approximately 3.57 million kWh, significantly supplementing electricity usage and substantially reducing purchased electricity, thereby contributing to energy-saving and emission reduction.

Water Resources Management

The Group strictly complies with the Water Law of the People's Republic of China, the Water Conservation Regulations, and other relevant laws and regulations. It continuously improves water resources management and further strengthens the monitoring of water usage. The Group uses recycled water in production, which is not discharged externally. By inspecting the water system, improving the functionality of water equipment, and scientifically and reasonably scheduling water usage, we strive to improve water use efficiency and reduce waste. Recycled water is used for landscaping and scenic facilities within the plant area.

The Group encourages all employees to develop good habits of water conservation. To promote water-saving, the Group has posted water conservation slogans at its operational sites, such as "Turn off the faucet when not in use," to educate and guide employees on reasonable water usage. Regular technical inspections of the water system are conducted, and employees are encouraged to promptly report any faucet or pipe leaks to ensure more efficient and sustainable water management.

The Group continues to strengthen its wastewater treatment efforts. During the Reporting Period, the Group strictly implemented wastewater disposal measures, and the treated wastewater met discharge standards.

During the Reporting Period, the Group's water consumption, consumption intensity, and comparisons with previous years' data are detailed in the table below			
Water Consumption	**2024 Amount (in m³)**	**2023 Amount (in m³)**	**2022 Amount (in m³)**
Total	80,312.76[Note 1]	117,087.40	177,574.52
Employee Intensity (m³/Chinese Mainland employee)	85.80	146.36	228.24

Note 1: The significant reduction in water consumption compared to 2023 was due to a water leak in the underground pipes at the Jiashan Park in 2023, which caused substantial water loss. In 2024, repairs were made, effectively reducing water consumption.

In terms of total water consumption, the Group has set a target to reduce water resource consumption density by 10% within the next 10 years ,or by 2033.

Case	**Water Resources Protection at Wuxi Sunking**

Wuxi Sunking has set up an accident pool of 480m³, which can effectively collect wastewater from devices and fire-fighting water in the event of an accident, preventing contaminated water from entering the external environment and causing pollution.

Packaging Material Management

The Group commonly uses packaging materials such as foam plastic, cardboard, and wooden boxes in its operations. To optimize packaging methods, the Group's plant management has selected the most suitable and efficient packaging materials for each product. Since different product models use different packaging specifications, the Group has not been able to quantify the exact weight of packaging materials. In the future, the Group will continue to closely monitor packaging material consumption and take corresponding measures to further optimize packaging solutions and reduce material usage.

The following is the consumption of packaging materials by the Group during the Reporting Period, compared with previous years			
Type of Packaging Material	**2024 Amount (in pieces)**	**2023 Amount (in pieces)**	**2022 Amount (in pieces)**
EPE foam sheet (pearl cotton)	676,033	725,629	426,637
Paper Box	20,189	21,867	18,117
Wooden Box	18,200	10,236	8,068
Plastic	17,758	69,968	48,101
Static Bags and Air Bubble Bags	3,280	9,386	9,040
EPP foam	382	N/A[Note1]	N/A[Note2]
Container	19	N/A	N/A
Wood pallets	410	N/A	N/A
Blister box	25,000	N/A	N/A
Total (in pieces)	761,271	837,086	509,963

Note 1: The quantity for 2023 is included in the EPE and is not listed separately.
Note 2: The quantity for 2022 is included in the EPE and is not listed separately.

Natural Environmental Resources

The Group adheres to a responsible business philosophy, committed to ensuring that its business activities do not have a significant adverse impact on the environment and society. During the Reporting Period, the environmental impacts of the Group's operations were primarily related to emissions and noise pollution. In response to these issues, the Group monitors and regularly tests noise, exhaust gases, dust, and smoke generated by electromechanical equipment and production processes. The test results all meet the emission standards. The Group has also set corresponding goals and measures to reduce exhaust emissions and noise pollution. Additionally, the Group has strengthened the management of toxic and flammable gases, installing various preventive devices to minimize the impact on employees and the environment, and to prevent potential hazards.

The Group is also actively exploring ways to reduce the environmental impact of its products during their use.

Case   **Research on noise reduction technology to reduce noise pollution to the surrounding environment**

Noise from capacitors has become an increasing concern for customers. The Group has collaborated with universities to conduct research and gather extensive experimental data, as well as develop a validated method for noise prediction and assessment. This led to the development of capacitors with various noise reduction features, including internal soundproof chambers and external noise-reducing covers.

The Group is dedicated to creating a harmonious and pleasant working and production environment for its employees. In the garden area, trees and grass are planted, and in the office areas, potted plants and flowers are placed and meticulously cared for daily to ensure that the premises remain clean and tidy, with plants thriving throughout the seasons. The Group regularly organizes volunteer services, tree planting, and other activities, actively participating in environmental beautification efforts.

Responding to Climate Change

Public awareness of climate change is growing, and it has become one of the most important issues being discussed and addressed globally. The Group deeply recognizes the severe threats posed by climate change and fully acknowledges the latest scientific findings published by the Intergovernmental Panel on Climate Change (IPCC), which clearly states that the intensification of global warming will have far-reaching impacts on natural ecosystems, economic development, and social stability. The Group is fully aware that timely identification, assessment, and response to significant climate-related issues, particularly risks and opportunities related to climate, is crucial to ensuring the long-term sustainability of its business operations.

Against this backdrop, the Group closely monitors the potential impact of climate change on its business and operations, proactively taking measures to manage climate-related risks that may affect its operations. In line with the global climate governance framework, the Group adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses its management of climate-related risks and opportunities in four key areas: governance, strategy, risk management, and metrics and targets. The Group is committed to identifying physical risks associated with climate change (such as extreme weather events), transition risks (such as policy, regulatory changes, and shifts in market demand), as well as financial impacts related to mitigation and adaptation measures, ensuring that its strategies, finances, and operations are resilient to the challenges posed by climate change.

Following the environmental, social, and governance (ESG) disclosure standards of the Hong Kong Stock Exchange, the Group regularly publishes assessments of climate-related risks and corresponding measures, ensuring transparency in disclosures and compliance with regulatory requirements. Through this information disclosure, the Group not only provides investors with comprehensive climate risk management information but also communicates its proactive actions and responsibilities in addressing climate change to stakeholders worldwide.

Governance

The Group recognizes that energy consumption, greenhouse gas emissions, and climate change are key issues in environmental protection, with profound impacts on its business operations. To address these challenges, the Board of Directors and senior management have established a comprehensive risk management system that outlines strategies and measures to mitigate the risks and capitalize on the opportunities associated with climate change. These strategies not only include strengthening controls over energy usage and emission management but also involve implementing innovative initiatives within operations to reduce the potential negative impacts of climate change.

