



2024

Environmental, Social, and Governance(ESG) Report



Create Values Through Technology
Shanghai Longcheer Technology Co., Ltd.

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About this report

This Report is the second annual Environmental, Social, and Governance (ESG) Report of Shanghai Longcheer Technology Co., Ltd. It is prepared in accordance with the principles of materiality, quantifiability, balance, and consistency. It focuses on the disclosure of the ESG concepts, significant progress, achievements, and future plans of Shanghai Longcheer Technology Co., Ltd. and our subsidiaries. The reporting period is from January 1, 2024, to December 31, 2024. Any discrepancies will be clarified in the relevant sections of the Report.

Basis of Compilation

This report is ultimately compiled by identifying important stakeholders, analyzing and rating materiality issues related to environment, society and governance, making decisions on the scope of the report, as well as collecting, summarizing, organizing, and reviewing relevant data and materials in the preparation process.

The following standards and requirements were referred to in the preparation of this report.

- Shanghai Stock Exchange, *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*
- Shanghai Stock Exchange, *Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Preparation of Sustainability Reports*
- Global Sustainability Standards Board (GSSB), GRI Standards
- United Nations Sustainable Development Goals (SDGs) and the Ten Principles of the United Nations Global Compact
- International Organization for Standardization, *ISO 26000: Guidance on Social Responsibility (2010)*

Report Scope and Boundary

Unless otherwise specified, the policies, statements, and materials in this report cover the actual business scope of Shanghai Longcheer Technology Co., Ltd. and our subsidiaries, which is the same as that of the annual report issued by Longcheer.

Unless otherwise stated, this report is denominated in CNY.

Sources of Information and Statement of Reliability

The information used in this report is derived from Shanghai Longcheer Technology Co., Ltd. and our subsidiaries. The Board of Directors of the Company is responsible for the authenticity, accuracy, and completeness of the content of this report.

Title Explanation

For ease of expression and readability, the terms “Longcheer Technology,” “Longcheer,” “the Group,” “the Company,” and “we” used in this report refer to Shanghai Longcheer Technology Co., Ltd. and our subsidiaries.

Report Language

This report is published in Chinese, with the English version being a translation of the Chinese version. In the event of any discrepancies between the English and Chinese versions, the Chinese version shall prevail.

Confirmation and Approval

This report has been confirmed by the Company’s Board of Directors and is hereby published.

Access to This Report and Feedback

You can access the electronic version of this report through the Company’s website (<https://www.longcheer.com/>) and the official information disclosure website (<http://www.cninfo.com.cn/>).

If you have any suggestions or feedback regarding the content of this report or Longcheer’s ESG initiatives, you can also contact us through the following means:

- Email: ir@longcheer.com
- Phone: 021-61890866

Message from the Chairman

To Our Esteemed Stakeholders:

In today’s world where intelligent technologies are rapidly reshaping industrial landscapes, the integration of AI and AR is leading to the transformation of the next generation of human-computer interaction and computing terminals. As a leading intelligent product company with over 20 years of technological accumulation, Longcheer has built an industrial ecosystem covering a full range of intelligent terminals including smartphones, tablets, smart wearables, smart glasses, AI PCs, and automotive electronics. In 2024, we successfully listed on the Shanghai Stock Exchange’s main board. With our globally leading capabilities in whole machine R&D and manufacturing as well as our green manufacturing system, we have won the trust and cooperation opportunities of many well-known brands at home and abroad. We continue to lead the intelligent hardware ODM track with our strong technical capabilities.

Solidifying Governance Foundations to Drive High-Quality Development

In 2024, we solidified our development foundation through modernized governance. By upgrading the Board of Directors’ Strategy and ESG Committee and improving the ESG management structure and functions, we further standardized our operations and continuously enhanced its governance level. We provided differentiated information security training to ensure full coverage of all employees and strengthened information security awareness. Meanwhile, using a dual materiality assessment method, we continuously improved our sustainable development practices to ensure compliance with the highest industry standards, providing institutionalized guarantees for high-quality development.

Practicing Green Commitments to Create a Low-Carbon Future

In 2024, we wrote a green chapter through technological innovation. In the planning of intelligent hardware manufacturing projects, we actively integrated green building technologies. The Huizhou Intelligent Hardware Manufacturing Project met the one-star green building design standard, practicing the environmental concept from the source. In terms of industrial intelligence and green control, Longcheer achieved remarkable results. We successfully built a 5G + Industrial Internet smart factory integration system, realizing the digital, networked, and green transformation of workshops, significantly improving production efficiency and energy utilization efficiency. Meanwhile, by building a smart energy cloud platform energy management center, we effectively reduced waste through real-time monitoring and intelligent control of energy consumption, further optimizing environmental benefits and empowering green manufacturing with technology.

Upholding Responsibility and Sharing Development Achievements

In 2024, we built a bond of trust based on quality. We always adhered to the core concept of “quality first, winning by quality.” With excellent product quality and high-quality services, we continuously improved customer satisfaction and won the trust and cooperation of global customers. In terms of employee care, the company continuously improved the production safety system, optimized employee training mechanisms and health management systems, and comprehensively created an efficient and harmonious working environment to safeguard the health and growth of employees. In building a responsible supply chain, we actively collaborated with suppliers to jointly create a responsible supply chain system, continuously promoted CSR audits, and ensured the sustainable development of the supply chain, setting a benchmark for the industry’s healthy development. Committed to “creating new value for society through technology,” Longcheer

actively fulfilled its social responsibilities. In the field of education support, the company donated over one million yuan to six universities, assisting in university research and talent cultivation. In environmental protection, we donated 10,000 saxaul trees to form an enterprise public welfare forest, contributing to the ecological restoration of decertified areas in the northwest. In rural revitalization, we donated book corners and launched live-streaming classes to broaden the horizons of rural children, supporting the improvement of educational quality and computer popularization in remote areas, striving to narrow the digital divide and promote balanced social development.

Looking ahead, Longcheer will continue to advance sustainable development, deepen our ESG strategy, optimize resource utilization, and reduce carbon emissions to provide greener and smarter products and services for our customers. We firmly believe that only by making comprehensive efforts in the fields of environment, society, and governance, and deeply integrating technological innovation with sustainable development, can we achieve long-term success. Longcheer is willing to join hands with global partners, with a simple and transparent cooperation culture and long-term strategic perseverance, to jointly explore new frontiers in intelligent technology and make innovative achievements benefit a better human life!



Chairman of Longcheer
Du Junhong

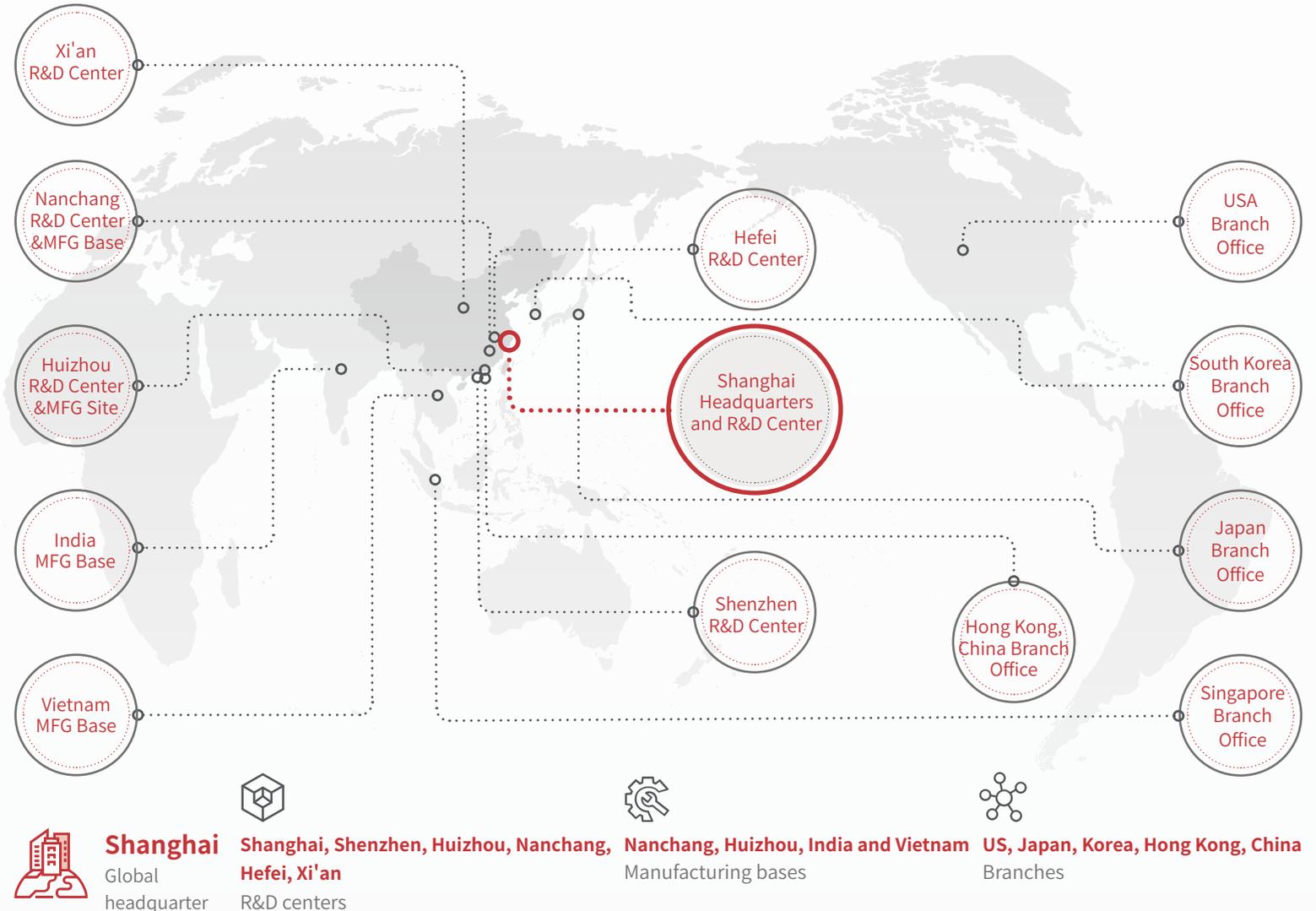
Our 2024

About Longcheer

Longcheer was founded in 2002 and is a technology company engaged in the research and development, design, and manufacturing of intelligent products and comprehensive services. With over 20 years of industry experience, Longcheer has grown into a global leading provider of intelligent products and services. We have established a portfolio covering smartphones, tablets, smartwatches/bracelets, AI PCs, automotive electronics, TWS earphones, and XR products. Our business spans multiple countries and regions, offering specialized comprehensive services to top global consumer electronics brands and leading technology companies.

Longcheer is headquartered in Shanghai and has five R&D centers located in Shanghai, Shenzhen, Huizhou, Nanchang, Hefei, Xi'an. We also have manufacturing centers in Huizhou, Nanchang, Vietnam, and India, enabling global product delivery capabilities. Additionally, Longcheer has established branches in the United States, South Korea, Japan, Hong Kong, China, and Singapore.

Looking forward, Longcheer will continue to focus on the intelligent product field, concentrate on technological and product innovation, and continuously improve our efficiency and competitiveness. By accelerating the intelligent transformation, Longcheer aims to build a globally leading intelligent product technology enterprise that is fully categorized, autonomously designed, and manufacturing-led. Longcheer is committed to providing high-quality services to top global customers and creating greater value for society.



Annual Operating Revenue

46,382.47 million CNY

Domestic Operating Revenue

30,693.02 million CNY

Overseas Operating Revenue

14,709.17 million CNY

Taxes and Fees Paid

406.99 million CNY

Net Profit Attributable to Ordinary Shareholders of the Company

501.13 million CNY

Cumulative Dividends Paid Since Listing

465.10 million CNY

Total Assets

26,345.61 million CNY

Our Vision

Be A Leading Smart Products Service Provider



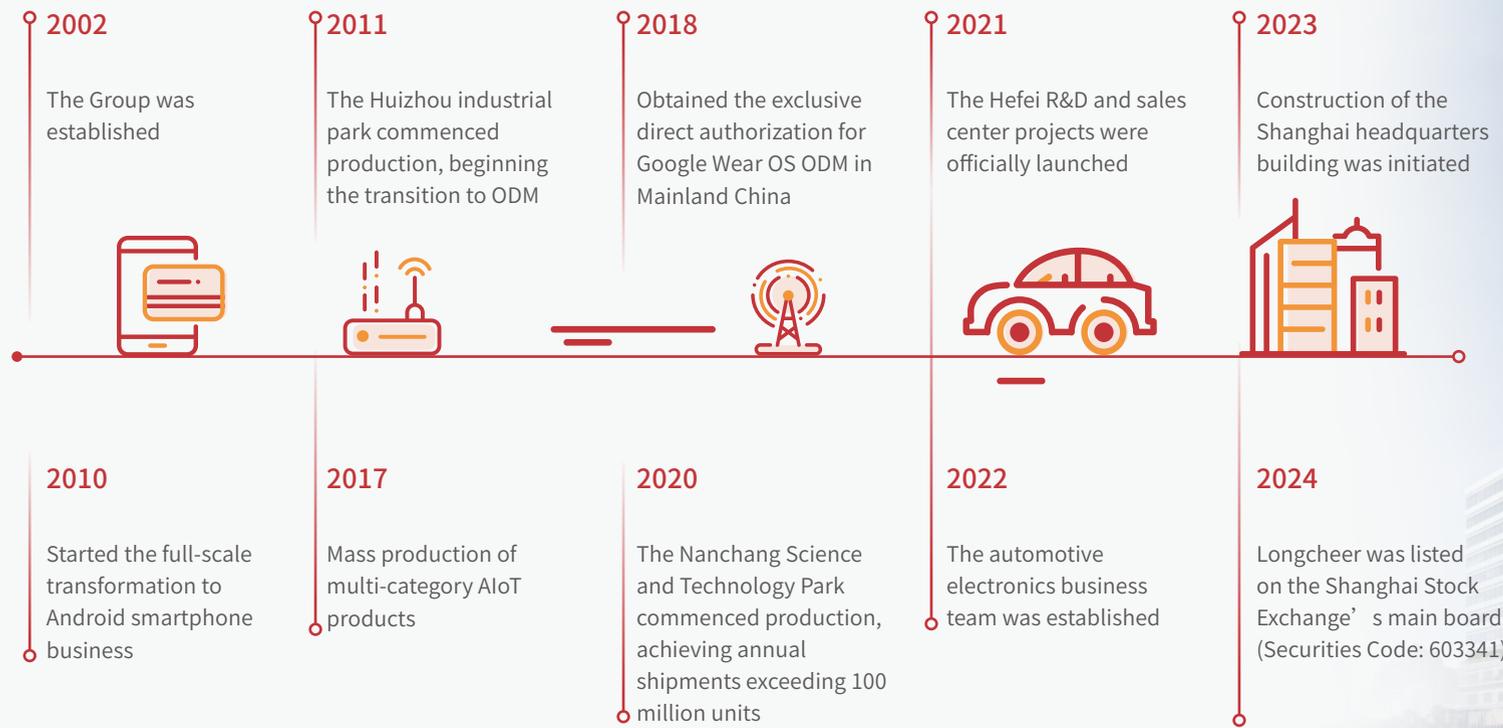
Our Mission

Create Values Through Technology

Our Core Values

Customer Centric
Inspiring Dedication
Long-term Driven

Chronicle of Company Development



Annual Performance and Progress

Governance: Integrity



Percentage of independent directors on the company's board:

33.33%

Coverage rate of business ethics training

74.24%

Number of significant information security breaches

0

Percentage of operational sites with ISO 27001 certification

100%

Environmental: Sustainability



Total greenhouse gas emissions from our operations

106,979.70 tCO₂e

Solar power generation

142.32 million kWh

Percentage of employees trained in environmental matters

100%

Compliance rate of pollutant emissions

100%

Percentage of waste recycled and reused

96%

Society: Sharing



Total number of employees globally

13,240

Public Welfare and Rural Revitalization Investment

535,600 CNY

Total training hours for all employees

336,238 hours

Number of new suppliers audited for CSR

117

Percentage of operational facilities with ISO 45001 certification

100%

Annual violation rate of suppliers against CSR red lines

0

External Recognition and Awards

“Outstanding Serviceability” Award

May 2024
Lenovo Group

Lenovo Quality Innovation Award

May 2024
Lenovo Group

Lenovo “Best Quality Award”

June 2024
Lenovo Group

2024 Fortune China 500

July 2024
Fortune

56th in the 2024 Top 100 Electronics Information Competitiveness Enterprises

July 2024
China Electronics Information Industry Association



6th in Shanghai Private Manufacturing Enterprises Top 100

16th in Shanghai Emerging Industry Enterprises Top 100

22nd in Shanghai Private Enterprises Top 100

22nd in Shanghai Manufacturing Top 100

65th in Shanghai Enterprises Top 100

September 2024
Shanghai Federation of Enterprises, Shanghai Entrepreneurs Association, Shanghai Economic Federation, and Jiefang Daily

OPPO "Outstanding" Project Quality Award

September 2024
OPPO

386th in China Manufacturing Enterprises Top 500

September 2024
China Enterprise Confederation, China Entrepreneurs Association

483rd in China Private Enterprises Top 500

October 2024
China Enterprise Confederation, China Entrepreneurs Association

323rd in China Manufacturing Private Enterprises Top 500

October 2024
China Enterprise Confederation, China Entrepreneurs Association

2024 China Private Enterprises Top 500

October 2024
All-China Federation of Industry and Commerce

2024 IPC China ESG Benchmark Enterprise

October 2024
2024 IPC China Electronics Manufacturing Conference

54th in 2024 Shanghai Software and Information Technology Services Top 100

November 2024
Shanghai Municipal Commission of Economy and Informatization

vivo Quality Excellence Award

December 2024
vivo

2024 Partner of the Year

December 2024
Xiaomi

Huizhou Factory Recognized as “National Green Factory”

January 2025
Ministry of Industry and Information Technology of China

ESG Strategy and Mechanism

ESG Governance

In 2024, to further standardize and strengthen the ESG governance process and organizational structure, the company upgraded the original Strategy Committee to the "Strategy and ESG Committee" and disclosed the *Implementation Rules of the Strategy and ESG Committee*. The committee comprises a three-dimensional management system of strategic, decision-making, and execution layers. This structure ensures the strategic advancement and forward-looking nature of ESG work while guaranteeing routine management and implementation at the execution level.



Longcheer 's ESG Governance Structure

Strategic Level

The Board of Directors, as the highest decision-making body of Longcheer's ESG governance system, is responsible for making strategic decisions on significant ESG initiatives, coordinating major resource allocations, and ensuring the high-quality achievement of the company's sustainable development goals.

The Strategy and ESG Committee, a specialized committee under the Board of Directors, is chaired by the company's Chairman. It oversees and evaluates the implementation of major ESG projects and reports to the Board of Directors.

Decision-Making Level

The ESG Executive Committee serves as the pivotal decision-making body within the ESG governance system. It is responsible for supervising and guiding ESG efforts in their respective areas and is accountable for the outcomes. Additionally, it provides support and allocates resources for company-wide ESG projects to ensure the achievement of goals.

The committee is convened by the company's General Manager, with senior managers from departments such as quality, human resources, manufacturing, procurement, and operations forming the membership of the ESG Executive Committee.

Execution Level

The ESG Office, as a permanent institution of the company, is responsible for leading and coordinating the implementation of ESG work at the execution level. It supervises and guides ESG projects led by various departments and is in charge of promoting company-wide ESG initiatives. Under the authorization of the ESG Executive Committee, the ESG Office coordinates internal resources to advance project implementation. The ESG Office regularly reports to the ESG Executive Committee and organizes meetings of the Board of Directors on ESG matters, the Strategy and ESG Committee, and the ESG Executive Committee to ensure the effective operation of the governance structure.

The ESG Implementation Working Group is composed of representatives from various functional systems and manufacturing bases, responsible for executing ESG work in their respective areas. For projects requiring cross-departmental collaboration, special topic working groups will be responsible, led by the ESG Office or the relevant leading department.

ESG Strategy

Longcheer committed to the mission of "Create Values Through Technology" and adhering to "Long-term Driven", has structured its ESG strategy framework around three core layers:

Core Layer

Longcheer is customer-centric and innovation-driven, providing leading solutions to customers. It ensures product stability and reliability through quality assurance and achieves co-growth with customers through rapid response and high-standard audits.

Middle Layer

Corporate Governance: Longcheer ensures upright business operations by establishing a governance and business ethics system that meets international first-class standards.

Society: Longcheer builds a globally satisfactory team, advances responsible procurement management, and acts as an exemplary corporate citizen to fulfill its mission of "Create Values Through Technology," sharing the fruits of scientific and technological advancements.

Environment: Longcheer actively addresses climate change, supports environmental sustainability through green products and operations, and contributes to creating a green and beautiful world.

Impact Layer

Through systematic, scientific, and standardized ESG efforts, Longcheer supports the achievement of 15 of the United Nations Sustainable Development Goals, contributing its corporate strength.



ESG Risk Management

Longcheer places a high emphasis on risk management and has established a comprehensive risk management system that covers modules such as R&D, human resources, marketing and market management, supply chain, finance, organizational change and process systems, and quality. Under the unified guidance of the company's overall risk management framework, each department regularly conducts risk identification, evaluation, and response based on its functional realities, forming a closed-loop risk management process.

Enhancing the Three Lines of Defense System

At the organizational level, Longcheer has established a comprehensive internal control and risk management system with three lines of defense, primarily framed by the Board of Directors, Audit Committee, Audit and Supervision Department, Internal Control Department, Process Management Department, and business management layers, to achieve full coverage and multi-level risk management.

- ▶ The first line of defense is composed of business management layers and process owners, which is the main responsible and executing unit for risk management and internal control, ensuring process compliance and accountability.
- ▶ The second line of defense is composed of the company's internal control department and process management department, which is responsible for managing high risks across processes and for promoting methodologies and empowering business units.
- ▶ The third line of defense is composed of the audit committee and audit and supervision department, which is the supervisory unit for the effectiveness of risk management and internal control, responsible for the independent assessment of risks and control outcomes.

For more information on the company's risk management, please refer to the section on "Strengthening Risk Management."

Enhancing the Integration of ESG Risk Management

Longcheer has deeply integrated ESG risk management into its overall risk management process. In terms of management structure, we have established a Strategy and ESG Committee led by the board of directors. Based on industry characteristics, our development stage, customer requirements, and global relevant policies (such as CSRD, CSRD, IFRS, etc.), it has clarified ESG-related goals and promoted cross-departmental collaboration through the ESG implementation team. Next, the company will explore a mechanism for linking ESG indicators with the performance assessment of management and all employees.

In terms of risk identification and assessment, we regularly use tools such as the SASB matrix and scenario analysis to comprehensively identify risks across the entire value chain, such as human rights in the supply chain and changes in climate policies. It classifies these risks based on their probability and impact, prioritizing those with high probability and high potential loss, such as reputation crises or environmental penalties. Concurrently, we have developed corresponding management policies and tools, established specialized systems (such as climate change policies and supplier codes of conduct), and implemented digital monitoring systems. It has also embedded ESG requirements into business processes such as procurement and production. For example, it uses supplier ESG scoring or due diligence in investment and financing to achieve preemptive risk control.

Currently, this risk identification mechanism has been organically integrated with our relevant processes and has established a dynamic monitoring and optimization mechanism at the business level. Through regular internal ESG reporting, regular disclosure of ESG reports, and acceptance of customer responsibility audits, we have formed a closed-loop management of "governance—assessment—execution—monitoring."

Indicators and Targets

Area	Goals	2024 Indicators and Progress
 <p>Environment</p>	<ul style="list-style-type: none"> ■ The Company aims to reduce greenhouse gas emission intensity by at least 3% annually, using 2023 as the base year ■ The recycling rate of general solid waste is maintained at 90% (±3%) ■ Using 2023 as the base year, the Company sets a water-saving target to reduce water consumption by 3% m³/ten thousand units annually for the next five years 	<ul style="list-style-type: none"> ■ In 2024, the Company's greenhouse gas emission intensity was reduced by 23.51% ■ In 2024, the proportion of recycled and reused waste reached 96% ■ In 2024, the total water consumption decreased by 17% year-on-year
 <p>Social</p>	<ul style="list-style-type: none"> ■ The one-time pass rate for customer information security and yellow zone audits should be no less than 95% ■ Complete the ISO 45001 system certification ■ 100% completion of the annual supplier CSR audit plan 	<ul style="list-style-type: none"> ■ In 2024, the one-time pass rate for customer information security and yellow zone audits was 100% ■ In 2024, the Company completed the ISO 45001 system certification ■ In 2024, the Completion rate of the supplier CSR audit plan was 100%
 <p>Corporate Governance</p>	<ul style="list-style-type: none"> ■ Ensure that information security awareness training covers 100% of all employees throughout the year ■ Ensure that the signing rate of confidentiality agreements reaches 100% ■ Ensure that no significant information security incidents occur throughout the year 	<ul style="list-style-type: none"> ■ In 2024, information security awareness training covered 100% of all employees ■ In 2024, the signing rate of confidentiality agreements reached 100% ■ No significant information security incidents occurred throughout the year

Double Materiality Analysis

Double Materiality Assessment identifies ESG issues closely related to business development by analyzing the impact of various topics on the company’s financial performance and their broader social and environmental impacts. This helps enterprises focus on core ESG work, efficiently address new types of risks in the ESG domain, enhance their long-term value creation capabilities, and thus promote high-quality development.

In 2024, Longcheer established a Double Materiality Analysis framework and completed the relevant analysis in accordance with the process requirements of stock exchanges and other international authoritative standards.

Double Materiality Analysis Framework

Longcheer has developed a “four-step method” for materiality analysis, covering identification, list building, assessment, and integration into management. This ensures that the analysis of material issues not only meets the information disclosure requirements of stock exchanges but also deeply integrates with business operations, achieving management promotion through disclosure and driving the company’s high-quality and sustainable development.



Longcheer Double Materiality Analysis Process

In 2024, we conducted online surveys for internal and external stakeholders and distributed Double Materiality Assessment questionnaires. Ultimately, a total of 461 valid questionnaires were collected, including 394 from internal stakeholders and 67 from external stakeholders. Based on these survey results, we assigned values to the question options and used the weighted average method for calculation and organization to form the Materiality Matrix. This completed the 2024 Double Materiality Analysis.

Double Materiality Matrix

The Longcheer Strategy and ESG Committee comprehensively reviewed and confirmed the Materiality Matrix for this year. For the identified material issues, the responsible departments carried out systematic management from multiple dimensions and extended the management scope from our internal operations to the entire value chain to ensure comprehensive coverage of relevant areas.

- In terms of information disclosure, we focus on the annual management measures and achievement of the priority issues, ensuring the transparency and relevance of the information.
- In terms of operational implementation, we rely on its sound internal control system and risk management mechanism to fully implement management measures, providing strong support for the realization of sustainable development goals.

Social Issues

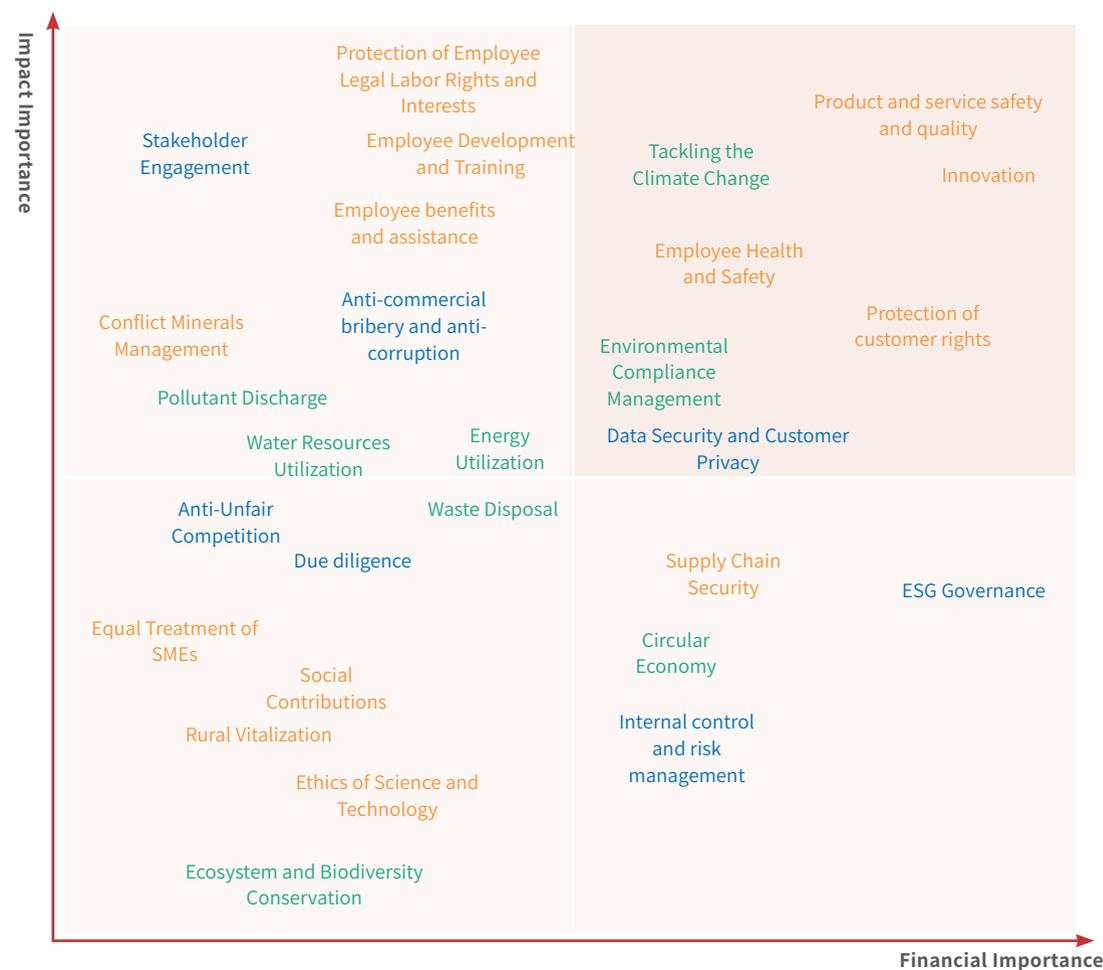
- Innovation
- Ethics of Science and Technology
- Product and service safety and quality
- Protection of customer rights
- Protection of Employee Legal Labor Rights and Interests
- Employee benefits and assistance
- Employee Development and Training
- Employee Health and Safety
- Supply Chain Security
- Conflict Minerals Management
- Equal Treatment of SMEs
- Social Contributions
- Rural Vitalization

Environmental Issues

- Tackling the Climate Change
- Energy Utilization
- Pollutant Discharge
- Waste Disposal
- Circular Economy
- Water Resources Utilization
- Environmental Compliance Management
- Ecosystem and Biodiversity Conservation

Governance Issues

- ESG Governance
- Due diligence
- Stakeholder Engagement
- Anti-commercial bribery and anti-corruption
- Anti-Unfair Competition
- Internal control and risk management
- Data Security and Customer Privacy



Longcheer 2024 Double Materiality Matrix

Stakeholder Communication and Engagement

Longcheer values the concerns and needs of stakeholders, maintaining comprehensive and sincere communication with them through various means to address their concerns.

Stakeholder Group	 Shareholders	 Capital Markets	 Customers	 Employees	 Suppliers	 Community	 Social Organizations
Representatives	<ul style="list-style-type: none"> Investors 	<ul style="list-style-type: none"> Stock exchanges, regulatory bodies (e.g., CSRC) Potential investors ESG rating agencies 	<ul style="list-style-type: none"> Operators Brand customers 	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> All company suppliers 	<ul style="list-style-type: none"> Designated assistance areas 	<ul style="list-style-type: none"> Universities and research institutions Media NGO Industry associations
Concerns	<ul style="list-style-type: none"> Company business and fundamentals Long-term development plans, financial performance, ESG performance Corporate governance, and risk management Investor communication and interaction 	<ul style="list-style-type: none"> Compliance with laws and regulations Focus on ESG risk management Stable and healthy investment returns 	<ul style="list-style-type: none"> High-quality product performance Information security and privacy protection Green product standards Timely and efficient customer service Overall ESG performance 	<ul style="list-style-type: none"> Salary and benefits Capacity building Transparent career development pathways Stable company growth Workplace health and safety 	<ul style="list-style-type: none"> Fair and transparent selection procedures Stable financial performance and payment policies Long-term stable cooperation Fair, just, and open procurement environment 	<ul style="list-style-type: none"> Contribution to community development Sharing of company development achievements 	<ul style="list-style-type: none"> Good cooperative relationships Timely sharing of company experiences and practices Transparent information communication Industry co-development
Communication and Engagement Methods	<ul style="list-style-type: none"> Regular information disclosure Shareholders' meetings Investor research Communication via phone and email SSE e-interactive platform 	<ul style="list-style-type: none"> Regular information disclosure Investor relations records ESG ratings 	<ul style="list-style-type: none"> Pre-sales communication After-sales service Regular communication (e.g., customer visits) High-quality trade shows Third-party training Customer Audit 	<ul style="list-style-type: none"> Online communication platforms Employee complaint hotlines Employee shared service centers Joint debugging centers HR service public email 	<ul style="list-style-type: none"> Supplier training On-site audits and communication Regular visits 	<ul style="list-style-type: none"> Public welfare activities 	<ul style="list-style-type: none"> Regular communication and feedback Project cooperation Public channels (e.g., websites, official social media accounts)

Governance: Integrity

Supporting the United Nations Sustainable Development Goals



Longcheer deeply understands that excellent corporate governance is the cornerstone of sustainable development for enterprises and the key to winning investor trust and realizing long-term value creation. We continuously improve our governance structure, strengthen internal controls, and enhance transparency, striving to build a globally-oriented technology company with standardized governance, efficient operations, and trustworthiness.

Our Goals

- Information security awareness training covers 100% of all employees throughout the year
- The signing rate of confidentiality agreements reaches 100%
- No significant information security incidents occur throughout the year

Our Progress

- The company organized a total of 3 shareholders' meetings, 5 board of directors' meetings, and 5 board of supervisors' meetings throughout the year

The board of directors approved the formal renaming of the "Strategy Committee" to the "Strategy and ESG Committee," continuing to advance ESG governance

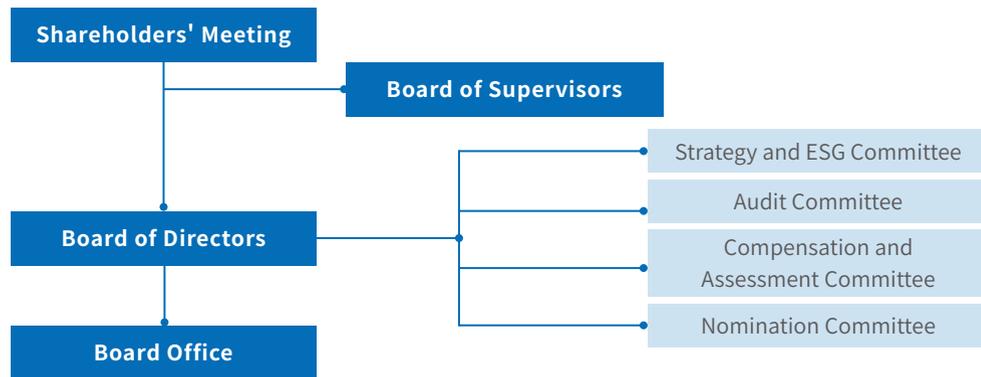
- Employees have a deep understanding of and comply with the *Longcheer Employee Code of Business Conduct* and the *Integrity and Self-Discipline Commitment Letter*, with a signing rate of 100% in 2024
- The company passed the version upgrade audit of the ISO 27001 Information Security Management System, with no privacy leakage incidents occurring throughout the year

Strengthening Corporate Governance

» Compliant Operations of the Three Key Bodies

Longcheer strictly adheres to the requirements of laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Corporate Governance Guidelines for Listed Companies*, and the *Stock Listing Rules of the Shanghai Stock Exchange*. The company has formulated the Code of Conduct for Directors, Supervisors, and Senior Management, clarifying the responsibilities and rights and obligations of shareholders, directors, supervisors, and senior management. It has also improved the deliberation systems of the board of directors, the board of supervisors, and the senior management, forming a scientifically effective division of responsibilities and a system of checks and balances.

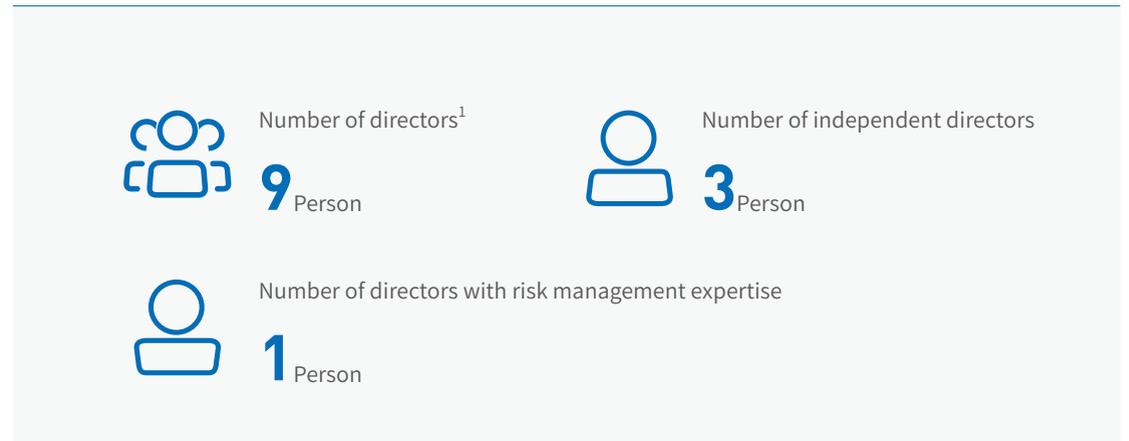
The company's board of directors has established four committees: the Strategy and ESG Committee, the Audit Committee, the Compensation and Assessment Committee, and the Nomination Committee. Each committee performs its duties and collectively plays a role in decision-making and supervision, ensuring the stable operation of the company's governance.



Longcheer's Corporate Governance Structure

Board Members and Performance

In the selection of board members, supervisors, and independent directors, Longcheer strictly evaluates candidates from multiple dimensions, including professional background, education, professional titles, work experience, and concurrent positions, to ensure that members possess the professional capabilities required for effective performance. For independent directors, candidates must have a grasp of the basic knowledge of the operations of listed companies, be familiar with relevant laws and regulations, and have at least five years of work experience in fields such as law, economics, finance, or management. They must also hold a qualification certificate for independent directors to ensure their ability to effectively fulfill their independent oversight and decision-making responsibilities.



¹Longcheer adjusted the number of its board members to seven on February 17, 2025. However, as the board reshuffle occurred after the reporting period end, the number of directors stated in the main body of the report remains nine, with additional clarification provided in the notes.

Board Training and Empowerment

In 2024, the company's directors, supervisors, and senior management actively participated in several specialized training sessions focusing on key areas such as performance standards, compliance governance, and regulatory policies. By attending courses on post-listing compliance governance, interpretation of the independent director system reform, and policies on punishing financial fraud and M&A restructuring practices, the team of directors, supervisors, and senior management further enhanced their performance capabilities, compliance awareness, and understanding of the latest regulatory dynamics in the capital market, laying a solid foundation for the continuous optimization of our governance level.