Furthermore, the Group has made reducing its carbon footprint one of its long-term development goals and is committed to implementing specific measures in the future to reduce greenhouse gas emissions from its business activities and supply chain.

Strategy

The Group has identified climate-related risks and assessed their potential financial impacts. The recognized climate risks, their timeframes, trends, and the potential financial impacts on the Group are outlined below:

Climate Risk		Timeframe	Trend	Potential Financial Impact
Physical Risks	Acute	Short term	Increase	With the increasing frequency of extreme weather events such as cyclones, hurricanes, storm surges and floods, severe weather conditions can disrupt local infrastructure, damage offices and affect the normal operation of human resources, leading to supply chain disruptions.
	Chronic	Long term	Increase	Long-term shifts in climate patterns will increase the cost of capital, operating costs, human resources and insurance premiums.
Transition Risks	Technology	Long term	Increase	During the transition period, the Group expects to incur additional procurement expenses due to the introduction of new and alternative technologies, as well as additional costs associated with the adopting /deploying of new practices and processes.
	Policy and Legal	Short to medium term	Increase	The implementation of stringent environmental laws, strict disclosure of climate data and carbon pricing systems increases operating costs.
	Market	Short term	Increase	During the transitional period, the Group might face a decrease in revenue due to higher environmental requirements of clients, if no strategy has been set Accordingly.
	Reputation	Short to medium term	Increase	Stakeholders' concerns on climate-related issues of the Group might dampen the investment sentiment of investors, impacting the stock price and market capitalization of the Group, and hence increasing the liquidity risk.

However, the Group does not solely view climate change as a risk; amid the climate-related risks, the Group has also identified climate-related opportunities. With increasingly stringent environmental laws and regulations, the Group anticipates further government subsidies to promote renewable energy adoption and the development of sustainable infrastructure and power transmission networks. As a supplier of transmission equipment, the Group expects its business to expand with the continued growth in demand for energy products and system solutions.

To reduce the environmental impact of its business operations, the Group actively promotes the diversification of energy and resource consumption throughout the production chain. For example, the Group has incorporated steam into its energy mix, further optimizing resource efficiency. Additionally, the Group plans to actively introduce green electricity and other sustainable energy sources into its energy portfolio, in alignment with environmental subsidy programs. This will help the Group gain subsidy benefits while reducing operating costs.

The Group believes that these critical measures will not only address the challenges posed by climate change but also fully capitalize on the opportunities they present, driving sustainable development and enhancing overall competitiveness.

Risk Management

An ESG risk assessments rate each identified risk based on likelihood and potential impact, categorizing them into three levels: high, medium, and low. During the specific evaluation process, risks are prioritized based on their likelihood of occurrence and potential impacts on the Group's operations, finances, and other areas. Risks are then classified into high, medium, or low risk levels. Finally, the overall risk level is determined by considering both the likelihood and the potential impact of each risk.

Risk level	Risk Description
High	High-level risks may lead to severe consequences and are very likely to have a significant impact on the Group, hindering the achievement of strategic goals.
Medium	Medium-level risks may lead to serious consequences, but their likelihood is lower. Alternatively, they may cause minor consequences, but their probability of occurrence is higher.
Low	Low-level risks pose limited harm or consequences to the Group's strategic goals and have a low probability of occurrence.

The Group determines its risk status based on the TCFD's recommendations on climate-related financial disclosures and formulates corresponding management policies.

Climate Risk		Overall Risk Level	Management Measurements
Physical Risk	Acute	High	• Develop relevant ESG management Strategies • Contingency plans include work-fromhome arrangements for non-essential staff and preparations for weatherrelated disruptions in supply chain • Purchased property liability insurance for its properties
	Chronic		
Transition Risks	Technology	Medium	• Introduce renewable energy into the production energy mix in advance • Laying groundwork for sustainable supply chain with further adoption of green technology and materials, and reduced usage of single-use materials
	Policy and Legal	low	• Appoint professionals to provide advice on climate-related issues • Continuously monitor the latest climate-related regulations and trend
	Market	Medium	• Continuously monitor latest market trends • Diversify supply chain and customer base • Implement green and innovative designs to satisfy market demand
	Reputation	low	• Active communication with stakeholders to keep track of concerns and address identified issues • Continuously monitor the latest climate-related regulations and trend

Indicators and Targets

To effectively measure the level of climate-related risks and their potential impact, the Group continuously monitors and evaluates relevant metrics and indicators, ensuring accurate and quantitative risk assessments. The Group regularly tracks and reviews its Scope 1, Scope 2, and Scope 3 greenhouse gas emissions (measured in tCO_2e), as well as the total emissions and emission density (measured in tCO_2e per employee). These indicators help assess the Group's progress in reducing greenhouse gas emissions and provide data support for risk management. For detailed information on greenhouse gas emissions data and the related targets set by the Group, please refer to the "Greenhouse Gas Emissions" section of this report.

Caring for Employees

Employment

The Group fully understands that employees are the most valuable assets and cornerstone of its development. Therefore, it is always committed to enhancing its capabilities to better attract, nurture, and retain every employee. The Group has formulated a comprehensive human resources management policy, covering recruitment and selection processes, compensation and benefits, working hours and holidays, performance management, promotion, dismissals, training, and development. These guidelines aim to ensure the standardization and efficiency of human resources management. During the Reporting Period, there were no significant adjustments to the Group's policies regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, and anti-discrimination.

In terms of human resources capacity building, the Group strictly adheres to relevant local and national laws and regulations, and continues to invest resources while actively introducing industry best practices. During the Reporting Period, the Group did not identify any major violations related to employment. The relevant laws and regulations complied with by the Group include, but are not limited to:

Mainland China
- Labour Law
- Labour Contract Law
- Regulations on Paid Annual Leave for Employees
- Law on the Protection of Women's Rights and Interests
- Special Rules on the Labour Protection of Female Employees

Hong Kong
- Employment Ordinance (Cap. 5)
- Inland Revenue Ordinance (Cap. 112)
- Sex Discrimination Ordinance (Cap. 480)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Disability Discrimination Ordinance (Cap. 487)
- Family Status Discrimination Ordinance (Cap. 527)
- Race Discrimination Ordinance (Cap. 602)

Germany
- Bürgerliches Gesetzbuch ('Civil Law Book')
- Allgemeines Gleichbehandlungsgesetz ('General Act on Equal Treatment')

Netherlands	Civil Code, Book 7 Special Agreements
	Employment and Social Security Act
	Labor Contract Law
	Dutch Equal Treatment Act

Switzerland	Swiss Code of Obligations
	Swiss Civil Code (CC)
	Swiss Labor Act (ArG)

RECRUITMENT, Promotion, and Dismissal

▶ Recruitment

The Group actively attracts talented individuals through various methods, including external recruitment, internal referrals, and job rotations. The Group has established a "Recruitment Management System" to standardize the recruitment process. The Group focuses on introducing and incentivizing professional and technical talent as well as management personnel. It implements talent referral reward measures to encourage employees to recommend urgently needed talents. Additionally, the Group actively recruits international talent, building a diverse team with rich skills, experience, and knowledge from different backgrounds. This helps create an elite team aligned with the global strategy, enhancing the Group's competitiveness and innovation ability, making it more resilient and dynamic in the face of current complex and changing business challenges.

As of December 31, 2024, the Group has a total of 977 employees, with 936 employees located in mainland China. Please refer to the following for a detailed breakdown of the Group's workforce in mainland China.

	Number	Percentage
By Gender		
Male	602	64.32%
Female	334	35.68%
By Employment Type		
Full-Time	936	100%
Part-Time	0	0%
By Geographical Location		
Beijing	99	10.58%
Jiashan	571	61.00%
Wuhan	108	11.54%
Wuxi	158	16.88%
By Age Group		
18-25	145	15.49%
26-35	375	40.06%
36-45	298	31.84%
46-55	102	10.90%
56 or above	16	1.71%
Total	**936**	**100%**

▶ Promotion

The Group has established a "Promotion Management System" to provide diversified promotion opportunities for all employees. According to this system, employees who meet the promotion qualifications can proactively submit a promotion application to the Human Resources Department. Departments can also recommend outstanding talents who meet the promotion criteria to the HR department based on actual needs. After reviewing the applicants' promotion qualifications, the HR department arranges the corresponding promotion assessments and organizes an annual promotion review meeting, where a review panel conducts a comprehensive evaluation of the candidates and makes promotion decisions.

▶ Dismissal

The Group's dismissal procedures strictly adhere to relevant laws, regulations, and regulatory requirements, and are detailed in the "Employee Handbook" to ensure that dismissal decisions are made on a legal and reasonable basis. Additionally, the Group communicates thoroughly with employees before making any formal dismissal decisions, ensuring that employees' right to information and legal rights are fully protected. The Group prohibits any form of unlawful or improper dismissal.

▶ Retirement

The Group held a farewell event titled "Along the Way, Grateful for You" for retiring employees to express gratitude for their hard work and contributions over the years.

▶ Employee Turnover

During the Reporting Period, a total of 262 employees left the Group in mainland China, which corresponds to a turnover rate of 27.99%. Please refer to the following table for the detailed turnover distribution among different employee groups.

Category	2024	
	Number	Turnover Rate
By Gender		
Male	175	29.07%
Female	87	26.05%
By Geographical Location		
Beijing	10	10.10%
Zhejiang	213	37.30%
Wuxi	21	13.29%
Wuhan	18	16.67%
By Age Group		
18-25	61	42.07%
26-35	114	30.40%
36-45	60	20.13%
46-55	25	24.51%
56 or above	2	12.50%
Total	**262**	**27.99%**

Salary and Benefits

Based on the principles of fairness, competition, motivation, reasonableness, and legality, the Group has established a remuneration system for its employees, as set out in the policies of the "Remuneration Management System" and the "Performance Appraisal System", which include basic salaries, performance-based wages, and a year-end double salary system. Additionally, the Group has established a special bonus policy to fully motivate employees' enthusiasm and creativity. During the Reporting Period, the Group conducted a comprehensive review and adjustment of employees' annual salaries, considering changes in the external market environment and internal business conditions.

The Group strictly follows national and local government laws and regulations to ensure the full payment of social insurance and housing fund (five insurances and one fund) for employees. In addition, the Group provides supplementary medical insurance to all employees to enhance their ability to manage risks. The Group also offers a wide range of benefits, including daily allowances, special allowances for festivals and marriage/birth events, free work lunches, regular employee trips, health check-ups, and other comprehensive care for employees' work and life.

Working Hours and Rest

The Group strictly complies with laws and regulations to ensure that employees are entitled to all legally mandated rest periods and leave benefits, as clearly outlined in the Employee Handbook. In addition to these statutory entitlements, the Group also offers extra leave benefits, such as gradually increasing the number of annual leave days based on employees' years of service, reflecting the Group's genuine care and commitment to its employees.

Equal Opportunity

The Group strictly complies with various national and local government regulations, upholding the principles of openness, fairness, and equality in employment. The Group has established comprehensive system documents that clearly prohibit any form of discrimination, ensuring that employees are not affected by factors such as race, gender, color, age, family background, ethnicity, religion, physical fitness, nationality, and other factors in recruitment, training, promotion, and compensation.

Employee Communication

In the process of formulating internal policies, the Group actively listens to the opinions and suggestions of employees and the labor union. The Group's labor union plays an important role in promoting employee democratic participation, protecting employees' legal rights, and coordinating labor-management relations. Each year, the Group gathers employee feedback on job satisfaction through surveys, seminars, and other methods, promptly addressing employee concerns, thereby continuously strengthening employees' sense of recognition and belonging to the Group.

The Group values creating a warm and happy working environment for its employees, regularly organizing various holiday celebrations and outdoor team-building activities to enrich employees' cultural and social lives, convey warmth and care, and enhance employees' sense of happiness. During the Reporting Period, the Group held the third Fun Sports Competition, the "Passionate 'Ping' Outstanding" Table Tennis Competition, birthday parties, and various festive-themed events to promote understanding and communication among employees, enhancing the cohesion of the company.