Key Performance Highlights

- ▶ In 2024, we organized a total of **3** shareholders' meetings, **5** board of directors' meetings, and **5** board of supervisors' meetings. The shareholders' meetings, board of directors' meetings, and board of supervisors' meetings respectively approved **17**, **40**, and **24** resolutions, with all operations conducted in accordance with laws and regulations.
- ▶ Among them, the 13th meeting of the company's third board of directors reviewed and approved relevant resolutions, approving the formal renaming of the board's "Strategy Committee" to the "Strategy and ESG Committee," continuing to advance ESG governance

» Protecting Shareholder Rights

Longcheer is committed to building a fair and transparent corporate governance structure to ensure that all shareholders, especially small and medium-sized shareholders, can fully exercise their rights and enjoy equal status. In accordance with our Articles of Association, we disclose the notice and materials for the shareholders' meeting in advance, detailing the agenda, time, and location of the meeting. Shareholders (or their proxies) can exercise their voting rights based on their shareholdings, ensuring that the voice of each shareholder is fully expressed. We also provide convenience for shareholders, encouraging small and medium-sized shareholders to actively participate and ensuring that their opinions are fully considered in the decision-making process.

In addition, we have formulated the *Code of Conduct for Directors, Supervisors, and Senior Management*, which explicitly requires directors, supervisors, and senior management to adhere to the principles of good faith and loyalty, and to serve the interests of the company and all shareholders with diligence. They are required to avoid conflicts of interest with the company and shareholders. If conflicts are unavoidable, the interests of the company and all shareholders must take precedence, ensuring that their actions do not harm the legitimate rights and interests of investors, especially small and medium-sized investors.

» Building Tax Transparency

Tax Management Structure and Processes

Longcheer has established a Tax Department under the Finance System, responsible for group tax compliance and consulting. The main responsibilities include reviewing group tax declarations to enhance accuracy, conducting tax statistics to support information disclosure, researching tax policies and organizing training to enjoy preferential policies and improve employee capabilities, formulating and implementing the group's transfer pricing policy, and studying changes in international tax policies and their impact on the company.

Our tax management process is part of the "IFS Integrated Finance Services" process, which includes five sub-modules: managing tax operations, managing tax planning, managing related-party transactions, managing tax compliance, and managing tax risks.

During the reporting period, we updated our tax management processes and operation manuals more than five times in accordance with the latest tax regulations, covering the management of declarations and business planning for various taxes, to optimize processes and enhance effectiveness.

Tax Control and Risk Management

Longcheer strictly follows the CT Compliance Testing and PR Proactive Review mechanisms in the Management Process Operations to conduct comprehensive inspections and process operations for tax management, ensuring the effectiveness of internal control mechanisms and the compliance of procedures. In 2024, we conducted tax health checks for core subsidiaries, summarized the content of external tax inspections, and carried out risk screenings within core subsidiaries to reduce potential tax risks.

For overseas tax management, Longcheer in accordance with the *Longcheer Group Overseas Tax Management System*, centrally manages the tax compliance work of overseas subsidiaries to ensure efficient and compliant operations under the guidance of the group headquarters. Additionally, we continuously monitor policy dynamics regarding the global minimum tax in the countries where overseas subsidiaries are located and promptly completes compliance declarations in accordance with local regulations to respond to changes in the international tax environment.



Tax Personnel and Department Training

In 2024, Longcheer Finance Academy continued to offer high-quality tax training courses, dedicated to enhancing participants' tax compliance awareness and improving their tax management capabilities. The course content focused on the interpretation of the latest tax regulations and policies, tax risk management, compliance requirements, tax planning strategies, and international tax hot topics. Through rich case analysis, special lectures, and practical exercises, participants were able to gain an in-depth understanding of the latest developments in the tax environment and effectively enhance their ability to handle complex tax issues in actual business operations.

Enhancing Tax Compliance

Participants were able to complete tax declarations and tax management work more accurately and efficiently, effectively reducing the company's risk of non-compliance.

Strengthening Professional Capabilities

Participants' tax knowledge and practical skills were significantly improved, helping the company to cultivate a high-level tax management team.

Rapid Response to Policy Changes

Timely grasp and adaptation to the latest dynamics in tax policies, ensuring that the company maintains a competitive edge in the field of tax compliance.

Key Performance Highlights

- ▶ The Company has been rated as an **A-level** taxpayer in terms of tax credit for several consecutive years.



Advancing Compliance Construction

Compliance is the cornerstone for a company to maintain stable and long-term development and is an essential requirement for Longcheer to achieve high-quality development. We place great emphasis on the company's compliant operations, integrating the concept of compliance into the corporate DNA, and are committed to building a compliance management system that covers all businesses and processes, safeguarding the company's continuous and healthy development.

» Strengthening Risk Management

Risk Management System and Framework

By establishing a comprehensive internal control organizational system, we have gradually formed a multi-layered and all-round risk prevention and control mechanism. This mechanism takes business departments and related functional departments as the first line of defense, and internal control, financial control, quality control, compliance control, etc., as the second line of defense. The Audit Committee and the Audit and Supervision Department serve as the third line of defense, ensuring the comprehensiveness and effectiveness of risk prevention and control.

First Line of Defense



Business Management Layer/Process Owners

As the first line of defense in risk prevention and control, the business management level and process owners are responsible for addressing 95% of daily operational issues, ensuring the strict enforcement of processes and the implementation of process accountability.

- **Process Compliance:** Ensure that business processes meet company policies and external regulatory requirements
- **Problem Resolution:** Timely identify and resolve issues in business operations to prevent risks from escalating
- **Accountability Implementation:** Clarify process responsibilities to ensure clear duties and effective execution at each stage

Second Line of Defense



Internal Control Department/Process Management Department

The second line of defense, composed of the Internal Control Department and the Process Management Department, is mainly responsible for the coordinated management of high-risk matters across processes and domains. It also promotes risk management methodologies and empowers business departments.

- **High-Risk Management:** Identify, assess, and manage high-risk areas across departments and processes
- **Methodology Promotion:** Develop and disseminate best practices and methodologies for risk management to enhance overall risk prevention capabilities
- **Empowerment and Support:** Provide business departments with risk management training, tools, and support to strengthen their awareness and capabilities in risk prevention

Third Line of Defense



Audit Committee/ Audit and Supervision Department

The third line of defense, consisting of the Audit Committee and the Audit and Supervision Department, conducts independent audits and investigations to objectively evaluate the effectiveness of risk prevention and control. It also creates a "deterrent effect" on violations.

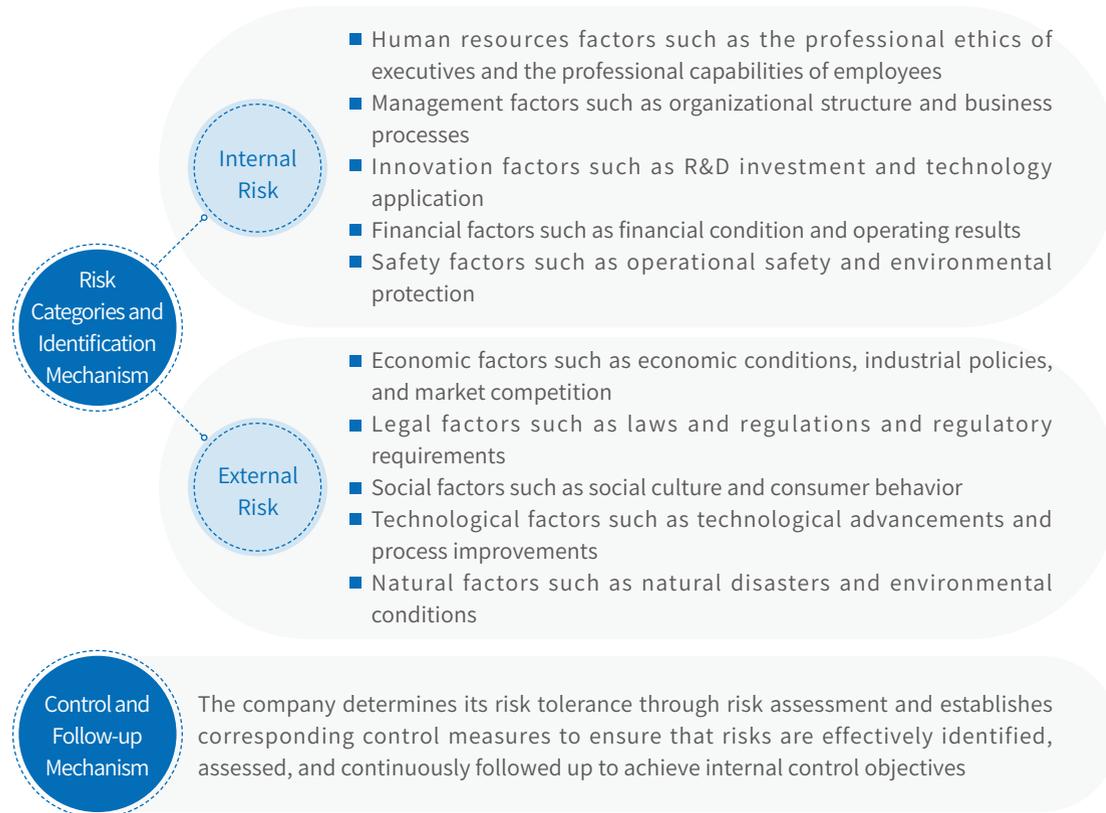
- **Independent Assessment:** Conduct independent audits and assessments of the effectiveness of internal controls and risk management outcomes
- **Risk Disclosure:** Identify and reveal potential significant risks and management loopholes
- **Deterrent Effect:** Through audit investigations and accountability mechanisms, deter violations and ensure the seriousness and standardization of corporate governance

Longcheer's Three Lines of Defense in Risk Management

Through the collaborative operation of these three lines of defense, we have achieved full coverage in risk prevention and control. This not only ensures the efficient operation of daily business but also effectively reduces the likelihood of significant risks occurring, providing a solid guarantee of the company's stable development.

» Risk Identification, Analysis, and Response

In terms of risk identification, we have established a comprehensive mechanism for risk identification, control, and follow-up through the *Internal Control Manual*, with a focus on the identification and management of both internal and external risks.



Longcheer's Risk Identification and Control Mechanism

In terms of risk analysis, we employ a combination of qualitative and quantitative methods. Risks are prioritized based on factors such as the likelihood of occurrence, severity of impact, speed of impact, and persistence. This prioritization helps identify which risks require close attention and immediate control. Qualitative methods, which include surveys and expert consultations, are suitable for initial risk assessments, low-impact risks, and situations where data is limited. Quantitative methods, which involve statistical inference and computer simulations, are appropriate for analyzing financial and market risks. The risk analysis process involves professionals to establish an effective risk assessment mechanism.

Regarding risk response, we develop strategies based on the results of risk analysis and its risk tolerance. These strategies include risk avoidance, risk reduction, risk sharing, and risk acceptance. We use a mix of these strategies and adjust them in a timely manner according to its development stage and business expansion to achieve effective risk control. Additionally, we analyze the risk preferences of executives and key employees and take appropriate measures to avoid operational risks that may arise from individual preferences.

In 2024, we gradually refined our risk assessment mechanism, integrating risk management into every aspect of business operations. This integration has led to the formation of a comprehensive risk management system that includes "prevention before the fact, control during the fact, and evaluation after the fact," ensuring the systematic and effective nature of risk management.

Key Performance Highlights

- ▶ In 2024, our internal control assessment identified **109** new internal control deficiencies and carried over **26** unaddressed deficiencies from 2023. A total of **98** deficiencies have been rectified and closed, achieving a closure rate of **73%**.
- ▶ Through the inspection of the risk management process, we identified and resolved a series of potential risks involving asset management, compliance, and supply chain management. The relevant business departments have conducted a comprehensive review and rectification, effectively recovering losses amounting to **8.43** million yuan.

» Building an Integrity Ecosystem

Integrity Systems and Organizational Structure

Longcheer has established a comprehensive anti-corruption and anti-bribery organizational structure to ensure full coverage and efficient operation in the fight against graft and bribery. The Audit and Supervision Department reports directly to the Audit Committee and is responsible for comprehensive auditing and supervisory work, including preventive measures, in-process control, project auditing, fraud investigation, post-incident investigation, and exit auditing. The Process and IT System department provides technical support and coordination for the day-to-day operations of the Audit and Supervision Department to ensure the effective implementation of anti-corruption and anti-bribery measures.

We have established a robust management system, including regulations such as the *Longcheer Employee Code of Business Conduct*, *Business Red Line Management Regulations*, *Business Violation Accountability Guidelines*, *Economic Accountability Business Guidelines*, *Gift Management System*, *Confidentiality Management System*, and *Whistleblowing Management System*. In 2024, we introduced new policies and regulations, including the *Longcheer Whistleblowing and Whistleblower Protection Policy*, *Longcheer Anti-Corruption Policy*, *Longcheer Code of Business Ethics*, and *Longcheer Integrity and Clean Business Cooperation Agreement*, further strengthening compliance management. Among these, the *Longcheer Code of Business Ethics* covers corruption and bribery, discrimination, information confidentiality, conflicts of interest, anti-monopoly/anti-competitive behavior, money laundering and/or insider trading, environment, health and safety, and whistleblowing, providing comprehensive behavioral norms and risk prevention guidance for the company.

Integrity Risk Assessment and Control

Longcheer has developed a risk map by summarizing corruption cases to identify and manage potential risks across various business systems. We conduct annual cycles of risk control and internal audit assessments to ensure continuous improvement.

The case risk map is a tool used by the company to systematically identify and manage potential risks in different business systems, including the procurement system, quality system, R&D system, human resources system, manufacturing system, process IT system, and finance system.

Through this risk map, Longcheer is able to comprehensively identify and monitor potential risks in each business link, ensuring effective integrity risk management and internal control. For example, in the procurement system, it covers bidding and tendering, supplier onboarding and management, and purchase orders; in the quality system, it includes daily cooperation quality monitoring and abnormality handling and judgment; in the R&D system, it involves technical changes and sample approval; in the human resources system, it includes internal referrals and labor dispatch; in the manufacturing system, it addresses theft, scrap handling, and embezzlement; and in the process IT system, it tackles tampering with attendance data.



Whistleblowing and Protection of Whistleblowers

In 2024, we introduced the *Longcheer Whistleblowing and Whistleblower Protection Policy* to provide regulatory norms for whistleblowing and the protection of whistleblowers, fully safeguarding the basic rights and interests of whistleblowers.

Whistleblowing Process and Handling Mechanism

Upon receiving a report, the Audit and Supervision Department will arrange for a supervisor to contact and communicate with the whistleblower within twenty-four hours to confirm the violation or illegal act. Once confirmed, the case will be accepted for investigation and recorded in the *Audit and Supervision Department Case Acceptance Register*. After acceptance, the supervisor will initiate the investigation and evidence collection within three working days. During the investigation and evidence collection, employees with conflicts of interest or potential conflicts of interest with the subject under investigation should not be involved in the investigation activities.

During the investigation and verification period, the Audit and Supervision Department has the authority to require the subject under investigation or relevant departments to cooperate with the investigation. The relevant personnel or departments should actively cooperate and provide truthful statements and defenses. If the subject under investigation does not cooperate with the investigation and it is inappropriate for them to continue exercising their duties, the Audit and Supervision Department may make a decision to suspend the subject from their position to cooperate with the investigation and will notify the subject in writing with the *Notice of Suspension for Supervisory Investigation*.

Supervisors must conduct audio recording during the investigation (in an independent and enclosed environment) and collect and retain all original evidence, including statements, documentary evidence, physical evidence, audio-visual materials, electronic evidence, witness testimonies, etc.

The whistleblower should adhere to the principle of being truthful and factual, being responsible for the authenticity of the reported violations or suspected illegal acts and should not fabricate facts for malicious reporting. They should also cooperate with the investigators to clarify the facts. If it is found that the report is false and constitutes malicious reporting, the Audit and Supervision Department reserves the right to act against the malicious reporter.

Whistleblowing Process and Handling Mechanism

The whistleblower may choose not to disclose their real name and use a self-assigned alias instead of their identity to communicate with the Audit and Supervision Department to understand the investigation results and reward status.

The handling of whistleblowing cases follows a conflict-of-interest avoidance system. If the investigator handling the whistleblowing case has a conflict of interest with the whistleblowing matter or the person being reported, they should recuse themselves.

All personnel who meet or participate in the handling of whistleblowing cases must strictly keep the information of the whistleblower and the details of the investigation confidential. Except for the direct supervisor of the investigator, no one should inquire about or ask about the relevant situation.

Whistleblowing Channels

Reporting Methods: Whistleblowers can report to the Audit and Supervision Department through formal documents, letters, faxes, face-to-face talks, phone calls, emails, or other means, either personally or by entrusting others.

Integrity Supervision Email

audit@longcheer.com

Integrity Supervision Hotline

16621125566

Integrity Culture Building and Promotion

Longcheer strengthens compliance awareness through various means, ensuring that employees fully understand and comply with the *Longcheer Employee Code of Business Conduct* and the *Integrity and Self-Discipline Commitment Letter*, with a 100% signing rate in 2024. Employees who violate the code will face penalties such as termination of employment contracts, legal liability, or inclusion in the blacklist of the Sunshine Integrity Alliance. The company actively participates in the *Shixi Knowledge* learning program promoted by customers, with 109 people activated in 2024. Additionally, the *One-Minute Popularization of Law Course* on Longcheer e-Flag Learning was completed and passed by 4,329 people in 2024, with a 100% pass rate.

In 2024, the company launched the "Integrity and Harmony" voluntary declaration campaign for the first time, combining the *One-Minute Popularization of Law Course*, integrity poster promotion, new employee onboarding training, and e-Flag Learning integrity courses to encourage all employees to participate in anti-corruption activities. These measures significantly enhanced employees' awareness of integrity, with the number of reports increasing by about 35.29% in 2024 compared to 2023, demonstrating the company's positive results in anti-corruption efforts.

In 2024, the signing rate for both the Business Conduct Code and the Integrity Compliance Pledge reached

100%

The One-Minute Legal Education Program in 2024 had

4,329 participants studied

and passed the exam

With a pass rate of

100%

» Promoting Fair Competition

Longcheer strictly follows relevant laws and regulations, including the *Anti-Unfair Competition Law of the People's Republic of China*, international *Antitrust Law*, *EU Competition Law*, and the *Anti-Monopoly Law of the People's Republic of China*, to ensure the legality and compliance of business operations. We firmly eliminate any unfair competition and monopolistic practices and actively maintain market order and a fair competitive environment. We commit to strictly adhering to the principles of fair competition in all business activities, eliminating any form of monopolistic or unfair competitive behavior, and encouraging, supporting, and protecting the supervision of such actions by organizations and individuals.

To enhance employees' understanding of fair competition and anti-monopoly, we systematically popularize relevant knowledge through various forms, such as new employee onboarding training and continuous education for current employees, ensuring that every employee understands and practices the company's compliance commitment.

In 2024, we were not involved in any legal litigation related to monopolistic or unfair competitive practices.

Strengthening Information Security

» Information Security Governance

Longcheer adheres to the information security policy of “active prevention, timely detection, rapid response, and ensuring security,” and is committed to building a comprehensive information security management system.

Information Security Management Committee: Headed by the General Manager, with the Process and IT System head serving as the Chief Information Security Officer, and members including the heads of Process and IT, Human Resources, Manufacturing, Procurement, Marketing, Quality, Business Units, Legal Affairs, and Information Security Technology Experts. The committee is responsible for the overall planning, implementation, supervision, and improvement of our information security management system.