Employee Health and Safety

The Group always prioritizes the occupational health and safety of its employees and continually improves its occupational health and safety management system. The main subsidiaries of the Group maintain valid certifications for the GB/T45001-2020/ISO 45001:2018 Occupational Health and Safety Management System. During the Reporting Period, the Group maintained stability in its occupational health and safety management practices, with no significant adjustments. The Group has also not had any major violations of occupational health-related laws and regulations. These include, but are not limited to:

Mainland China
- Labour Law
- Labour Contract Law
- PRC Law on The Prevention and Control of Occupational Diseases
- Fire Control Law

Hong Kong
- Employees' Compensation Ordinance (Cap. 282)
- Occupational Safety and Health Ordinance (Cap. 509)

Germany
- Arbeitsschutzgesetz ('Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work')
- ArbMedVV ('Ordinance on Preventive Occupational Health Care')

Netherlands
- Working Conditions Act
- Working Conditions Decree
- The Working Conditions Regulation

Switzerland
- Swiss Labor Act (ArG) incl. Ordinances, especially ordinance 3 (Gesundheitsschutz ArGV 3)
- Accident Insurance Act (UVG)

Occupational Health Management

The Group has established a series of systems and procedures, such as the "Environmental and Occupational Health and Safety Operations Control Procedures" and the "Occupational Hazard Position Management System", to ensure employee health, including regular inspections of production sites, installation or renovation of environmental protection facilities, providing basic medical equipment in production and office areas, and ensuring employees use personal protective equipment. In addition to the five insurances and housing fund, the Group provides supplementary medical commercial insurance for employees, offering multiple health protections. Every year, the Group arranges health check-ups for all employees and establishes health records for each employee, helping them stay informed about their health status in a timely manner.

▶ **Occupational Disease Prevention**

We continuously improve our occupational health management system and operational procedures, strictly implementing occupational disease prevention and control measures. These include conducting annual occupational hazard assessments at production sites, utilizing occupational disease prevention facilities, and providing employees with high-quality personal protective equipment. Through ongoing education and supervision, we ensure that every employee enhances their safety awareness, strictly follows operational procedures, and correctly uses the protective equipment, thereby minimizing the risk of occupational diseases. For employees who are exposed to occupational disease hazards, we truthfully inform them of the potential risks when signing employment contracts, arrange occupational health checks before joining, annually, and upon leaving, and establish comprehensive occupational health records for each employee.

During the Reporting Period, all of the Group's production sites underwent occupational disease hazard assessments, and no abnormalities were found. Similarly, no abnormalities were found in the occupational health checks for employees exposed to occupational disease hazards.

▶ **Employee Physical and Mental Health**

The Group places great emphasis on employees' physical and mental health and actively promotes healthy lifestyles. It regularly holds health knowledge training for employees to spread health concepts and knowledge. Furthermore, the Group has equipped its factories with various fitness facilities, including gyms and sports fields, to provide employees with opportunities to relieve work stress and strengthen their bodies after working hours.

To ensure employees' health and safety during extreme weather conditions, the Group has implemented a series of practical preventive measures. During high-temperature periods in summer, the Group adjusts working and rest hours reasonably, strictly controls outdoor work hours, reduces labor intensity, ensures adequate drinking water supply, provides heat-relief supplies, and strengthens hygiene and epidemic prevention efforts. During extreme weather conditions like typhoons and heavy rain, the Group flexibly adopts management measures such as delaying work hours or encouraging work-from-home arrangements to mitigate potential harm to employees.

The Group also values employees' mental health, providing a feedback channel for employees to voice their concerns. It fosters communication and strengthens mental health management through seminars, trips, themed activities, and one-on-one counseling.

Safety Production

The Group continues to strengthen its corporate safety responsibility, clearly defining the safety production responsibility system. The system establishes the ultimate responsibility of the company's main leader, the responsibilities of the department heads, and the responsibilities of various functional departments, ensuring safety production responsibilities are fully assigned.

Additionally, the Group has established a sound safety management system, including the "Identification, Evaluation and Control Procedures for Risk Source", the "Production Safety Management System", and the "Hazardous Work Management System", which comprehensively manage all aspects of safety production in a systematic and scientific manner.

▶ **Safety Production Organizational Assurance**

The Group's factories set up safety production management organizations, appoint safety management personnel, and clearly define the responsibilities of safety management organizations and personnel. The Group also has a safety meeting reporting system to ensure the implementation of all safety measures.

Each year, the Group systematically identifies and assesses potential risk sources and major risks in the production and operational processes, and implements corresponding control measures to ensure workplace safety and the smooth operation of facilities, effectively reducing risks.

Daily Production	• Regularly inspect the work environment, facilities, and equipment • Standardize, implement, and supervise job operation processes • Standardize, implement, and supervise the correct use of personal protective equipment
Outsourced Construction Operations	• Outsourced Construction Unit Management System • Signing of Safety Agreements • Approval Procedures for Special Operations
Special Equipment and Personnel Management	• Regular Inspections of Special Equipment • Certification Requirement for Special Equipment Operators

▶ **Safety Education and Training**

The Group continuously conducts safety education and training, establishing an annual safety training plan and ensuring its effective implementation. We strictly enforce the three-level safety education system. All new and transferred employees must undergo comprehensive safety education and pre-job training; employees working in hazardous positions must obtain the corresponding qualification certificates before starting work. Additionally, the factory promotes safety through various forms such as posting safety production slogans and setting up bulletin boards.

Case   **Organize the "First Lesson of Work" Activity**

Sunking Semiconductor Zhejiang organizes the "First Lesson of Work" activity, where all employees receive training on production safety, fire safety, and occupational health to reinforce employees' safety production concepts.

Case   **Safety Production Month Activities**

Jiashan SunKing organized a series of events for Safety Production Month, including safety training sessions, safety knowledge quizzes, written safety exams, emergency evacuation drills, and a safety culture competition. Through these diverse activities, the company aims to comprehensively enhance employees' awareness of workplace safety.

▶ Safety Hazard Inspections and Rectification

The Group conducts regular comprehensive safety management inspections and analyzes and reports the results.The Group's voluntary fire brigade also regularly conducts fire hazard inspections. During the Reporting Period, to strengthen the management of safety production across subsidiaries, the Group established a safety inspection team, building on the safety teams within each subsidiary. This team performs inspections of the production safety management systems, emergency plans, and drills in each unit, orders corrective actions for non-compliant items, and follows up on their implementation. The Group's mandatory fire brigade regularly conducts fire hazard inspections.

During the Reporting Period, the Group did not receive any complaints or lawsuits related to violations of health and safety laws and regulations. In the past three years, the Group has not experienced any work-related fatalities.

Indicator	Unit	2024
Work related fatalities	Person	0
Fatality Rate	%	0
Lost days due to work injury	Days	308[Note1]

Indicator	Unit	2023
Work related fatalities	Person	0
Fatality Rate	%	0

Indicator	Unit	2022
Work related fatalities	Person	0
Fatality Rate	%	0

Note 1: "Workdays lost due to work-related injuries" includes any work-related injuries that result in employees being absent from work for more than 11 days.

▶ **Emergency Management**

The Group has established and improved emergency management plans for safety accidents and natural disasters, creating emergency rescue command structures and rescue teams. It ensures that emergency rescue equipment and supplies are available, and organizes timely and effective accident rescue operations. The Group organizes at least one emergency rescue drill every year.

Case | **Fire Safety Training Activity**

SunKing Semiconductor in Zhejiang took advantage of the 33rd "National Fire Safety Month" to conduct fire safety training, fire hazard inspections, and fire drills. The training included teaching employees fire-fighting, evacuation, and escape skills, aiming to enhance employees' safety awareness, self-protection consciousness, and their knowledge of protective self-rescue measures and evacuation methods.

Development and Training

The Group places great importance on building internal management training and development systems. It provides a diversified training model to meet the needs of different employees, helping them improve their skills and develop their careers.

The Group's Diversified Training Model	
Management Training	In the training of directors and senior management, professional trainers such as lawyers, accountants, and others are invited annually to provide the latest company regulations, corporate governance, financial management, and market trends. The Group regularly arranges for the company secretary and other staff to participate in relevant professional training to ensure the team's professional competence aligns with industry best practices.
Current Employee Training	The Group offers a series of targeted career development training courses for current employees, including intensive professional training courses for technical staff and management training for middle and senior managers. Employees are also encouraged to participate in external training programs related to their positions.
New Employee Training	The Group has established a special induction training program for new employees, which includes company and industry information, job duties, work skills, safety procedures, and career planning to help new employees quickly understand the company and adapt to their roles.

The Group firmly believes that employee development is key to maintaining market competitiveness. Cultivating a learning culture, promoting continuous education and personal growth, and enhancing occupational safety awareness within the Group is crucial for providing high-quality services and products to clients.

Case | **Management Backbone Training Activity**

Wuxi Sunking organized team-building and cross-departmental collaboration training for management personnel to deepen the management team's understanding and application of strategic execution.

Case   **Sales Staff Training**

The training session titled "Sales Strategy Building Workshop" organized at the Group level has concluded. The training was conducted by an external professional organization and focused on enhancing the ability of sales personnel to respond to the rapid market changes of the company's products. It aimed to comprehensively improve sales service levels and individual capabilities, creating a high-quality sales team with strong professional skills and business competence. The training also helped sales personnel develop a complete sales strategy for winning orders.

Case   **Technical Field Training**

To enhance employees' professional recognition in the technical field, Wuhan Langde held a technical training event on "Exploring Online Monitoring from a Technical Perspective". This session helped employees gain in-depth knowledge of industry technology trends and improve their technical application capabilities.

The Group also actively expands career development opportunities for frontline employees. SunKing Semiconductor in Zhejiang obtained the qualification for enterprise vocational skill level certification in Zhejiang Province in 2021 and established a Vocational Skills Training Center and Vocational Skills Level Evaluation Center. Every year, various training and exams are conducted according to vocational skill level certification requirements. Employees who pass the skill level certification can receive tangible benefits, such as qualifications for title assessments and preferential talent policies. During the Reporting Period, 49 employees passed the vocational skill level certification.

To boost employee morale and enthusiasm, and to strengthen the core talent team, the Group continues to implement a comprehensive reward and promotion mechanism, motivating employees to continuously improve themselves and create greater value for both the company and individuals. Through a scientifically structured promotion management system, the Group aims to optimize internal human resource allocation, provide employees with vast space and diverse platforms for career development, and meet the strategic development needs of the Group.

During the Reporting Period, the total number of employee training sessions (internal free training, external paid training, and external offline training) within the Group reached **5,623** person-times, with **105** person-times for external paid training, totaling **1,321** training hours.

During the Reporting Period, the Group's employee training performance is categorized by gender, job level, the proportion of employees trained and the average training hours per employee as follows:

Training Categorized by Gender and Employee Job Level		
As of December 31	Percentage of Trained Employees	Average Training Hours per Employee (Hours)
By Gender		
Male	62.34%	9.95
Female	37.66%	11.18
By Employee Category		
Senior Management	0.68%	13.68
Middle/Senior Management	3.68%	7.66
General Staff	95.66%	10.82

Labor Standards

The Group always places the protection of human rights at the core of its business operations. During the Reporting Period, the Group strictly complied with all applicable national laws, regional regulations and relevant labor laws and regulations in the locations where it operates. These laws and regulations include, but are not limited to:

Mainland China
- Labor Law
- Provisions on the Prohibition of Using Child Labor of the PRC

Hong Kong
- Employment Ordinance (Chapter 57)

Germany
- Bürgerliches Gesetzbuch ('Civil Law Book')
- Jugendarbeitsschutzgesetz ('Employment of Young Persons Act')

Netherlands
- Civil Code
- Child Labour Due Diligence Law
- Child Labour Act

Switzerland
- Swiss Labor Act (ArG), And corresponding Ordinances, especially ordinance no. 5 on the protection of juvenile workers (Jugendarbeitsschutzverordnung, ArGV 5)

The Group firmly opposes and strictly prohibits the use of child labor and forced labor, and has explicitly stated these requirements in the "Management System for Recruitment". This system clearly stipulates that the Group only employs individuals who meet the legal age requirements and requires new employees to provide truthful and accurate personal information upon joining the Group. Recruitment personnel must strictly verify the identification documents of candidates to confirm their authenticity, thereby eliminating the occurrence of child labor. Labor contracts are signed in accordance with relevant laws and regulations, clearly defining job responsibilities and obligations to ensure that no form of forced labor exists.

Furthermore, all overtime work for employees in the Group is voluntary, aimed at avoiding violations of labor standards while effectively safeguarding employees' rights. The Group also explicitly prohibits any form of punitive actions or improper management methods, such as verbal abuse, physical violence, or psychological oppression, for any reason. If it is discovered that an employee has provided false information or violated the Group's regulations, the Group will immediately terminate their probationary period or employment contract in accordance with the regulations.

During the Reporting Period, the Group did not engage in any serious violations of laws and regulations related to the prevention of child labor or forced labor, nor did any such violations have a significant impact on the Group.

Compliance Operations

Supply Chain Management

The Group adheres to the philosophy of win-win cooperation with suppliers, strengthens supply chain management, and enhances the competitiveness of the industry chain. Through the formulation of relevant policies such as the Procurement System and Tender Procurement Management Measures, the Group identifies, assesses, and addresses environmental and social risks within the supply chain, strengthens environmental and social risk management, and ensures the healthy and sustainable development of the supply chain. The Group fully utilizes information systems and other technologies in its business operations to optimize resources and implement a comprehensive and efficient supply chain management strategy to improve the overall efficiency of the supply chain.