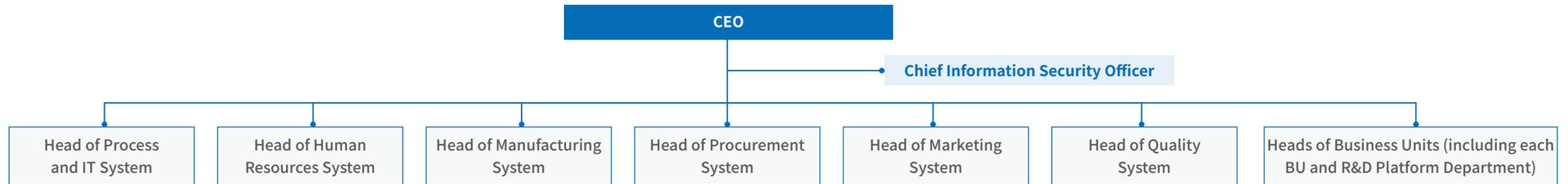
Chief Information Security Officer: Responsible for organizing the daily work of the Information Security Management Committee to ensure the effective operation of the information security management system.



Information Security Officers: Responsible for collecting and summarizing changes in information value, vulnerability levels, and threat levels, participating in special meetings on information risk assessment and management, completing information security risk assessment and treatment within their departments, cooperating with information security audit work, and managing information assets.



Information Security Management Team: Organizes special meetings on information risk assessment and management, tracks the implementation of high-risk control measures, assists in evaluating the effectiveness of risk control measures with the assessment department, compiles the results of risk assessment into the Risk Assessment Report, and reports to the Management Committee.



Longcheer Information Security Management Committee

» Security Risk Prevention and Control

Longcheer has officially released a series of information security regulations, including the *Longcheer Employee Information Security Guidelines*, *Risk Assessment Management Standards*, and *Personal Information Protection Management Standards*. These regulations clarify the responsibilities and obligations of employees, information security officers, and department heads in information security. They also stipulate the reward mechanisms for information security and the penalties for violations, aiming to effectively control information security risks in all aspects.

In terms of risk assessment and management, we hold at least one special meeting on risk assessment and management each year. The meeting is initiated by the Information Security Management Team and involves information security officers from various departments and other designated personnel. The meeting adopts a risk assessment methodology based on information and its carriers, considering multiple factors such as information value, inherent vulnerabilities, and external threats to calculate risk thresholds. This process determines the acceptable level of risk and identifies and selects corresponding security control measures.

For risk treatment, we have developed specific treatment plans in the Risk Treatment Plan for risks, vulnerabilities, and threats corresponding to "medium and high risks". The methods of risk treatment include risk reduction, risk transfer, risk avoidance, and risk acceptance. If there are residual risks above the acceptable standard, they can be temporarily accepted with the approval of the Chief Information Security Officer. Meanwhile, we actively track the development of relevant technologies and products. In 2024, it conducted penetration tests on four core business systems: MES, QMS, WMS, and SRM, to quickly adopt new technologies or methods to effectively reduce risks.

In addition, we have established smooth feedback channels for information security, actively encouraging employees to consult and providing feedback on information security issues. It offers convenient feedback methods to ensure that information security issues can be handled and resolved in a timely manner.

» Empowering Safety Improvement

Longcheer places great emphasis on information security training and conducts related activities in a multidimensional and comprehensive manner.

- ① For new employees, the coverage rate of information security training reaches 100% to ensure that every new member can establish the correct awareness of information security from the very beginning of their employment.
- ② In the project initiation phase, employees are required to participate in systematic online training programs to lay a solid foundation for the secure advancement of projects.
- ③ During the annual information security month training, the company incorporates content on information security and privacy protection. A total of 4,517 employees from the main business and 3,029 from manufacturing participated in the training. Through diverse training formats, the company ensures that employees have the necessary awareness and skills for information security, thereby fortifying the company's information security defenses.

In 2024, we continued to pass the version upgrade audit of the ISO 27001:2022 Information Security Management System. There were no privacy leakage incidents throughout the year, demonstrating the effective operation of the information security management system.

Environmental: Sustainability

Supporting the United Nations Sustainable Development Goals



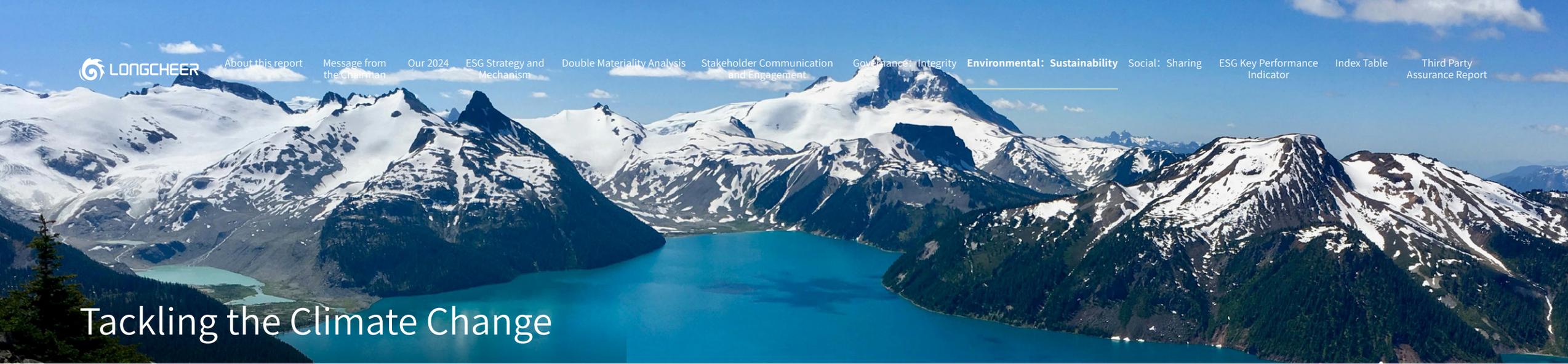
Climate change is a severe challenge faced by all of humanity. Longcheer has always actively participated in global climate governance, viewing the response to climate change as an intrinsic requirement for achieving sustainable development and a responsibility in promoting the building of a community with a shared future for mankind.

Our Goals

- The recycling rate of the company's general solid waste is stable at 90% ($\pm 3\%$)
- The company uses 2023 as the base year, aiming to reduce greenhouse gas emission intensity by at least 3% annually
- The company sets a water-saving target for the next five years based on 2023, aiming to reduce water consumption by 3% m³/ten thousand units annually

Our Progress

- Annual solar power generation: 1.4232 million kWh
- The company has obtained ISO 14001 Environmental Management System certification with a coverage rate of 100%
- Huizhou and Nanchang factories have completed ISO 50001 Energy Management System certification
- The company's compliance rate for pollutant emissions is 100%, with no incidents of non-compliant pollutant discharges

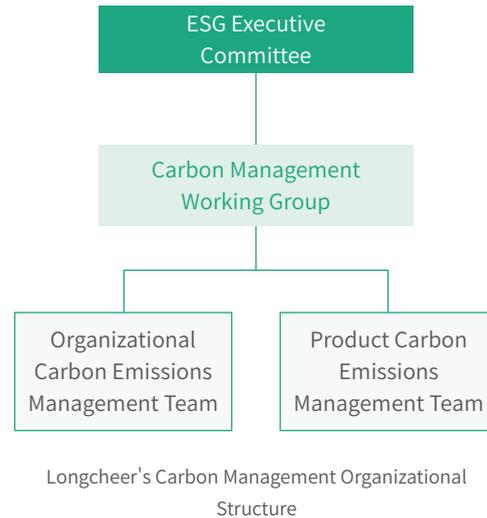


Tackling the Climate Change

» Governance

Longcheer manages climate change-related matters through the establishment of an ESG governance framework and management procedures. At the senior management level, we have developed processes and mechanisms for climate-related risk management, clarifying the responsibilities of the management team in assessing and managing climate risks, thereby strengthening climate change management. The Board of Directors treats climate-related matters as a specific agenda item, regularly discussing and reviewing the company's work on climate risks and opportunities.

Longcheer has established an ESG Executive Committee, which reports directly to our CEO and presents environmental affairs to the Board of Directors annually. The ESG Executive Committee is responsible for formulating and implementing our environmental policies, targets, and related action plans, ensuring that the company takes proactive and effective measures on climate change and other environmental issues. Under the committee, a Carbon Management Working Group has been set up, focusing on the specific implementation of climate change response and carbon management work, and driving the efficient implementation of the company's environmental strategy, emission reduction targets, and sustainable development goals.



» Strategy

Longcheer identifies climate change risks and opportunities related to its operations based on the IFRS S2 framework. It actively formulates and improves strategies for climate risk prevention to support global climate governance and to comprehensively advance the company's sustainable development. According to the definition of climate-related financial risks, environmental risks are mainly divided into transition risks related to the low-carbon economy and physical risks related to the impacts of climate change. Longcheer, in combination with its own business and industry characteristics, and in reference to China's "carbon peak by 2030 and carbon neutrality by 2060" goals, categorizes the duration of climate risk and opportunity impacts into short-term (1 year), medium-term (1-5 years), and long-term (over 5 years).

We use scenario analysis, referring to the International Energy Agency's 2050 Net Zero Emission Scenario, to assess market risks across its entire operational scope for the first time, especially potential impacts such as energy supply disruptions, cost increases, and changes in product demand. This approach helps us better understand the challenges and opportunities under different climate scenarios and provides a basis for formulating corresponding strategies.

Physical Risk						
Type	Risk Description	Financial Impact	Time Horizon	Likelihood of Impact	Value Chain Affected	Risk Mitigation Measures
Acute	Sudden extreme climate events (heavy rain, typhoons, floods, etc.) may lead to delays in product delivery and interruptions in production operations, thereby affecting revenue.	Revenue Decline ↓	Long-term	Medium	Own Operations	<ul style="list-style-type: none"> Monitor weather forecasts for supplier and customer delivery routes and provide early warnings. Regularly inspect production sites to assess flood risks. Develop emergency response plans and ensure preparedness across departments.
	Extreme climate events threaten employee health, damage company assets (buildings, equipment, inventory), and increase operating costs.	Cost Increase ↑	Long-term	Medium	Own Operations	<ul style="list-style-type: none"> Develop emergency response plans for extreme weather and conduct regular drills. Conduct regular maintenance of infrastructure to enhance risk response capabilities.
	Climate change leads to resource scarcity, potentially causing energy supply disruptions and affecting production continuity.	Revenue Decline ↓	Medium to Long-term	Medium	Upstream Value Chain	<ul style="list-style-type: none"> Develop diversified energy resources and establish backup supply systems. Promote energy-saving technologies to improve energy efficiency.
Transition Risk						
Regulatory	Policy requirements on the proportion of recycled materials in plastics affect product design and material procurement.	Cost Increase ↑ Revenue Decline ↓	Long-term	Medium	Upstream Value Chain	<ul style="list-style-type: none"> Proactively identify regulatory changes and conduct R&D. Develop suppliers of recycled materials.
Opportunity Analysis						
Type	Opportunity Description	Financial Impact	Time Horizon	Likelihood of Impact	Value Chain Affected	Opportunity Management Measures
Technological	Using renewable energy and energy-saving technologies to reduce operating costs and promote green and low-carbon development.	Cost Reduction ↓	Medium to Short-term	High	Own Operations	<ul style="list-style-type: none"> Purchase green electricity. Evaluate production equipment and replace with high-efficiency devices as needed.
Management	Enhancing the ability to respond to natural disasters, improving business stability, and attracting customer recognition and long-term cooperation.	Revenue Increase ↑	Long-term	Medium	Own Operations	<ul style="list-style-type: none"> Develop climate adaptation strategies to enhance supply chain resilience. Demonstrate commitment and capability to respond to climate change to customers.
Market	Developing green-designed, high-efficiency products to increase market share and ESG ratings, attracting the attention of capital markets.	Revenue Increase ↑	Medium to Long-term	Medium	Own Operations	<ul style="list-style-type: none"> Promote the development of low-carbon products. Proactively respond to stakeholder demands and improve ESG performance.

Risk and Opportunity Response

Longcheer has obtained ISO 14001 certification and established a comprehensive environmental risk management process that covers key aspects such as risk identification, assessment, and mitigation. This process provides a solid institutional guarantee for our environmental management and response to climate change risks. We actively implement energy-saving technological transformation projects across its factories, investing resources in various emission reduction projects to lower carbon emissions and minimize environmental impact.

In 2024, Longcheer completed the greenhouse gas verification for its factories in Huizhou, Nanchang, and Vietnam.



In Huizhou

we have implemented projects such as converting laboratory air conditioning systems to water-cooled systems, recovering waste heat from air compressors, and installing distributed photovoltaic systems. These initiatives are expected to save approximately 3.1 million kWh of electricity consumption annually and reduce emissions by 1,364.92 tCO₂e. The implementation of these projects not only helps to reduce energy costs but also positively impacts the reduction of greenhouse gas emissions and the response to climate change.



In Nanchang

we continue to advance the energy-saving and emission-reduction projects initiated in 2023. By optimizing energy use efficiency, we ensure the achievement of our energy-saving and emission-reduction targets. The implementation of waste heat recovery from air compressors further improves heat recovery equipment, utilizing waste heat to provide hot water for dormitories and reducing reliance on air energy. This project is expected to save 800,000 kWh of electricity and reduce carbon emissions by 460.16 tCO₂e, contributing to the realization of green and low-carbon development.



In Vietnam

we have formulated a policy on *Energy Conservation, Greenhouse Gas Emission Reduction, and Climate Change Response*. By optimizing production processes and energy management, the company effectively reduces greenhouse gas emissions.



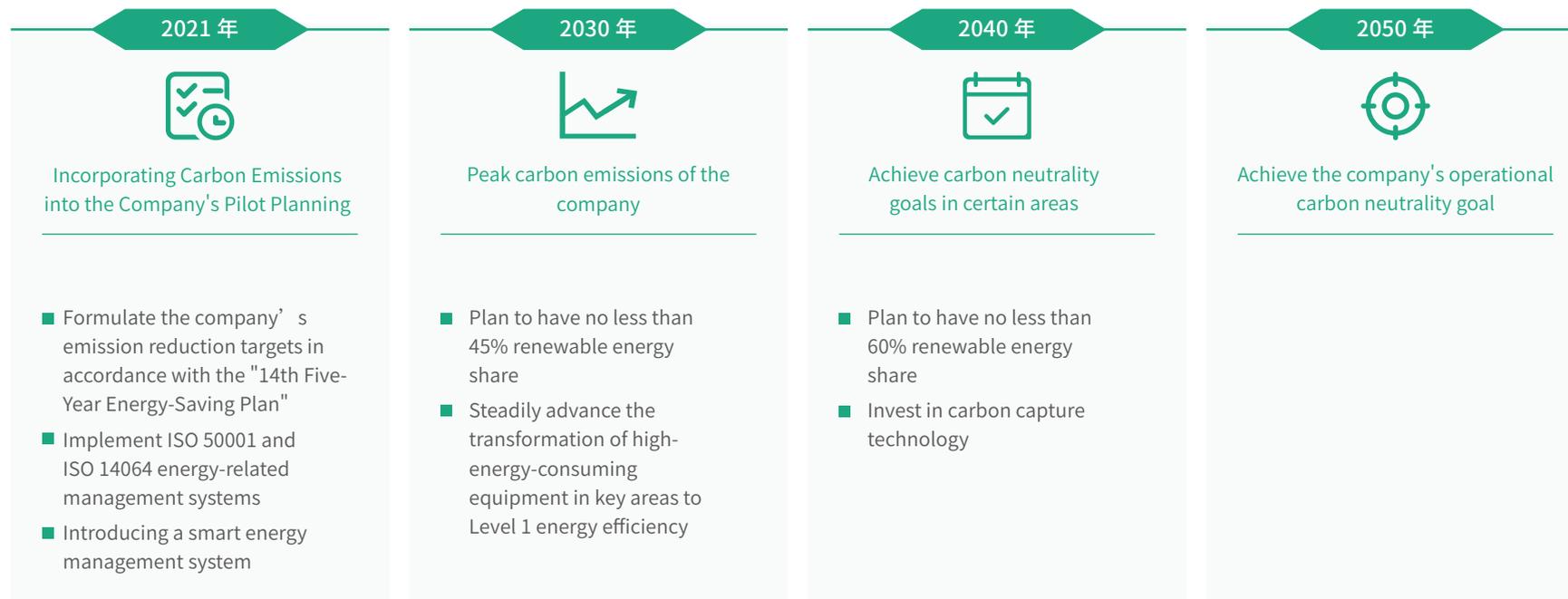
» Risk and Opportunity Management

Longcheer identifies key risk factors, responsible departments, and stakeholders, and conducts classified assessments of various risks and opportunities to determine their impact on our objectives. We organize functional teams and senior leadership to review the business environment, operational status, and climate-related risks and opportunities. It integrates climate risk control and opportunity management into operational processes, formulates and manages sustainability plans, and sets short-term, medium-term, and long-term goals for each department and business unit. These goals are implemented across departments and factories to ensure the effective execution of the sustainability strategy.

>> Indicators and Targets

Longcheer actively responding to global climate change and the national "dual carbon" strategy, systematically plans our energy utilization path based on ensuring production and business operations as well as corporate development goals and carries out energy conservation and emission reduction work in depth. Through dual-driven technological innovation and green management, we achieve a continuous decline in energy consumption per unit while improving product quality, and has formulated the "30/50" carbon target—achieving peak carbon emissions in its own operations before 2030 and reaching carbon neutrality in operations by 2050.

We closely follow the national "14th Five-Year" energy-saving plan, accurately targets emission reduction goals, and clarifies the energy consumption intensity targets, steadily advancing emission reduction work with an annual reduction rate of 3% to 5%.



Longcheer's Zero-Carbon Strategy Plan

Longcheer's 2024 GHG Data

Scope 1:

3,975.83
tCO₂e

Scope 2:

103,003.87
tCO₂e

Scope 1+Scope 2:

106,979.7
tCO₂e

Regulate Environmental Operations

» Environmental Compliance Management

Governance

Longcheer adheres to the concept of green development, continuously pays attention to the environmental impact it generates, and upholds the environmental management policy of “complying with regulations, preventing pollution, conserving resources, and continuous improvement.” We have established a comprehensive environmental management system that covers environmental, hazardous substance, and energy management, in strict accordance with standards such as ISO 14001, ISO 50001, and IECQ QC080000, as well as customer and regulatory requirements. This system ensures the standardization of management processes and the effective identification and control of environmental safety risks. It applies to the entire production and service process of products such as PCBA motherboards, mobile phones, tablets, smart devices, and wireless charging.

We have formulated the “Environment, Health and Safety Policy,” and tracks and measures the achievement of EHS targets monthly. Through the operation of the management system, risk management, process control, monitoring and measurement, and data analysis, we ensure the suitability, adequacy, and effectiveness of each management system. This continuous effort enhances the level of environmental management and achieves sustainable development.

Strategy

Our factories identify and update environmental laws and regulations on a quarterly basis and develop response measures for potential risks and opportunities. No significant environmental risks have been identified in previous assessments, but we remain highly vigilant, providing feasible corrective actions for identified environmental risks each year and tracking the completion of these actions on schedule.



Longcheer's Environmental Compliance Risk Identification Results

Risk and Opportunity Management

Environmental
Emergency
Management

We have established a comprehensive emergency response plan for sudden environmental incidents. To enhance emergency response capabilities, we organize annual drills based on assessed environmental risks. Additionally, we have formed 22 specialized emergency response teams that conduct monthly specialized emergency training sessions to ensure rapid and effective response in emergencies.

In 2024, we organized a total of 80 emergency drills, covering various types such as fire, food poisoning, and chemical accidents, thereby comprehensively improving the ability to respond to sudden environmental incidents.

Environmental
Awareness
Building

We place great emphasis on environmental protection and consider environmental training as a mandatory course for new production line employees. All new employees receive comprehensive safety and environmental knowledge training before starting their positions. Moreover, we conduct specialized environmental training sessions annually, covering approximately 13,200 people throughout the year. The training content includes environmental regulations, energy conservation and emission reduction, waste disposal, and emergency handling, among other aspects. These training courses have significantly enhanced employees' environmental awareness and promoted continuous improvement in our environmental protection efforts.