Supplier Management

The Group has established supplier guidelines and only collaborates with suppliers who meet the requirements. We require suppliers to complete questionnaires and provide relevant documents, while also asking them to make integrity and compliance commitments. These commitments include adhering to laws and regulations related to environmental protection, occupational health and safety, product responsibility, and upholding business ethics. This commitment includes adherence to environmental protection, occupational health and safety, product liability, and other laws and regulations, as well as upholding business ethics. Through improving supply chain transparency and traceability management, the Group gains a comprehensive understanding of the suppliers' sustainable development performance, effectively manages risks, and establishes a clean, fair, and mutually beneficial relationship with suppliers.

The Group has established the "Management System on Suppliers" to standardize the selection and hiring of raw material suppliers, and implements the following supply chain management measures for all suppliers:

Supplier Management Guidelines
The procurement plan is determined based on the annual budget, including the selection of raw materials;
Develop suppliers in multiple and diverse regions;
Suppliers are selected through a mandatory bidding process, which prohibits splitting or dividing individual bidding projects into sub-projects to circumvent the bidding procedure ;
The Group selects and evaluates suppliers based on their qualifications, production capacity, financial status, past performance, etc., combined with on-site inspections and sample trials;
Depending on the procurement category and the impact on product quality, the Group implements one or more of the following control methods for suppliers: • entering into a supply quality agreement; • submitting relevant inspection and test data with the goods; • implementing the statistical analysis of incoming goods every month;
The performance and quality assurance capabilities of suppliers in the database are audited annually;
Regular communication is maintained with suppliers through meetings, interviews, and other methods.

During the reporting period, through evaluations, the Group has expanded its cooperation with excellent suppliers. Additionally, new suppliers have been introduced through research and on-site visits. In China, the Group had a total of 1,379 raw material suppliers. Furthermore, as a product distributor, the Group also has 7 foreign power electronics suppliers, including Hitachi Energy.

Raw Material Supplier Situation	
Supplier Category	2024
Mainland China	1,375
Europe	4
Total	1,379

Sustainable Supply Chain

In order to fully understand suppliers' compliance with environmental, health and safety regulations, as well as issues such as forced labor and child labor, and to assess any significant negative impacts they may have on the environment and society, we require suppliers to complete questionnaires and provide relevant documents during the evaluation process. These documents include environmental management system certification, quality and occupational health management system certification, and others. We also ask suppliers to make integrity and compliance commitments. Additionally, we gather supplier information through multiple channels and, when necessary, conduct on-site visits.

In its daily management, the Group regularly reviews the environmental and social performance of suppliers to prevent serious adverse impact. For suppliers who may cause significant pollution, major environmental incidents, or illegal activities, the Group terminates supply contracts with those suppliers. Through meetings and visits, the Group works with suppliers to improve environmental and social risk management, taking measures to prevent and mitigate related risks, and jointly creating a sustainable supply chain. During the Reporting Period, the Group did not identify any major issues related to child labor, human rights violations, forced labor, or environmental violations during the supply chain investigation.

In terms of green procurement, the Group requires that the products and raw materials supplied by suppliers comply with national, local, and industry environmental protection regulations and that priority is given to using production processes and equipment that are pollution-free or low-pollution. The Group also encourages suppliers to provide raw materials and packaging that are recyclable, avoiding excessive packaging.

Case　　**Supplier Waste Recycling for a Sustainable Supply Chain**

The Group is committed to building a sustainable supply chain and actively promoting the recycling of waste materials. In cooperation with suppliers, the Group works to recycle waste generated from copper plates used in production, promoting the reuse of these materials.

Product Responsibility

The Group's products are mainly applied in the fields of power transmission and distribution, electrified transportation, and renewable energy. Core products such as IGBTs, capacitors, reactors, busbars, and online monitoring equipment are all certified under the ISO 9001 Quality Management System. We take full responsibility for our products and services, strictly adhering to laws and regulations, regulatory requirements, industry guidelines, and internal procedures to ensure customer health and safety. We implement various measures to promote responsible marketing and protect the privacy of relevant information.

The Group has always considered product quality as the foundation of its development, establishing systems such as the "Product Quality Feedback and Management System", "Procedures for Customer Satisfaction Survey", "Service Control Procedures", and the "Control Procedures for Process Related to Customers" to strictly control the quality of products and services.

The Group has also established marketing systems such as the "News Work Management Regulations" and "Label Management Measures" to carefully review public promotional materials to prevent misleading or inaccurate content, ensuring that the information is truthful, legal, and healthy, and that product labels align with actual specifications.

During the Reporting Period, the Group did not violate any health and safety, advertising, labeling, or privacy regulations related to its products and services. These laws and regulations include, but are not limited to:

- Product Quality Law of the PRC
- Trademark Law of the PRC
- Patent Law of the PRC
- Copyright Law of the PRC
- Criminal Law of the PRC
- Advertising Law of the PRC
- Cyber Security Law of the PRC
- Anti-Unfair Competition Law of the PRC
- Regulations on the Protection of Personal Information of Telecommunications and Internet Users

Quality Assurance and Product Recall Procedures

The Group has established a quality inspection accountability system covering the entire process from product design, raw material procurement, production to delivery, ensuring quality standards at every stage. We continuously optimize quality inspection standards to meet market demands. We have improved the product recall mechanism and provide customers with full lifecycle product services. We focus on enhancing customer satisfaction and continuously improving the customer experience.

To recognize the Group's commitment to innovation and quality, during the Reporting Period, the Group and its subsidiaries received several honors.

Awarded Company	Award
Sunking Semiconductor Zhejiang	Top 10 High-Growth Enterprises in Advanced Manufacturing and Automation in Jiaxing
Jiashan Sunking/Sunking Semiconductor Zhejiang	Jiashan County Economic and High-Quality Development Breakthrough Company
Sunking Semiconductor Zhejiang	High-Tech Enterprise

▶ **Quality Assurance**

The Group clearly defines the responsibilities of each participating department to ensure the production of high-quality products from the source at the product design stage.

The Group's Quality Management Measures

- Quality Standards and Indicators are set based on market demand.
- The Procurement Department purchases raw materials as required, while the Quality Inspection Department is responsible for inspecting and recording incoming materials.
- The Production Department reduces human errors through information technology and automation upgrades, appoints quality responsible persons, and identifies inspection control points. The final Quality Inspection Department performs the final inspection before shipment.

After-sales service is an important part of product quality management. The Group has established the "Product Quality Information Feedback Management System" based on customer needs and feedback, clearly defining the responsibilities of departments involved in quality management. This ensures that quality issues are resolved reasonably and effectively, continuously improving products and services, efficiently handling customer feedback, and ensuring customer satisfaction.

Case | **Sunking Semiconductor Zhejiang Semiconductor Awarded Singularity Energy's 2023 Outstanding Contribution Award**

Sunking Semiconductor Zhejiang Semiconductor was awarded Singularity Energy's 2023 Outstanding Contribution Award for its exceptional products and services. Since becoming a supplier to Singularity Energy in 2022, Sunking Semiconductor Zhejiang Semiconductor has been supplying 1200V ED-type modules in bulk, which are widely used in energy storage inverters, and has achieved significant market share in 2023. Singularity Energy highly recognizes the product quality, consistency, and reliability, as well as the efficiency of the after-sales technical support, considering Sun. King is a trustworthy and outstanding supplier. This award not only acknowledges Sun. King's products and services but also demonstrates Singularity Energy's confidence in its future development.

▶ **Product Recall**

The Group has implemented a defective product recall mechanism. Once a product defect is identified through quality control records or customer complaints, the Group will assess the severity of the defect, potential hazards, and the cost of the recall. If a recall is necessary, the Group can trace defective products through the product and customer information system and promptly notify customers for repairs or replacements.

During the Reporting Period, the Group did not receive any complaints related to products or services. Additionally, no products sold or shipped were recalled due to safety and health concerns during the Reporting Period.

Information Security

The Group has established an information security management system to strictly protect customer privacy and prevent information leakage. Both technical and administrative measures are in place to ensure the security of customer information. These include assigning dedicated personnel for the safekeeping and disposal of customer data, implementing strict approval procedures for data usage, encrypting electronic information, and setting access permissions based on the principle of least privilege. In addition, dedicated IT personnel are responsible for daily monitoring of the electronic information systems and conducting regular security assessments. During the Reporting Period, the Group's subsidiary, Wuhan Longde, obtained the ISO/IEC 27001:2022 Information Security Management System certification, demonstrating its scientific and effective approach to protecting information resources. We will continue to monitor and improve our information systems, expand certifications, and use them as a foundation for strengthening information security. This reaffirms our commitment to information security and enhances the confidence of our customers and stakeholders.

The Group has strengthened employee training on safety awareness, emphasizing the importance of customer information protection. Employees are required to strictly comply with confidentiality policies, and it is explicitly prohibited for anyone to sell, share, or disclose customer data and information.During the Reporting Period, the Group conducted information security training covering 163 relevant personnel, with a total of 127.5 training hours delivered.

The Group complies with all applicable laws related to confidential information and data protection in China, Hong Kong (China), Germany, the Netherlands, Switzerland, and other relevant jurisdictions. During the Reporting Period, the Group did not receive any complaints regarding violations of customer privacy, information leakage, theft, or loss of customer data.

Innovation and Intellectual Property Rights Protection

The Group complies with relevant laws and regulations in China, Hong Kong, Germany, the Netherlands, and Switzerland, placing great importance on intellectual property protection as a core asset. We raise employee awareness of intellectual property laws and regulations through training and publicity, ensuring they fully understand the importance of protecting their own intellectual property and respecting others' intellectual property. The Group strengthens intellectual property management by designating departments to manage different forms of intellectual property. Management measures include signing confidentiality agreements, registering trademarks and patents, and implementing encryption techniques to prevent leakage and misuse. Employees are also prohibited from using others' intellectual property without authorization. Additionally, the Group has established dedicated internal management organizations for specific intellectual properties to effectively manage them. For example, Jiaxing Sagetel has set up a Commercial Secrets Protection Committee and collaborated with the Jiaxing Market Supervision Administration to establish a model point for the protection of commercial secrets. This mechanism effectively operates to protect business secrets, actively monitors market trends, and takes legal action to stop infringements in a timely manner. During the Reporting Period, no intellectual property infringement cases occurred.

As of December 31, 2024, the Group has obtained 263 patents, with an additional 119 patent applications under review. During the Reporting Period, the Group made significant progress in technological research and development, demonstrating its strong capabilities in technological innovation and domestic substitution.

Case — **Innovation Leading the Way - Exclusive Domestic Supplier of DC Support Capacitors for Low-Frequency Transmission Equipment**

Sun. King Technology Group Limited won the bid for the "Huaneng Yuhuan No. 2 Offshore Wind Power Project 220kV Output Project", becoming the exclusive domestic supplier of DC support capacitors for low-frequency transmission equipment. This marks further recognition of Sun. King Technology's technological strength in the new energy sector, as well as demonstrating the Group's ongoing efforts to promote domestic substitution.

Case — **Two Capacitor Products Break Foreign Technological Monopoly**

Two DC support capacitors developed by Jiashan Capacitor Co., the "ZCMJ2.8-8000 Type DC Support Capacitor" and "ZCMJ2.8-7500 Type DC Support Capacitor", successfully passed the new product technical appraisal organized by the China Machinery Industry Federation. This broke the foreign technological monopoly and laid a solid foundation for the large-scale application of domestic DC support capacitors in flexible DC transmission projects.

Case **Three Smart Grid Online Monitoring System Products Successfully Applied in Overseas Projects**

Wuhan LandPower, with its internationally leading technical research and development team and scientific production management system, independently developed three smart grid online monitoring system products: the "GIS Ultra High-Frequency Partial Discharge Online Monitoring Device", "SF6 Gas Micro-Water Density Online Monitoring Device", and "Circuit Breaker Mechanical Characteristics Online Monitoring Device". These products have been successfully applied in multiple overseas projects, including the Amur Petrochemical 170kV new station project in Russia, the IEC 170kV four new stations project in Israel, and the 420kV GIL/GIS and 230kV GIS nuclear power projects in Bangladesh.

Case **Products Successfully Used in the World's First Flexible DC Grid Project**

Wuhan LandPower's COM7010 flexible DC valve DC support capacitor monitoring device successfully went online in the world's first flexible DC grid project—the Zhangbei Flexible DC Project. This achievement helps address critical "bottleneck" issues in the research, development, and manufacturing of ultra-high voltage equipment in China.

Anti-Corruption

The Group advocates a culture of integrity, maintaining zero tolerance for illegal activities such as bribery, corruption, and fraud, to promote the healthy development of the business. We have established an Anti-Corruption Policy that clearly defines the standards for employees' business conduct and the consequences of violations, such as issues related to gift exchanges and conflicts of interest. This policy encourages employees to uphold strong professional ethics.

The Group strictly adheres to national laws and regulations, enhancing supervision over high-risk areas. Through systems such as the "Internal Reporting System", "Internal Audit System", and "Audit Management System", the Group strengthens anti-corruption and anti-fraud controls. The Board of Directors has authorized the Audit Committee to oversee violations and regularly review the internal control system.