Indicators and Targets

We establish environmental management indicators and targets annually and closely monitor them monthly to ensure smooth achievement of the targets.

In 2024, we obtained ISO 14001 Environmental Management System certification with a coverage rate of 100%. There were no significant environmental incidents throughout the year, which highlights the effectiveness of the environmental management system and our strong commitment to environmental protection.

» Strengthening Energy Management

We adhere to the principles of energy conservation, emission reduction, pollution control, and efficiency enhancement. It actively implements clean production and develops a circular economy. We continuously improve its energy management system and energy-saving management structure, strengthen scientific energy management, and use energy rationally. It insists on combining scientific management with technological innovation to continuously improve the management system for energy consumption in each process and per product.

Longcheer has established a comprehensive energy management organization. Currently, our energy-saving management organization consists of an Energy-saving Leadership Group and an Energy-saving Working Group. The base manager serves as the highest manager of the Energy-saving Leadership Group, with the Director of Human Resources and Administration as the deputy. The Energy-saving Working Group is responsible for the company's daily management duties and is composed of responsible departments such as the Human Resources and Administration Department, Quality and Maintenance Department, Manufacturing Center, Finance and Management Department, and Resource Development Group. This group oversees promoting energy-saving projects, assessing technological transformation plans, formulating corrective measures, and conducting energy-saving work.

In 2024, Longcheer continued to improve its energy management system and formulated and released several institutional documents, including the *Energy Management System Manual*, *Nanchang Base Legal and Regulatory Requirements Control Procedure*, *Energy Monitoring and Measurement Analysis Control Procedure*, *Energy Monitoring and Metering Equipment Control Procedure*, and *Target Energy Index Performance Parameter Benchmark Control Procedure*. These documents further standardized the energy management process. Meanwhile, based on the government-approved 14th Five-Year Energy-saving Plan Report, the Huizhou base formulated a five-year energy-saving target plan, focusing on key indicators such as product output value, comprehensive energy consumption per ten thousand yuan of product output value, and energy savings to scientifically implement energy-saving and emission-reduction targets.

In 2024, both the Huizhou and Nanchang bases successfully completed the ISO 50001 Energy Management System certification.



» Optimizing Water Resource Utilization

Longcheer strictly complies with relevant laws and regulations, including the *Water Law of the People's Republic of China*, the *Law of the People's Republic of China on Soil and Water Conservation*, the *Measures for the Implementation of the Water Withdrawal Licensing System*, and the *Regulations on the Management of Urban Water Conservation*, in conducting water resource management activities. Our water sources are all municipal water supplies, and there are no significant direct or indirect impacts on water resources due to water withdrawal, consumption, discharge, or changes in water storage.

In terms of water management, we have set water-saving targets for the next five years based on the year 2023, aiming to reduce water consumption by 3% m³/ten thousand units annually. We also use industry water consumption limits per unit product as a baseline value. The Huizhou base has established a water-saving group, created an energy management platform, and conducted water balance tests, while also carrying out water-saving publicity and inspection activities. We annually apply to the local water supply department for a water use plan in conjunction with its business operations.

We value the protection and conservation of water resources, reducing the consumption of fresh water and the discharge of wastewater through water-saving measures. It also regularly conducts comprehensive inspections and maintenance of all parts of the water supply system to avoid water waste and reduce the burden on water resources caused by production and business activities.

In 2024, in active response to the *Measures for Water Conservation in Guangdong Province* and the requirements of the Social Affairs Administration of the Zhongkai High-tech Zone in Huizhou, the Huizhou factory organized and carried out the creation of water-saving enterprises in accordance with the actual situation. Through extensive publicity to create an atmosphere for creation, improving water-saving management systems, and vigorously promoting water-saving devices, we have formulated feasible implementation plans.

» Waste Disposal Compliance

Longcheer has established a comprehensive environmental management system, appointing dedicated personnel to manage, regularly inspect and supervise relevant training, and conduct environmental testing on schedule to ensure that waste is disposed of in compliance with regulations. Additionally, we have implemented noise reduction improvements for equipment that generates noise, taking a multifaceted approach to enhance overall environmental management efficiency.

Exhaust Gas Management

In terms of exhaust gas management, we categorize exhaust gases into organized and unorganized emissions based on pollutants such as tin and its compounds, and VOCs (Volatile Organic Compounds). Organized emissions include non-methane total hydrocarbons and welding exhaust gases. The former primarily originates from processes such as reflow ovens, repair rooms, stencil cleaning rooms, and battery disassembly rooms, while the latter mainly comes from SMT depaneling equipment. Unorganized emissions mainly arise from manual soldering processes. We employ measures such as enclosed pipeline collection and activated carbon adsorption to treat exhaust gases, ensuring compliance with emission standards.

Wastewater Management

Regarding wastewater management, the factory's water supply comes from the municipal water company and is mainly used for domestic purposes and water-cooled chillers. Domestic water is filtered through water dispensers, and the discharge is treated through a septic tank before being channeled into the municipal sewage treatment plant for unified treatment.

Waste Management

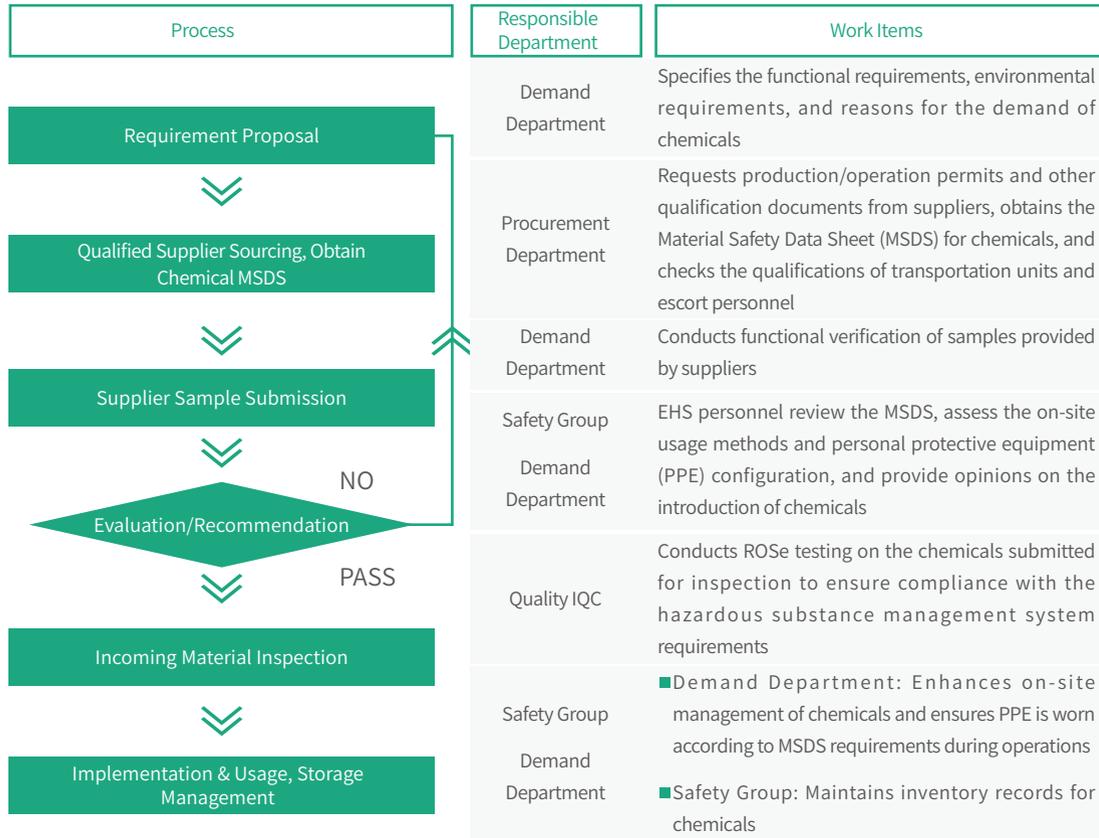
For solid waste, we categorize it into general waste and hazardous waste. General waste includes general production waste and domestic waste. General production waste consists of raw material packaging materials, while hazardous waste includes waste organic solvents, waste engine oil, waste light tubes, etc. All waste exists in solid form, and we have contracted qualified third parties for disposal and recycling, ensuring compliance with waste management regulations.

Noise Management

In terms of noise management, we have relocated large equipment in the peripheral public auxiliary areas (such as air compressors and nitrogen generators) away from living quarters and the periphery of the factory site and has isolated them independently to ensure that noise levels meet regulatory requirements.

>> Chemical Safety and Environmental Protection

Longcheer strictly manages hazardous chemicals and has established the Chemical Safety Management System. This system ensures strict control over the entire process of hazardous chemicals, from introduction, procurement, transportation, storage, and usage to waste recycling, to ensure legal and compliant management and reduce safety risks.

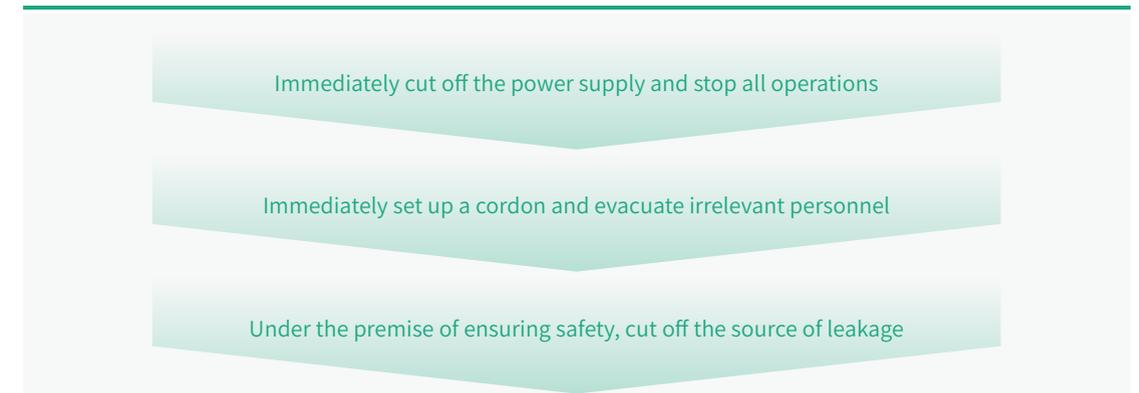


Longcheer's Chemical Safety Management Process

During the storage phase, hazardous chemicals in the workshop are uniformly stored in explosion-proof cabinets for chemicals and managed in a separate room. During transportation, small pallet trucks are uniformly used. When using the chemicals, personnel who handle the repackaging of chemicals must wear appropriate personal protective equipment.

We strengthen personnel training and on-site management for chemical safety. All personnel involved in chemical management are required to undergo unified training and pass assessments before obtaining certification to work, thereby enhancing the professionalism of management. In all positions involving chemicals, we prominently display safety warning signs, occupational hazard notifications, and Material Safety Data Sheets (MSDS) to constantly remind employees of safety risks. Additionally, we provide personal protective equipment (PPE) to all workers who meet chemicals, such as masks, face shields, goggles, protective gloves, safety shoes, and protective clothing, to safeguard the health of employees.

We have installed anti-leakage pools in both the chemical transfer warehouse and the waste storage warehouse. Additionally, we have developed an *Emergency Response Plan for Sudden Environmental Incidents*. It also strengthens the inspection of exhaust gas collection pipelines and equipment to prevent leaks.



Longcheer Emergency Management and Remedial Measures

We have established a smart fire protection platform, utilizing micro-sensors to remotely monitor the temperature and humidity of the chemical storage areas. Any anomalies are immediately reported to the fire control center, effectively enhancing the safety of chemical warehouse management.



Chemical Transfer Warehouse



Smart Fire Protection IoT Platform

» Biodiversity Conservation

Longcheer strictly adheres to relevant laws, regulations, and policy requirements, including the *Environmental Impact Assessment Law of the People's Republic of China*, the *Opinions on Further Strengthening Biodiversity Conservation*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, and the *Regulations on the Management of Groundwater*. We implement management measures in accordance with local implementation rules to ensure that its operational activities do not have a negative impact on surrounding ecosystems and biodiversity. Currently, none of our leased or operational sites are in protected areas or regions with rich biodiversity.

In 2024, we did not experience any incidents that had a significant impact on biodiversity.

Building a Circular Economy

Longcheer has implemented a series of measures in the application of green raw materials, green design and development, green production processes, green supply chain management, and systematic integration of environmental protection data management, to comprehensively promote green manufacturing and sustainable development.

- ① In the application of green raw materials, we prioritize the selection of raw materials that meet environmental protection requirements, ensuring that secondary supply materials or alternative materials also comply with environmental standards. This approach reduces environmental impact at the source.
- ② In the green design and development phase, we fully consider environmental impact during feasibility analysis, select environmentally friendly materials, and ensure consistency in the development and properties of production processes, tools, jigs, fixtures, and auxiliary materials. Additionally, the company labels HSF (Hazardous Substance Free) products to ensure traceability back to raw materials and production dates, eliminates pollution, and strictly manages non-conforming products.
- ③ In the green production process, we ensure consistency in on-site environmental attributes, with production lines, equipment, jigs, and auxiliary materials all meeting environmental requirements. Through these measures, we effectively reduce the environmental burden in the production process.
- ④ In green supply chain management, we require suppliers to sign environmental agreements and clearly specify environmental requirements in purchase information. We conduct audits or assessments of suppliers regarding hazardous substance systems, require submission of material composition disclosures and environmental test reports, and promptly identify changes in the supply chain to ensure that changes comply with environmental requirements.
- ⑤ In the systematic integration of environmental data management, we ensure accurate integration of environmental data through systematic management. From the selection of raw materials to the monitoring of the production process, and from the labeling and traceability of finished products, every link is informatized and standardized, thereby improving the efficiency and transparency of environmental management.

Social: Sharing

Supporting the United Nations Sustainable Development Goals



Longcheer is dedicated to becoming a global leader in providing smart products and services. We continuously refine production processes, innovate product models, and overcome technical challenges to drive our business towards smart manufacturing. At the same time, we protect employee rights, actively give back to society, support rural revitalization, and promote sustainable industry development.

Our Goals

- Achieve a minimum 95% pass rate for customer information security and yellow-zone audit.
- Complete the ISO 45001 system certification.
- Achieve 100% completion of supplier annual CSR audit plans.

Our Progress

- Longcheer's R&D team has 3,985 members, 2,956 of whom have a bachelor's degree or higher, accounting for 74.18%.
- The Company was granted 77 patents this year and has a total of 760 authorized patents.
- The Company achieved zero major quality accidents throughout the year.
- A total of 641 sessions on essential knowledge and customer satisfaction workshops were completed, resulting in 43 effective measures.
- The Company has completed the audit of 117 new suppliers and 92 cooperative suppliers, with a pass rate of over 70%.

Innovation-Driven Development

» Innovation Resource Allocation

Longcheer is market demand-oriented in building a product innovation and R & D system and continuously optimizing the “Management Technology and Innovation” process structure. A series of R & D management systems have been formulated, such as the *Lesson Learn Management Process*, *Product Technology Innovation Process*, *Technology Feasibility Study Process*, *Technology Planning Process*, and *Patent Management Process*. These enhance and standardize product development procedures, strengthen R & D process auditing and operational control, and robustly support the compliance and efficiency of innovation work.

In 2024, Longcheer achieved further breakthroughs in core technologies, focusing on diverse innovation in the field of artificial intelligence technology and promoting the deep integration of AI technology in product development and application scenarios. By continuously and deeply integrating AI technology, the company constantly breaks through “AI + hardware + scenario” innovation applications, continuously expands technological frontiers, and shapes a differentiated competitive advantage.

In intelligent manufacturing production

AI vision algorithms have enabled automated whole - machine AOI appearance inspection, significantly improving the efficiency and accuracy of production quality inspection. Meanwhile, the Company has built a cloud-edge collaborative AI large model platform to enhance data-driven decision-making capabilities.

In the automotive electronics field

The Company has developed an intelligent cockpit platform based on the Xinchip X9SP chip, supporting multi-screen interaction and reverse mirroring technology. With industry-leading performance, it redefines the in-vehicle digital experience.

In PC terminals

The Company has strengthened R&D in the new field of AI PCs and built a hardware innovation solution covering multi-modal interaction. This includes the high-resolution acquisition capability of camera modules, the noise reduction and voice recognition optimization of microphone arrays, and the innovation of multi-modal interaction hardware design. These hardware innovations provide strong support for software functions such as intelligent search, Q&A, document summarization, and AI-assisted creation, comprehensively enabling the intelligent closed-loop in office scenarios. In addition, the Company has optimized computing power performance to provide customers with the best local AI computing needs and completed high-performance computer applications with lower power consumption. Through simulation technology, product design has been optimized to reduce development costs, and AI PC mass production has been achieved through automated benchmarking lines.

Key Performance Highlights

- ▶ In 2024, the Company's innovation application rate increased by **2%** year-on-year.

¹Innovation Submission Rate = Number of Technological Innovation Submissions ÷ R&D Personnel Headcount in Relevant Fields

» Innovation Capability Building

Longcheer continues to increase its R&D investment in emerging businesses like AIPC (AI - powered personal computing), automotive electronics, and XR (Extended Reality), with a remarkable rise in R&D budget. In 2024, the Company's R&D expenditure reached 2.08 billion CNY, up by 23.25% year-on-year. By December 31, 2024, Longcheer and its subsidiaries had obtained 167 invention patents, 485 utility model patents, and 108 design patents. Focusing on future - oriented technology R&D, it's building technological barriers. Longcheer keeps delving into core technologies such as wireless communication, audio, display, optics, imaging, ergonomics, simulation, and materials. It has established a product technology platform covering multiple scenarios. Looking ahead, Longcheer is strategically investing in advanced technologies like SiP(System in Package), near-eye displays, automated image tuning, and AI - driven automated testing.

The Company has also created a high - standard testing environment capable of supporting over 20 concurrent projects. A Software Service Business Unit and Test Center Platform Department have been established to build a robust database, strengthening solution delivery capabilities. Precise technical testing ensures product quality, providing reliable and trustworthy services.



Professional R&D Capability Development

In 2024, Longcheer continuously expanded its R&D team by recruiting specialists, enhancing innovation talent reserves.

The Company focuses on cultivating the professional skills of its R & D team through online platforms such as Longcheer Hardware Academy, Longcheer E - Flag School, KM Knowledge Base, and Longcheer Smart Questions. Regular internal training, innovation case reviews, AI technology promotion, and in-depth customer - led technical exchanges enhance the team's expertise.

In 2024, the R&D team advanced through remote collaborative design, simulation team building, and BU - designated contacts. In green R & D training, to meet new European regulatory requirements for electronic products, the company provided ISO 14067 carbon footprint certification training. This strengthens the innovation team's carbon management knowledge, enabling the exploration of low-carbon and zero - carbon product design solutions from the source and boosting green innovation capabilities.

Key Performance Highlights

- ▶ In 2024, Longcheer invested **2.08** billion yuan in R&D. The R&D team consisted of **3,985** members, including **2,956** with a bachelor's degree or higher, accounting for **74.18**%.

Additionally, Longcheer actively promotes the transformation of innovation achievements and encourages an internal culture of innovation research. It has established an *Innovation Reward Specification* and implemented a standardized innovation incentive mechanism, such as quarterly product technology innovation awards, Lesson Learn incentives, and patent or innovation rewards. By adopting positive incentive measures, the Company stimulates R&D innovation enthusiasm, promotes the improvement of production processes and technological progress, and empowers product applications.

The Company has established a systematic and cross-departmental process system that covers every link from requirements analysis to after-sales service. This ensures efficient resource allocation, controllable risks, and continuous optimization of product value. In 2024, the Company first launched a customer-developed ESIM-based chip, achieved mass production of screen vacuum sealing technology, and collaborated with customers to develop core in-house system applications.

Deepening Industry-Academic-Research Cooperation

Longcheer is committed to creating and deploying an innovation R&D reserve network to form a new R&D landscape that focuses on cultivating independent R&D capabilities while promoting external innovation cooperation. This helps nurture industry talent and drives the common development of the industrial chain. The Company actively engages in R&D cooperation projects with domestic and international industry leaders, renowned universities, and research institutions, establishes long-term partnerships, and jointly builds R&D innovation platforms. This collaborative approach advances technology, applies outcomes, shares resources, and promotes industrial synergy.

Cooperative Universities

Hefei University of Technology, Anhui University, Shenzhen University, Shanghai University, Nanjing University of Science and Technology, Nanjing University of Aeronautics and Astronautics, Jiangsu University, East China Jiaotong University, Wuhan University of Science and Technology, Taiyuan University of Technology.

Cooperative Platforms

Qualcomm, MTK, Unisoc.



Longcheer and Bosch Successfully Co-host "Innovation-Driven, Win-Win Cooperation" Sensor Technology Exchange Seminar

In 2024, Longcheer and Bosch Sensortec jointly organized a technology exchange seminar under the theme "Innovation-Driven, Win-Win Cooperation." The event focused on the latest advancements in MEMS applications for consumer electronics, delving into technical discussions and case studies across three key topics: "Smartphones," "Wearable Devices," and "Smart Home." Longcheer and Bosch engaged in in-depth exchanges on "technical challenges and solutions in sensor chip R&D and production," sparking new ideas to explore the boundaries of cutting-edge technologies and products. Together, they aim to drive industry-wide technological integration and progress.



» Intellectual Property Protection

Longcheer values the transformation of innovation achievements and intellectual property protection. It strictly complies with relevant laws and regulations, such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*. The company has improved its intellectual property risk management system to prevent infringement risks.

Longcheer passed the national standard GB/T29490-2023 intellectual property compliance management system certification and formulated the *Patent Evaluation and Maintenance Implementation Rules* to standardize intellectual property management and protect its high - value patents from infringement. It conducts patent infringement risk checks, market patent investigations, and patent literature searches for R & D projects to prevent potential infringement risks and develops design - around strategies or proprietary rights application strategies. Moreover, Longcheer specifies intellectual property protection requirements in the *Procurement Agreement*, includes supplier intellectual property audits in due diligence, and signs Confidentiality Agreements with suppliers to prevent confidential technology leakage and third - party intellectual property infringement. The company uses genuine software in daily operations, with unified registration, management, and monitoring of software compliance, and regularly inspects office equipment to remove illegal or unauthorized software.

Longcheer regularly organizes intellectual property protection training to enhance employees' anti - infringement awareness. It provides patent information security training for R & D personnel to strengthen their awareness of technology confidentiality and ensure compliant and safe product development. The company has standardized and refined the patent application process and conducts information security self - checks and patent application case screenings to prevent technology leakage. New employees also receive intellectual property training to enhance their self - awareness of protection, avoiding disputes over service invention rights and accidental leakage of technical secrets or other intellectual property information.

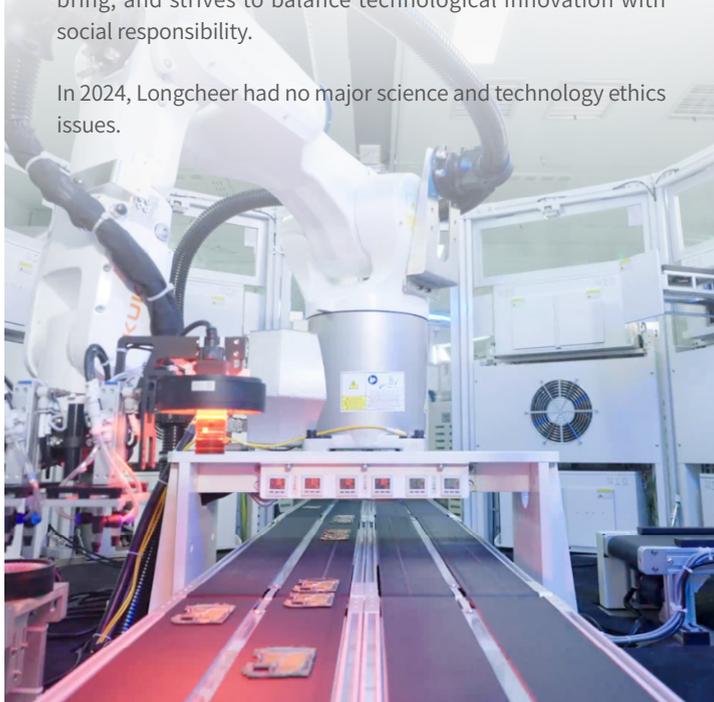
Key Performance Highlights

» By the end of the reporting period, the Company was granted **77** patents for the year and has a total of **760** authorized patents.

» Science and Technology Ethics Governance

In R&D innovation and daily operations, Longcheer adheres to science and technology ethics as an important guideline. It strictly complies with relevant laws, regulations, and industry norms, ensuring all activities are within the compliance framework. The company takes responsibility seriously, actively focuses on ethical issues that technological development may bring, and strives to balance technological innovation with social responsibility.

In 2024, Longcheer had no major science and technology ethics issues.



Ensuring Product Quality

Longcheer is committed to becoming a leading provider of smart products and services, consistently regarding product quality as the core driver of corporate development. By delivering products of first-class quality, Longcheer meets customer demands. Through a robust quality management system, stringent full-lifecycle control measures, and an effective continuous improvement mechanism, the company ensures end-to-end quality reliability from R&D to delivery, creating value for customers.

» Strengthening Quality Management

In terms of product quality management, Longcheer has established a quality management system and control processes in compliance with international standards. ISO 9001 certification covers its major production bases worldwide, including Longcheer, Huizhou Longcheer, Nanchang Longcheer, and Longcheer Vietnam. By implementing standardized and unified quality criteria and inspection procedures, the company achieves precise control from raw material inspection to finished product shipment, ensuring stability and consistency in product quality.

Longcheer has implemented a full-process quality management model and operational workflow, spanning product design, manufacturing, and testing throughout the entire product lifecycle. The company strictly adheres to the IPD (Integrated Product Development) process, meticulously executing quality management requirements in product planning, development, design, verification, release, and usage. Customer-centric in approach, Longcheer continuously raises standards, refines production techniques, and improves product yield rates. During the introduction of new materials and technologies, the company employs a digital management platform to trace processes, establishing quality management protocols—Product Quality Planning, Product Quality Control, and Product Quality Improvement—from three dimensions: planning, control, and improvement, while enforcing quality enhancement measures.

In the quality planning phase

The Company uses the NUDD (New, Unique, Difficult, Different) risk assessment table to identify and evaluate potential risks associated with new materials and technologies. Based on assessment results, material requirements, and environmental compliance standards, Longcheer formulates corresponding risk response plans and process control solutions, with improvements verified during trial production.

In the quality control phase

The Company monitors the execution of planned solutions through Technical Reviews (TR), tracks risk control effectiveness in real time, collects trial production issues, and implements closed-loop improvements. Simultaneously, it ensures compliance with material and environmental standards throughout the production cycle.

In the quality improvement phase

Longcheer conducts post-project reviews to develop quality enhancement strategies, forms dedicated improvement teams, and initiates Lessons Learned projects. By systematically analyzing management processes, the company consolidates R&D expertise, continuously updates the PQA (Product Quality Assurance) case database, and refines production techniques to achieve end-product quality objectives.

Intelligent Lean Quality Management

To enhance quality management efficiency in 2024, Longcheer comprehensively advanced the integration of quality digitization and lean management. By uniformly implementing multiple digital intelligent manufacturing management systems including the Quality Management Platform System (QMS 1.0) and manufacturing dashboards, the company systematically addressed pain points in traditional quality operations such as process redundancy, resource waste, and control blind spots. This achieved IT-based management for incoming inspection, process inspection, shipment inspection, quality KPIs, anomaly closure, system audits, quality data reporting and dashboards. The initiative established internal-external customer collaboration mechanisms, enabling data interoperability and timely resolution of process issues. After implementation, the company achieved 90% online coverage of quality operations with 30% improvement in operational efficiency, significantly conserving resources and reducing production costs. Looking ahead, Longcheer will continue deepening quality management capabilities by building a quality data cockpit using tools like MSA and SPC, while enhancing IT error-proofing and risk early warning through technical means. This drives the transformation of quality management from "passive correction" to "active prevention," solidifying strategic quality objectives.

Key Performance Highlights

- ▶ In 2024, the Company achieved a **0%** rate of major quality incidents throughout the year.

Quality Culture Development

Longcheer adheres to the quality culture of "Quality First, Win by Excellence" and promotes quality culture construction from top to bottom to enhance the quality awareness of all employees.

In terms of quality improvement, 2024 was Longcheer's Quality Operations Year. The company continuously carried out QCC and Six Sigma quality improvement initiatives, establishing a series of quality standard baselines and normative documents through specialized quality outputs to guide orderly and effective quality management. Comprehensive lean process improvement projects were implemented to optimize process structures, and streamlined processes were disseminated company-wide for learning. By improving employees' capabilities and proficiency in process compliance, implementation, and practice, the company achieved quality enhancement results.

In terms of quality awareness elevation, Longcheer actively conducted activities such as quality case studies, Quality Month campaigns, quality pledges, mandatory quality training, and customer satisfaction workshops to strengthen quality awareness among management and staff. The Company provided employees with knowledge management platforms including E-Learning, Knowledge Base, and Knowledge Community, along with integrated daily workstation notifications, to optimize the quality knowledge ecosystem. By focusing on TOP N improvements and quality awareness enhancement, implementing quality KPIs, and driving continuous improvement, Longcheer further advanced its quality objectives. The Company actively collaborated with external academic institutions, industry partners, and quality service/certification organizations to conduct training programs such as ISO 9001 and QC 080000 internal auditor courses, as well as SGS BCM training, thereby further enhancing the skills and professional competence of quality management personnel to ensure continuous, high-quality business operations. Additionally, Longcheer implemented quality incentive schemes, including positive reinforcement and quality awards for outstanding employees, to encourage company-wide participation in quality improvement efforts.



Industry Collaboration and Synergy

In empowering industry development, Longcheer actively participated in various technical exchanges and industry conferences. The company joined organizations including the SparkLink Alliance and China Audio Industry Association, and attended major industry summits such as the 2024 Tencent Global Digital Ecosystem Summit, Google Connect, and China (Nanchang) Virtual Display Industry Innovation Conference. Leveraging these platforms, Longcheer shared expertise with industry partners and explored collaboration opportunities to further enhance its industry influence. Through independently hosting the Bosch Sensortec & LC Tech Day technical exchange event and convening the Global Core Supplier Summit, Longcheer focused on core technologies including board-level SiP packaging, optics, acoustics, human factors, materials, and chips. The company engaged in pre-research collaborations on new technologies and products across the industrial chain to advance AI/AR industry development. By working with upstream and downstream partners, Longcheer jointly explored new trends in supply chain management, further deepening cooperative relationships.

Key Performance Highlights

- ▶ In 2024, the Company achieved **100%** on-time completion rate for its TOP 10 improvement initiatives.
- ▶ In 2024, Longcheer conducted **641** participant sessions for essential knowledge training and customer satisfaction workshops, resulting in **43** effective measures.

Product Safety Assurance

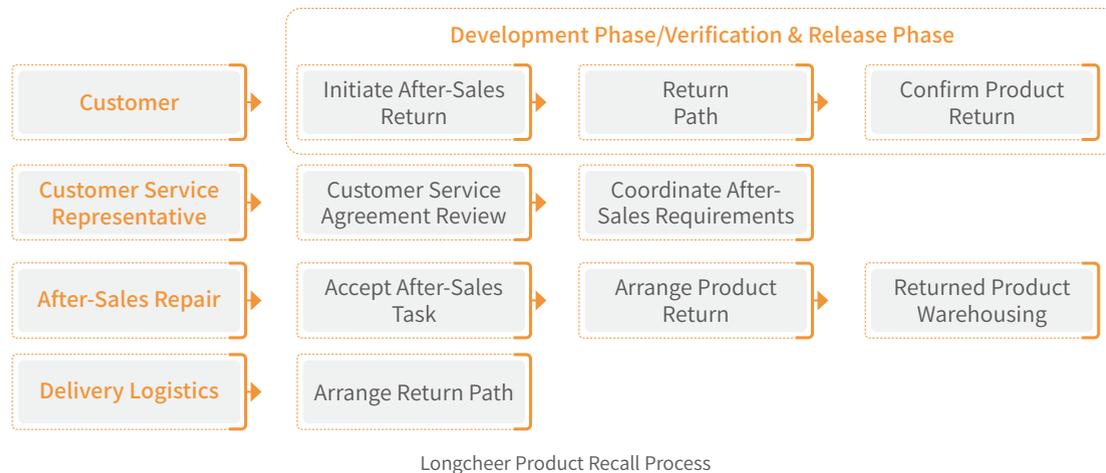
Product Quality Management

Longcheer has established a comprehensive quality management system covering the entire product lifecycle, implementing "Product Quality Planning", "Product Quality Control" and "Product Quality Improvement" processes across R&D quality, incoming material quality, manufacturing quality and customer service quality. The company enhances product safety through both institutional and intelligent safeguards. Internal regulations including the *Product Safety Management Procedure* and *Packaged Product Identification and Traceability Control Procedure* ensure transparent management throughout the product lifecycle from raw materials to finished goods, enabling rapid root cause analysis. In R&D, product testing identifies quality risks with safety measures including battery overheating protection design and drop/explosion resistance testing. Manufacturing equipment incorporates fool-proof designs to prevent operator injuries, while enhanced appearance controls eliminate hazards like sharp edges. The MES system enables full digital traceability of incoming material scanning, key material binding, defect rework, serial number/barcode tracking, and warehouse operations, creating a traceable, verifiable and improvable closed-loop quality safety management system that continuously enhances risk prevention capabilities. To date, the company's products have obtained multiple authoritative safety certifications.

Product Category	Certification	Certifying Body
Tablets	UL Certified	UL LLC
	CCC Certified	CQC China
	Certified	BIS
IOT	CE Certified	CE
	BIS Certified	BIS India
	CB Certified	CB
Smartphones	BIS Certified	BIS
	CB Certified	CB

Product Recall & Non-Conforming Product Control

Longcheer has established and strictly adheres to the *Non-Conforming Product Control Procedure* to trace, isolate, and rework abnormal products during production, ensuring zero outflow of non-conforming items. For after-sales complaints, the company has defined product recall triggers and execution standards, including recall conditions, scope, and handling methods, covering customer requirements, after-sales service, and logistics. In 2024, no product recall incidents occurred.



Hazardous Substance Control

Longcheer consistently upholds a highly responsible attitude towards the environment and users, strictly complying with national and regional regulatory requirements to rigorously control hazardous substances in products, ensuring compliance with both international and local market standards. Currently, Longcheer, Shanghai Longcheer Intelligence, Huizhou Longcheer, and Nanchang Longcheer have all obtained QC 080000 Hazardous Substance Management System certification, demonstrating the company's exceptional capabilities in hazardous substance management.

The Company has established comprehensive hazardous substance control standards, including internal policies such as the *Longcheer HSF Control Standard* and *Longcheer Restricted Hazardous Substances List*, continuously improving hazardous chemical management processes to build a full-chain hazardous substance control system spanning R&D, procurement, and production.

During product R&D and manufacturing, Longcheer actively researches alternative eco-friendly materials, prioritizing raw materials compliant with regulations such as RoHS and REACH. The Company strictly implements halogen-free control (prohibiting chlorine/bromine flame retardants) and PVC-free standards. Additionally, Longcheer mandates RoHS certification before mass production and requires identification and declaration of REACH SVHC high-risk substances to ensure full environmental compliance of finished products.

Across all product lines, Longcheer places special emphasis on the safety of children's wearable devices, meticulously selecting non-toxic, hypoallergenic materials to ensure compliance with target market safety standards such as CPSIA, safeguarding children's health.

Furthermore, the company strengthens supplier hazardous substance control through a stringent supplier environmental access mechanism, permitting only qualified AVL suppliers on the procurement list. Suppliers must sign environmental agreements committing to provide MSDS and RoHS/HF/REACH reports, while also being required to equip XRF devices for self-inspection before shipment. Longcheer conducts annual specialized training for suppliers to dynamically update regulatory requirements. Through material environmental testing verification and shipment interception mechanisms, the company has established a closed-loop management system of "standard setting – process monitoring – result tracing," systematically reducing product environmental risks and laying a solid foundation for sustainable development.

Protecting Customer Rights

» Responding to Customer Needs

Longcheer continuously improves its customer service system, emphasizing customer audits and feedback. Through multi-channel communication, we collect valuable customer opinions on product quality. The Company actively fulfills audit requirements while optimizing product and service quality, enhancing delivery capabilities to empower customers' brand competitiveness.

Quality Enhancement & Service Optimization

The Company adheres to lean manufacturing to build an exceptional product system. By deeply understanding market trends and user pain points, we continuously upgrade smart solutions, supported by a professional technical team and 24/7 response mechanisms. We establish and refine quality monitoring and after-sales service metrics to reduce annual product failure return rates (FFR), translating product value into tangible customer benefits through precision services.

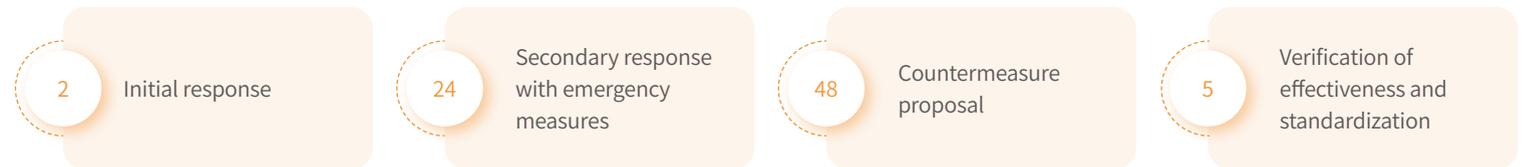
Key Performance Highlights

- ▶ In 2024, the Company achieved a **100%** compliance rate in FFR (annual failure return rate).

Customer-Centric Approach

Guided by a "customer-first" philosophy, the Company implemented policies such as the *Closed-Loop Customer Issue Resolution Process*, *Product Quality Improvement Process*, and *Production Quality Exception Handling Process* to standardize service management. We optimized the response system to streamline end-to-end service across five modules: management strategy, execution, service quality, after-sales support, and issue resolution, ensuring rapid demand fulfillment.

Upon receiving customer complaints or feedback, the Company implements the "2485" timeliness principle to ensure precise and swift resolution across all service stages, effectively meeting customer requirements.