The Group has established a whistleblowing system, clearly defining the responsibilities of the Audit Committee and the Audit Department. The system ensures that whistleblowing incidents are handled in a legal and compliant manner, protecting whistleblowers from unfair treatment or unjust dismissal. If a reported issue is found to be true after investigation, the Group will take appropriate actions, such as issuing warnings, recovering funds, terminating contracts, or even referring the matter to judicial authorities, in order to maintain a culture of integrity and transparency.

Audit Committee	• Responsible for overseeing the whistleblower process, including improving the reporting procedures, guiding investigations into reported incidents, and regularly updating the Board of Directors on the progress.
Audit Department	• The Group has established channels that allow employees and stakeholders (such as customers and suppliers) to anonymously report misconduct, negligence, corruption, and other inappropriate behaviors. These channels include a dedicated mailbox, email, hotline, and others, ensuring that the reporting channels remain accessible and open. • The Audit Department handles reports in a fair, swift, and confidential manner and directly reports to the Audit Committee.

The Group regularly conducts anti-corruption training for directors and employees, covering topics such as laws and regulations, ethical standards, industry best practices, and recent case analyses of corruption. This training aims to continuously strengthen employees' awareness of integrity, help them improve their understanding of laws, regulations, and ethical conduct, identify potential corruption risks, and encourage them to act correctly. During the Reporting Period, the Group provided anti-corruption training for both directors and all employees on the aforementioned topics.

The Group strictly adheres to Hong Kong's Prevention of Bribery Ordinance (Cap. 201) and the relevant laws in mainland China in relation to bribery, extortion, fraud, and money laundering. It also follows all other guidelines issued by the Independent Commission Against Corruption ("ICAC") and the Securities and Futures Commission ("SFC"). As previously mentioned, the Group has established a reporting policy that allows anyone to anonymously report issues of concern. During the Reporting Period, no corruption cases were reported.

During the Reporting Period, the Group did not engage in any activities that violated laws and regulations related to bribery, extortion, fraud, money laundering, or other laws with significant impact on the business. These laws and regulations include, but are not limited to:

Mainland China
- Criminal Law of the PRC
- Anti-Money Laundering Law of the PRC
- Company Law of the PRC
- Bidding Law of the PRC
- Anti-Unfair Competition Law of the PRC

Hong Kong
- Bribery Ordinance, Chapter 201 of the Laws of Hong Kong
- Independent Commission Against Corruption Ordinance, Chapter 204 of the Laws of Hong Kong

Germany
- Strafgesetzbuch ('Criminal Code')
- Geldwäschegesetz ('Money Laundering Act')
- Gesetz zur Bekämpfung der Korruption ('Anti-Corruption Act')

Netherlands
- Dutch Criminal Code. Article 177 penalizes active bribery
- Dutch Criminal Code. Article 363 penalizes passive bribery
- House for Whistleblowers Act

Switzerland
- Swiss Criminal Code
- Anti-Money Laundering Act
- Anti-Money Laundering Ordinance FINMA
- 1999 Council of Europe Criminal Law Convention on Corruption

Harmonious Community

The Group firmly believes that giving back to society is an inescapable responsibility of every business. Therefore, while pursuing its own development, the Group is committed to supporting charitable and public welfare causes through concrete actions, actively helping those in need.

At the same time, the Group is dedicated to fostering a sense of social responsibility among its employees and encourages them to contribute more to society. We not only actively promote employee participation in various social welfare activities but also regularly organize staff to engage in environmental protection, donations, community service, and other activities, working together to create a better society.

Case **Enthusiastically supporting public welfare and charity, demonstrating corporate responsibility**

During the Reporting Period, Jiaxing Sagetel donated a charitable fund to the Jiaxing Charity Federation in Jiaxing County, Zhejiang Province, to support public welfare initiatives. The annual donation amounts to 50,000 yuan, with a planned donation total of 500,000 yuan over 10 years. Additionally, Sagetel Semiconductor Zhejiang provided educational support to students through an education assistance program in the Huimin Street Development Zone Administrative Committee of Jiaxing County, Zhejiang Province. Through these efforts, the Group has demonstrated its strong support for education and charitable causes, making a significant contribution to community development and social progress.

APPENDIX

Appendix 1: Hong Kong Stock Exchange "Environmental, Social and Governance Report Guide" Content Index

Aspects		Description	Related Section
A.Environmental			
A1: Emissions	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer Relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Emissions and Waste
	A1.1	The types of emissions and respective emissions data.	Emissions and Waste
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Waste
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Waste
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Waste
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions and Waste
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions and Waste
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources

Aspect A2: Use of Resources	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).	Use of Resources
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
	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.	Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
Aspect A3: The Environ-ment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Natural Environmental Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Natural Environmental Resources
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change
B. Social			
Aspect B1: Employment	General Disclosure	(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.	Employment

Aspect B1: Employment	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety	General Disclosure	(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.	Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	B2.2	Lost days due to work injury.	Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Health and Safety
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Health and Safety
	B3.2	The average training hours completed per employee by gender and employee category.	Health and Safety
Aspect B4: Labour Standards	General Disclosure	(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.	Health and Safety
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Health and Safety
	B4.2	Description of steps taken to eliminate such practices when discovered.	Health and Safety

Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Supply Chain Management
	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.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibil-ity	General Disclosure	(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.	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption	General Disclosure	(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.	Anti-Corruption

Aspect B7: Anti-corruption	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.	Anti-Corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Aspect 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.	Harmonious Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Harmonious Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Harmonious Community

Appendix 2: Reader Feedback Form

Dear Reader,

Hello!

We sincerely thank you for taking the time to read the 2024 Environmental, Social, and Governance (ESG) Report of Sun.King Technology Group Limited. In order to provide more valuable information to you and other stakeholders, and to further enhance our company's responsibility and performance in Environmental, Social, and Governance (ESG) matters, we warmly welcome your valuable feedback and suggestions.

What is your overall evaluation of this report?

Excellent	Good	Average	Poor

Response and Disclosure of Issues Concerned by Stakeholders in the Report?

Excellent	Good	Average	Poor

How do you think the Group has performed in terms of governance responsibility?

Excellent	Good	Average	Poor

How do you think the Group has performed in terms of environmental responsibility?

Excellent	Good	Average	Poor

How do you think the Group has performed in terms of social responsibility?

Excellent	Good	Average	Poor

Is the information, metrics, and data disclosed in the report clear, accurate, and complete?

Excellent	Good	Average	Poor

Do you think the content arrangement and layout design of this report are reader-friendly?

Excellent	Good	Average	Poor

Open-ended question:

What are your comments and suggestions regarding Sun.King Technology Group Limited's ESG governance and practices, as well as this report?