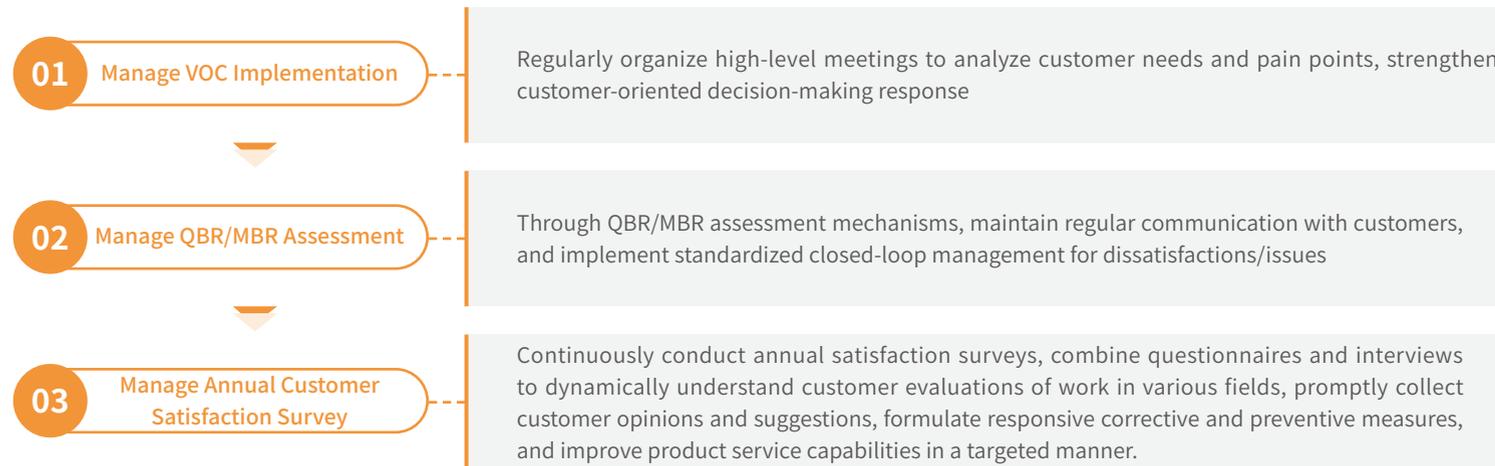
Customer Audit	Unit	2024
Customer audits conducted	Times	28
Among them, categorized by audit type		
Social responsibility audits	Times	10
Other audits	Times	18
Audit pass rate	%	96
External quality system audits	Times	35
External audits passed	Times	34
First-pass success rate	%	97

» Maintaining Customer Relationships

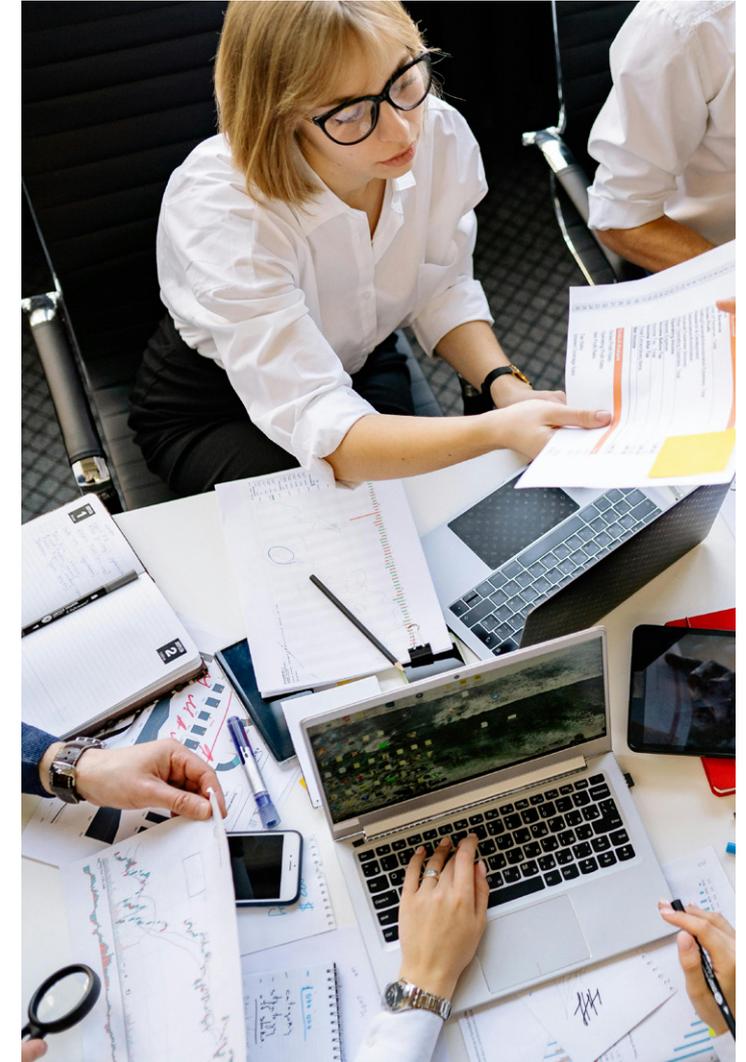
Listening to Customer Feedback

In 2024, the Company conducted annual customer satisfaction surveys to comprehensively gather feedback, utilizing a combination of questionnaires and on-site interviews. These surveys covered six modules—delivery, R&D, product, marketing, quality, and manufacturing—across 19 customer lines. Through in-depth analysis of survey data and interview materials, representatives from various domains and department heads conducted focused discussions on customer dissatisfaction items, systematically identifying root causes and formulating corrective/preventive measures. Short-term issues were promptly addressed with closed-loop rectification. For long-term improvement initiatives, the Company has established a robust VOC (Voice of Customer) management system. This system collects and analyzes customer needs, feedback, complaints, and suggestions through standardized processes, enabling tiered and prioritized resolution to drive internal product and service optimization. By addressing customer pain points and enhancing satisfaction, the Company builds enduring and stable customer relationships.

The VOC system follows a full-cycle "collection-analysis-improvement-validation" management approach, transforming customer input into systematic enhancement solutions to ensure long-term, mutually trusted partnerships.



Customer VOC Management Process



The Company is committed to lean process management, achieving end-to-end standardization from demand assessment, technical material preparation to release maintenance, ensuring efficient, precise, and standardized after-sales service. By enhancing cross-departmental collaboration (e.g., coordinated efforts among technical, after-sales, and product teams), the Company improves customer responsiveness, service effectiveness, and customer retention while strengthening strategic partnerships.

Customer Service Representative

Responsible for collecting and coordinating customer requirements to ensure the timely development and release of after-sales technical documentation.



Technical Support Engineer

Specializes in technical support, including creating repair manuals and instructional videos, and providing technical training services.

Cross-functional Team

Delivers customized software, hardware, structural, and packaging solutions tailored to specific customer needs, along with related technical documentation and tools.

Role and Responsibilities of the Internal Client Service Team

Customer Risk Management

The Company attaches high importance to risk management in new customer and new market development. Through a sound risk management system, the Company proactively identifies potential risks and establishes dynamic monitoring mechanisms to strengthen process control. Differentiated prevention strategies are formulated for various scenarios to ensure risks are predictable, controllable and traceable, forming a closed-loop, full-process management system to ensure steady business expansion. The Company has built a multi-dimensional risk profiling system to enhance risk prevention and control capabilities through systematic analysis: In market development, the Company uses the PESTEL model to analyze macro-environmental trends, combined with Porter's Five Forces and SWOT models to assess industry competition patterns, dynamically identifying policy, economic and technical risks; In customer operations, the Company conducts in-depth analysis of strategic planning (organizational structure, talent planning), business model (value proposition, core resources) and market positioning (SPAN matrix) to accurately predict cooperation risks. Particularly during new customer onboarding, the Company conducts financial risk assessments on target customers in accordance with the "Customer Financial Risk Management" process, screening credit risks from dimensions such as balance sheets and cash flow. This enables advance prevention of accounts receivable bad debt issues, while formulating differentiated cooperation strategies through risk classification.



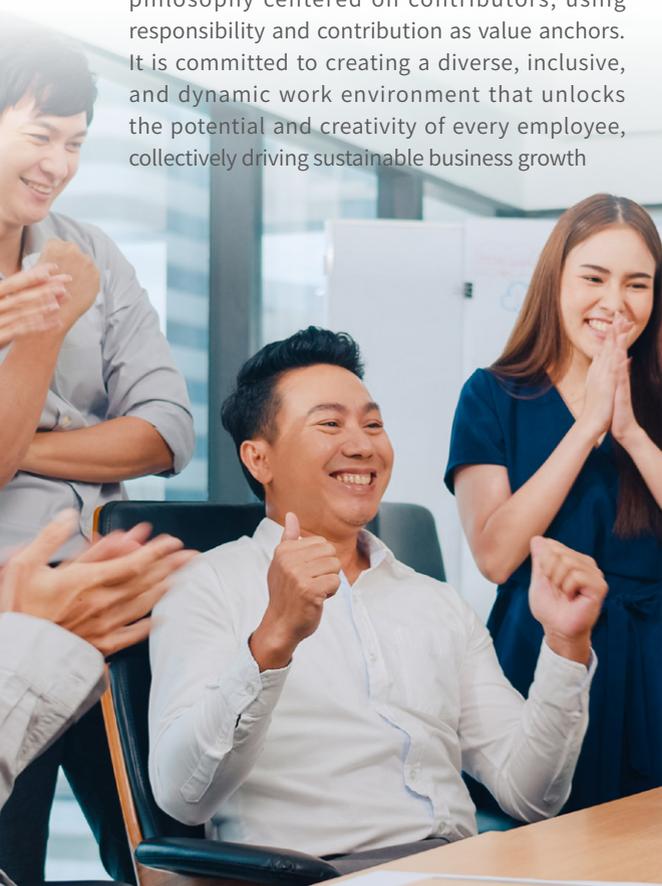
Market & Customer Risk Management

Practicing Responsible Marketing

In 2024, the Company launched and fully implemented the Marketing System MSM 1.0 as the core framework of its marketing operations. This system serves as the primary channel for end-to-end marketing business processes, encompassing market management, customer management, and sales project management. It standardizes the Company's marketing activities, refines market execution practices, and regulates in-depth customer engagement operations to ensure more standardized and process-driven sales initiatives.

Building a Harmonious Team

Longcheer firmly believes that talent is the core driver of corporate development and that a harmonious team is the foundation of excellence. The Company consistently practices a management philosophy centered on contributors, using responsibility and contribution as value anchors. It is committed to creating a diverse, inclusive, and dynamic work environment that unlocks the potential and creativity of every employee, collectively driving sustainable business growth



» Protecting Employees' Statutory Rights

Fostering a Fair Workplace

Longcheer prioritizes the protection of employee rights as a cornerstone of its operations, strictly adhering to local laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. In alignment with the *UN Global Compact Ten Principles*, the *Universal Declaration of Human Rights*, and the *ILO Declaration on Fundamental Principles and Rights at Work*, the Company provides employees with a fair, safe, and healthy work environment alongside growth opportunities.

In 2024, the Company further improved its labor and human rights policies to ensure full protection of employees' legitimate rights and interests and promote mutual growth between the enterprise and its employees. To this end, the Company updated the *RBA Corporate Social Responsibility Management Manual* and issued policy documents including the *Longcheer Statement on Modern Slavery and Human Trafficking*, *Longcheer Human Rights Policy*, *Regulations on Prohibition of Child Labor and Employment of Minor Workers*, *Anti-Discrimination and Prevention of Inhumane Treatment Regulations*, and *Free Choice of Employment and Anti-Forced Labor Regulations*, strictly prohibiting illegal activities such as human trafficking, forced labor and child labor. Simultaneously, the Company commits to supporting freedom of association, collective bargaining rights, equal pay for equal work and anti-discrimination principles. In recruitment, promotion, compensation and daily management, the Company eliminates discrimination or differential treatment based on race, color, religion, gender, age, nationality, genetics, disability or other factors, and strictly prohibits any form of sexual harassment, inappropriate remarks or improper conduct. All relevant statements and policies are publicly available on the Company's official website and internal platforms to ensure transparency and credibility. In 2024, no incidents of discrimination or sexual harassment occurred in the Company.

The Company places high importance on protecting the rights of female employees,

ensuring equal opportunities in recruitment, training, and career development. Internally, the *Regulations on Female Employees During Pregnancy, Maternity, and Lactation Periods* safeguards their legal rights. Additionally, the Company regularly organizes employee care initiatives and women's health seminars, offering compliant maternity benefits and actively supporting their personal and professional well-being.

To reinforce employee rights, the Company conducts regular onboarding training covering anti-child labor, anti-forced labor, anti-discrimination, and prevention of inhumane treatment, enhancing policy awareness and compliance. Through internal audit procedures and whistleblowing mechanisms, it continuously monitors policy implementation to ensure timely identification, intervention, and resolution of violations. For incidents involving child labor or forced labor, clear remediation procedures are in place to prompt corrective actions and uphold employee rights, fostering a fair, just, and safe workplace. In 2024, no cases of forced labor or child labor were identified.

To advance diversity, equity, and inclusion (DEI), the Company established robust complaint and feedback channels, including dedicated email, physical mailboxes, mediation centers, WeChat official accounts, and a 24/7 care hotline, enabling employees to report issues conveniently and receive prompt resolutions. For workplace discrimination or sexual harassment cases, a strict investigation process is enforced, with cross-functional teams from HR and relevant departments responsible for evidence collection, interviews, analysis, and resolution. Violators face disciplinary actions per the Longcheer Employee Code of Business Conduct and Guidelines for Accountability in Business Violations, ranging from warnings to termination or legal prosecution. Affected employees receive psychological support, and policies are updated to prevent recurrence. DEI training for all staff and new hires strengthens understanding of multiculturalism, anti-discrimination, and workplace norms, building an equitable and inclusive environment.

In 2024, the Company was not involved in collective bargaining agreements, and no strikes or restrictions on employee mobility occurred in the past three years.

Human Rights Due Diligence

The Company has established a comprehensive human rights due diligence process and formulated the *Labor and Ethical Risk Identification and Assessment Management Regulations* to systematically identify, evaluate, and control human rights risks. By incorporating human rights risk assessments into key business processes such as procurement and production, the Company ensures effective identification of human rights impacts and implements targeted prevention and mitigation measures to reduce potential risks.

In practice, the Company has established clear human rights policies, committing to safeguarding the fundamental rights of employees and relevant stakeholders. Through satisfaction surveys, employee forums, and feedback channels, the Company regularly collects information to assess the severity and likelihood of human rights risks. Based on the evaluation results, the Company prioritizes risks and develops improvement plans for high-risk areas, focusing on optimizing working conditions and strengthening supply chain management.

Additionally, the Company has implemented an effective grievance and remediation mechanism to ensure timely responses and proper resolution of human rights issues. To enhance the effectiveness of human rights management, the Company continuously refines its due diligence processes, maintains communication with stakeholders to gather feedback, and adjusts management strategies accordingly. The Company regularly reports risk status to management and discloses progress to stakeholders, ensuring transparency and credibility. Furthermore, the Company conducts regular training to improve employees' capabilities in human rights risk management, driving continuous improvement in the overall human rights governance of the enterprise.

Standardizing Recruitment Processes

The Company strictly adheres to the principles of openness, transparency, and merit-based selection in its recruitment processes to ensure equal opportunities for all candidates. Through policies such as the Longcheer Human Rights Policy, the Company explicitly prohibits discrimination based on factors unrelated to job requirements, including gender, age, ethnicity, region, marital or parental status, and medical conditions.

Prior to recruitment activities, the Company trains all hiring personnel on defining, identifying, and preventing discriminatory practices, as well as relevant laws and regulations. Recruitment advertisements and materials clearly state the Company profile, job requirements, and expectations, avoiding discriminatory language or imagery that could disadvantage specific groups. During interviews, candidates are evaluated solely on their competencies, knowledge, and experience, with questions strictly job-related and devoid of irrelevant personal inquiries. Timely feedback is provided on recruitment outcomes, and job assignments respect candidates' preferences. Throughout the process, the Company publicly commits to its principles of openness, transparency, and meritocracy while rigorously protecting applicants' personal data to guarantee equal opportunity.

To enhance recruitment competitiveness and employee retention, the Company focuses on optimizing the interview experience and providing prompt feedback to ensure alignment between organizational and employee values. Through internal referral programs, comprehensive compensation and benefits systems, and diversified incentive policies, the Company delivers holistic career development support.

For effective policy implementation, the Company has established a robust compliance management system, including the Regulations on Prohibition of Child Labor and Employment of Minor Workers, strictly enforced during recruitment to eliminate child labor at the source.

In global recruitment, the Company fully complies with local laws and respects regional customs while promoting workforce diversity. Inclusive hiring policies, background checks, and compliance reviews ensure lawful and equitable practices worldwide.

Longcheer explicitly prohibits charging applicants any fees, with all recruitment-related expenses—including campus presentations, job fairs, and pre-employment medical checks—fully covered by the Company.

Additionally, Longcheer collaborates with universities through industry-academia partnerships, including joint training bases, research initiatives, faculty exchanges, specialized programs, and corporate scholarships. These efforts provide students with practical experience and career opportunities while infusing the Company with fresh talent and innovative energy.

Longcheer Supports Scholarship Programs at Six Universities to Inspire Academic Excellence

In December 2024, the Company expanded its educational support initiatives by establishing scholarships at six universities: Harbin Institute of Technology, Nanchang University, Anhui University, Shanghai University, Xidian University, and Guilin University of Electronic Technology, aiming to motivate outstanding students to pursue exceptional academic achievements.



Longcheer Establishes Talent Training Bases with Two Vocational Colleges

In 2024, the Company partnered with Jiangxi Modern Vocational and Technical College and Luoyang Xin'an Vocational and Technical College to sign industry-academy cooperation agreements and hold unveiling ceremonies for talent training bases.



Longcheer Collaborates with Hefei University of Technology's School of Physics to Create a New Hub for Student Employment Internships

In May 2024, the Company and Hefei University of Technology's School of Physics signed the *Agreement on Joint Construction of a Student Employment Internship Base* at Longcheer's Hefei R&D Center, followed by an unveiling ceremony for the internship base.



In 2024, the Company recruited a total of 5,150 employees, including 3,567 male employees and 1,583 female employees. Among these, 1,045 were R&D personnel, accounting for 20.29% of the total hires. The Company also onboarded 45 employees with disabilities, 470 ethnic minority employees, and 185 non-mainland Chinese employees.

Building Communication Platforms

Longcheer places high importance on listening to employee voices and has established multi-channel communication platforms. The Company regularly conducts employee forums and satisfaction surveys covering corporate culture, team management, compensation and benefits, work environment, and employee communication to ensure timely collection and handling of feedback. Specific initiatives include CEO meet-and-greets, executive information sessions, democratic life meetings, and employee birthday events. Additionally, the Company has established shared service centers and online service desks for IT, finance, administration, and HR to ensure effective feedback and action at all levels.

The Company also utilizes multiple information platforms such as Longtan, Longcheer Style, Longcheer Recruitment, Service Desk, and MyHR to share real-time updates and ensure employees stay informed about company developments. These platforms provide efficient digital channels for employees to query and update personal information, submit materials, and for managers to approve and overview attendance and other matters.

Employees who experience unfair treatment regarding attendance, performance, qualifications, or job matching can submit complaints, reports, or feedback via phone, mail, email, HR service desks, or public HR email. For concerns about conduct or values, employees may report to the Ethics Office through phone, email, in-person meetings, or mail. The Company handles all reports fairly and confidentially.

The Company and its manufacturing sites conduct regular employee satisfaction surveys based on operational needs and feedback, covering five dimensions: corporate culture, team management, compensation and benefits, environment and logistics, and employee communication. These surveys aim to identify and address issues promptly, with anonymous

submission options to protect privacy. For example, Huizhou Longcheer conducts quarterly surveys, while Nanchang Longcheer performs them biannually or annually.

In addition, to enhance the sense of management participation among production line employees, the Company organizes monthly staff meetings, interviews with non-operational probationary employees, and interviews with current employees to identify and address employee difficulties promptly. In 2024, the Company conducted administrative service and workplace environment satisfaction surveys covering multiple offices in Shanghai, Shenzhen, Hefei, and other locations through digital means. The survey, conducted in the form of a Feishu real-name questionnaire, was promoted through the "Longcheer Administrative Services" subscription account, focusing on three major dimensions: the quality of administrative services, the condition of the office environment, and employee suggestions. Data shows that the overall satisfaction with administrative services reached 96.24%, the satisfaction with the office environment was 93.15%, and the satisfaction with facility configuration was 94.86%.

From May to December 2024, the Company collected a total of 83 employee feedbacks through the "Administrative Service Suggestion and Feedback Channel" in Shanghai, including 29 commendations, 22 suggestions, and 32 opinions. After comprehensive evaluation, the administrative department adopted and implemented improvements for 36 rational suggestions and opinions in line with the company's actual situation, continuously optimizing the workplace environment and service quality.



aMulti-channel Communication and Information Exchange Platform

>> Safeguarding Employee Health and Safety

Management System Development

Longcheer places paramount importance on employee health and safety, committing to providing a secure and healthy work environment. In 2024, through establishing systematic management frameworks, implementing comprehensive risk controls, strengthening professional competencies, and deepening safety culture initiatives, the Company built an all-encompassing, multi-layered health and safety protection network to ensure employee wellbeing.

To guarantee effective health and safety management, Longcheer established a Work Safety Committee and dedicated work safety management teams to oversee all safety operations. Safety responsibility agreements were signed across all organizational levels, implementing an organization-wide accountability system where every employee assumes defined safety obligations.

Aligned with international standards, Longcheer developed an ISO 45001-compliant occupational health and safety management system, supplemented by policies including the Environmental and Occupational Health & Safety Management Manual, *Occupational Disease Prevention Regulations*, *Personal Protective Equipment Management Rules*, and *Employee Emergency Assistance Procedures* to ensure full-coverage implementation. The Company successfully obtained ISO 45001 certification, elevating its management standards to global benchmarks.

Safety Culture Development

The Company actively promotes the establishment of a health and safety culture through diversified awareness campaigns. In 2024, the "Work Safety Month" initiative was implemented, featuring safety knowledge competitions, firefighting skill contests, safety essay submissions, and safety Q&A activities with rewards, achieving broad employee participation. Multi-channel communication tools including locker-area PA systems, televisions, bulletin boards, and banners were utilized to reinforce safety awareness and foster a robust safety culture.

Longcheer places high importance on enhancing the professional capabilities of safety management personnel. In 2024, the Company organized 42 full-time and part-time safety management staff to complete occupational safety management training and obtain qualification certificates. Building on this, the Company further conducted specialized fire safety training, ISO 14001 Environmental Management System internal auditor training, and ISO 45001 Occupational Health and Safety Management System internal auditor training, systematically strengthening the professional competencies of safety management personnel. To ensure the health and safety of all employees, the Company established the Safety Education and Training System and carried out specialized training focusing on key areas including fire safety, occupational health, work safety, environmental protection, and emergency management, comprehensively reinforcing the company's safety defenses.

The Company implements multiple measures in daily operations to safeguard employee health and safety.

Special Equipment Inspections

Regular examinations ensure operational integrity

Forklift Annual Certification

Mandatory inspections maintain regulatory compliance

Ergonomic Process Optimization

Scheduled breaks and workflow adjustments minimize repetitive-strain injuries

Mental Health Support

Recreational facilities (basketball courts, ping-pong rooms, libraries) and regular social events (birthday celebrations, employee forums) mitigate workplace stress

Slip-Prevention Protocols

High-risk zones feature warning signage with daily cleaning regimens

The Company intensified occupational disease prevention measures, with the Nanchang facility strictly implementing the "Three Simultaneities" occupational health principle to achieve comprehensive process integration, successfully obtaining Jiangxi Provincial Emergency Management certification.

Risk Control Measures

Longcheer conducts annual health and safety risk assessments across all facilities to systematically identify potential hazards and implement corresponding improvement measures. The Company performs regular occupational hazard inspections at worksites, ensuring 100% rectification of identified issues.

For process safety control, the Company established the Safety Audit Management System and conducted 80 specialized hazard inspections, achieving a 100% rectification rate.

A comprehensive inspection mechanism covers fire safety, electrical safety, occupational health, equipment safety, food safety, chemical safety, and construction safety to ensure effective resolution of all issues. To extend health and safety management to suppliers and contractors, Longcheer implements safety construction agreements and training programs.

Work Safety	Unit	2024
Global employee workplace injuries	Times	17
Severe workplace injuries	Person	0
Severe workplace injuries	%	0
Recordable workplace injuries	Person	17
Recordable injury rate	%	0.128
Safety drills	Times	77
Safety training sessions	Times	827
Employees trained	Person	13,240
Safety training coverage	%	100

In terms of production safety protection

the Company adopts stringent protective measures against potential risks such as harmful gases, harmful liquids, mechanical injuries, and noise. The Company's large public facilities (such as air compressors and central air conditioning units) are sited as far away from living areas as possible, and noise reduction facilities are used to minimize equipment vibration. At the same time, independent isolation rooms are established, equipped with soundproof cotton inside to reduce noise, and employees are required to wear noise reduction earmuffs and earplugs while working. In addition, the Company reduces the impact of harmful gases and liquids by equipping with fume purifiers and personal protective equipment, setting up safety doors, safety light curtains, and other protective facilities, and conducting routine equipment inspections to prevent mechanical injuries. At the same time, by implementing strict hazardous chemical management processes and safety device configurations, the safety of employees in various working environments is ensured.

In terms of compensation for work-related accidents

the Company is committed to rapid response and immediate remedial measures to ensure that injured employees receive timely treatment. After a work-related accident occurs, the Company will establish an accident investigation team and strictly follow the accident investigation and handling procedures to identify the cause, formulate preventive measures, and compile an 8D corrective action report.

Supporting Employee Training and Development

Longcheer has always regarded the growth and development of its employees as the core driving force for the continuous progress of the enterprise. In 2024, the Company comprehensively supports the enhancement of employee capabilities and career development through a systematic training system, diversified training programs, and a scientific promotion mechanism, providing employees with broad development opportunities and clear career paths, promoting mutual growth between employees and the enterprise.

The Company adheres to the concept of "learning empowers practice, development drives growth," follows the principles of "self-driven, practice-oriented, training-combat integrated, and assessment-driven learning," and builds a training system that covers all employees throughout their entire career cycle. Through systems such as the *New Employee Onboarding Guide* and the *Leadership Learning and Development Guide*, clear learning requirements at all levels are established to ensure precise matching of training needs, effective allocation of resources, and efficient operation of the training system.



Diversified Training Programs

The Company initiates learning needs research every November, formulates an annual training plan based on business priorities and employee capability gaps, covering groups of different ranks and tenures:



Externally Hired New Employee Training

Upgrade the "New Employee Onboarding Training," standardize training arrangements across all regions. A combination of online and offline methods is used to guide staff-level new employees to master the company's processes and systems through online courses and pass assessments within two weeks of joining; at the same time, multiple offline cultural seminars are organized each month, combining cultural case studies and debates to help new employees better understand the company's culture. For worker-level new employees, in addition to process systems and corporate culture, we also arrange job operation standard training to ensure employees can quickly take up their posts.





Campus Recruitment New Employee "Little Sun Development Plan":

the Company assists new graduates in becoming familiar with the company culture and independently undertaking tasks within six months through a model that includes "cultural immersion training, production line practical training, and mentorship." Through cultural immersion, on-the-job training at production lines, and one-on-one guidance from mentors, employees are ensured to quickly integrate and take on actual work modules.



Management Cadre Construction

the Company arranges the "New Leadership 180-Day Transition Plan" for new leaders in key positions, accelerating their integration and proficiency in new roles by providing mentors and coaches, thereby shortening the transition period and increasing the success rate of the transition. A leadership discussion mechanism has been established, where 95.34% of middle and senior management have reached a consensus on valuing human capital appreciation, achieving customer and company success through hard work, rejecting the neglect of processes and taking shortcuts, and adhering to principles in the exercise of power, applying these principles in their management work. Key position development plans are also carried out, analyzing key scenarios affecting customer satisfaction and business objectives, bridging issues across domains, and creating work manuals and end-to-end problem guidance principles to enhance the management awareness and capabilities of the team.

In 2024, the Company launched a series of training and assessments titled *Data Governance Empowerment* for the executive team. The content covered data governance concepts, data management technologies from benchmark companies, and a process management system tailored to the company's business scenarios, promoting data-driven decision-making and upgrading data governance within the company.



Professional Talent Empowerment

Through an internal trainer incentive mechanism, experts and key employees are encouraged to share their experience and technology. In 2024, 11 professional academies conducted a total of 885 courses, promoting the accumulation of technical cases and the cultivation of professional talent.



Team Leader Enhancement Plan

the Company has launched promotion and empowerment training for grassroots managers on the production line. Through pre-team leader and team leader training camps, a group of employees who meet the promotion standards are cultivated, with training content including management communication, professional skills, etc., to enhance the management capabilities of team leaders.

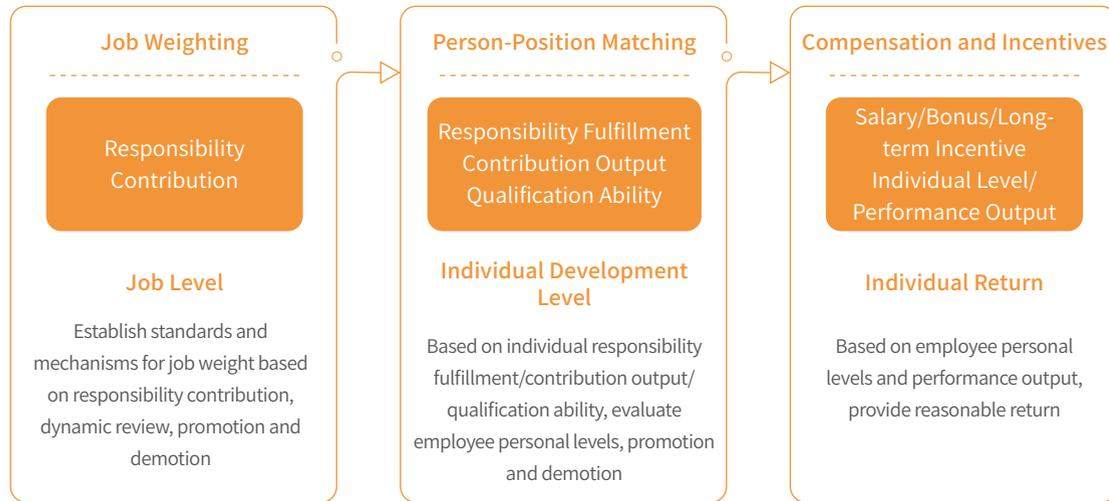


Relying on the 11 professional colleges under the Longcheer Academy, the Company has built a specialized learning platform, developing systematic learning resources based on the job qualifications for core positions. At the same time, the "eQi Xue" digital learning platform continues to be optimized, integrating intelligent functions such as AI course creation and online testing. In 2024, the platform's course resources exceeded 2,500, with employees averaging 120 minutes of study time per week, effectively supporting employees' self-directed learning and continuous development.

Employee Career Development

Longcheer has established a systematic career development system, classifying different positions through "families, categories, and subclasses," and relying on a ranking system and qualification management to construct dual career paths for management positions and professional technical positions, supporting employees in achieving career growth across different job categories.

To promote employee career development, the Company has formulated and implemented the *Person-Position Matching Management System*, which is centered on responsibility and contribution, establishing a dynamic ranking review mechanism to ensure the fairness and transparency of the career development mechanism.



Proceeding from the organizational level, implement position-based "Responsibility Contribution Grading"

Implement individual-based "Responsibility Contribution Grading"

Reward system based on responsibility contribution

Implementation Path for Job Level System

During the implementation of the job level system, the company's human resources system adopts a multi-channel, multi-level promotion strategy to ensure that the changes effectively cover all levels of organizations and employee groups. For each system working group (including system leaders, HRBPs, system ATs, and key business leaders), the HR team uses a bi-weekly briefing mechanism to regularly report on project progress, existing problems and risks, and the next work plan, ensuring information synchronization and improving the collaborative efficiency of decision-making and execution. For all employees, the HR team relies on the company's information platform "Longcheer Style" to publish promotional posters, systematically explaining the concept of job level system reform, strengthening the orientation of responsibility and contribution, and guiding employees to pay attention to their own career development. At the same time, the HR service desk serves as an information support channel, providing the function of checking job level related information at any time, and arranging customer service specialists to answer employee inquiries immediately, ensuring the transparency and accessibility of the reform information.



"Longcheer Job Level System Reform" Promotion

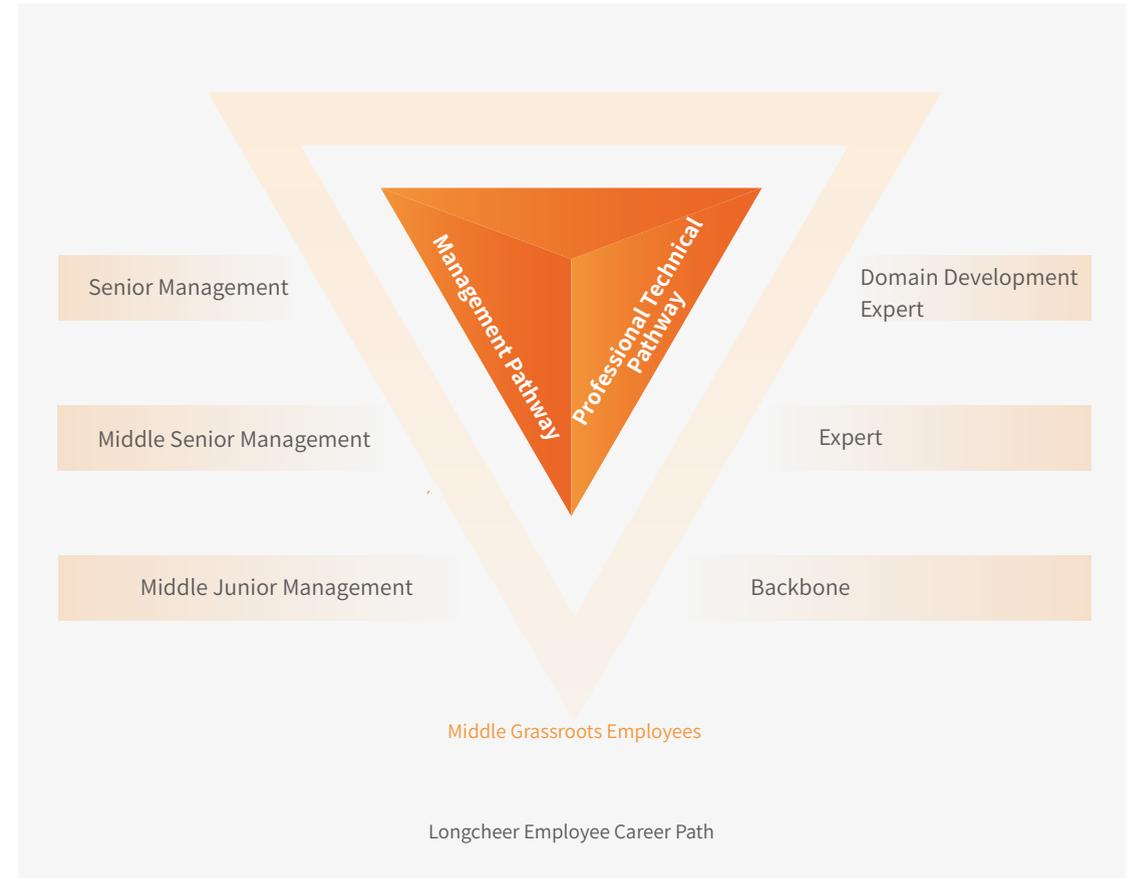
To further improve the talent development system, the Company is simultaneously advancing the construction of a professional talent system and has issued the "Expert Committee Establishment and Operation Management Measures." Through mechanisms such as standardized talent evaluation and specialized capability development, the Company continuously enhances the professional level of the organization. In July 2024, the Company established 11 expert committees and 7 sub-committees of experts, which are responsible for coordinating the strategy for professional team building, planning medium and long-term capability development paths, and leading the formulation and annual review of qualification standards.

In addition, by organizing key personnel to conduct experience reviews and capability factor extraction, the Company systematically initiates the optimization of the qualification system. Employees can apply for certification based on their personal development plans and will be assessed by the expert committees and sub-committees through evaluation and defense methods.

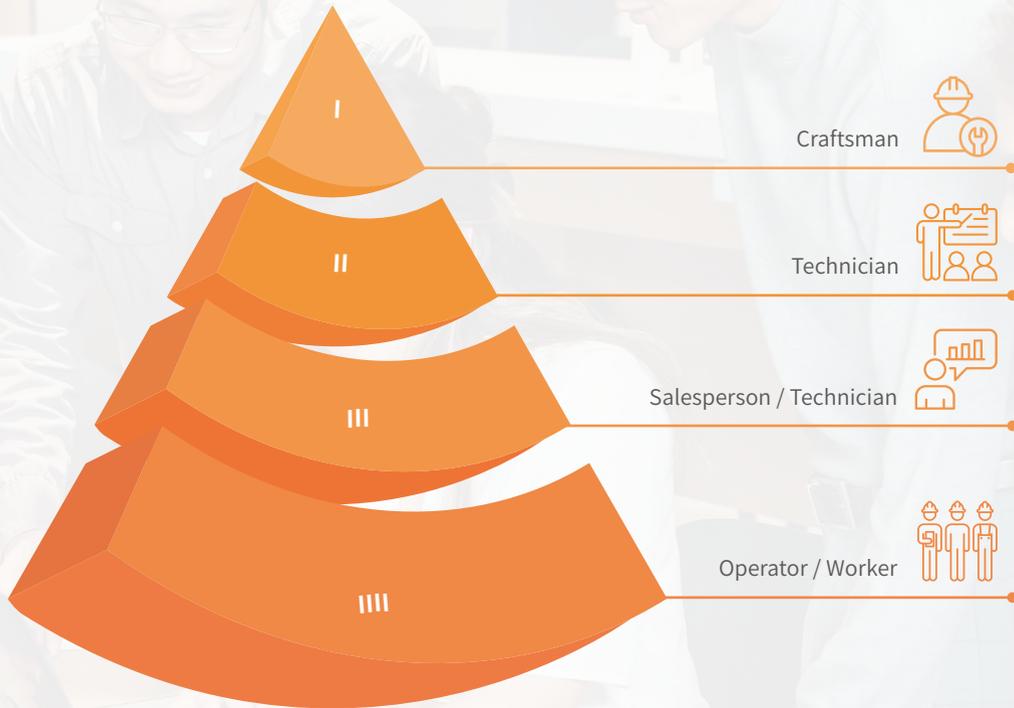
Focus on Capability	The job qualification management focuses on the professional capabilities required by the position, concentrating on enhancing professional skills to prevent misdirection.
Focus on Capability	The job qualification management focuses on the professional capabilities required by the position, concentrating on enhancing professional skills to prevent misdirection.
Performance-Oriented	The fundamental purpose of improving professional capabilities is to enhance employees' performance output; any capability improvement that does not promote performance improvement is incorrect.
Develop Experts	Experts play a leading role in the establishment of job qualification standards, the guidance of professional knowledge learning, and the certification of job qualifications.
Dynamic Development	According to the development of the company and the industry, dynamically review and improve job qualification standards; employee professional capabilities will also be dynamically evaluated based on updates to job qualification standards.

Longcheer Job Qualification Management Principles

Additionally, the Company provides employees with clear career progression paths through a well-structured job grade system and competency-based qualification management, empowering them to achieve personal value and professional goals while driving continuous organizational capability enhancement.



For operational employees, Longcheer has established a comprehensive and systematic training and empowerment system along with well-defined career progression pathways to support frontline staff's professional development.



Internal Mobility Empowers Growth

Since 2023, the Company has implemented the "Living Water Plan," encouraging employees to move across departments to expand their career development paths. In 2024, a total of 24 employees successfully transferred positions through this plan, promoting the rational allocation of talent and skill enhancement.

Precise Identification and Matching for Training

The Company accurately identifies employee skill gaps through strategic planning analysis, talent echelon assessment, and key position demand analysis, and develops targeted training programs. In 2024, the company, in conjunction with performance evaluations, feedback from upstream and downstream, and self-assessments by employees, clarified capability shortcomings and implemented corresponding training plans.

Unified Standards to Improve Quality

The Company provides contract workers, outsourced employees, part-time staff, and interns with the same job training and assessments as full-time employees, ensuring they possess the skills needed to perform their duties, and safeguarding work quality and safety standards.

Employee Compensation and Incentives

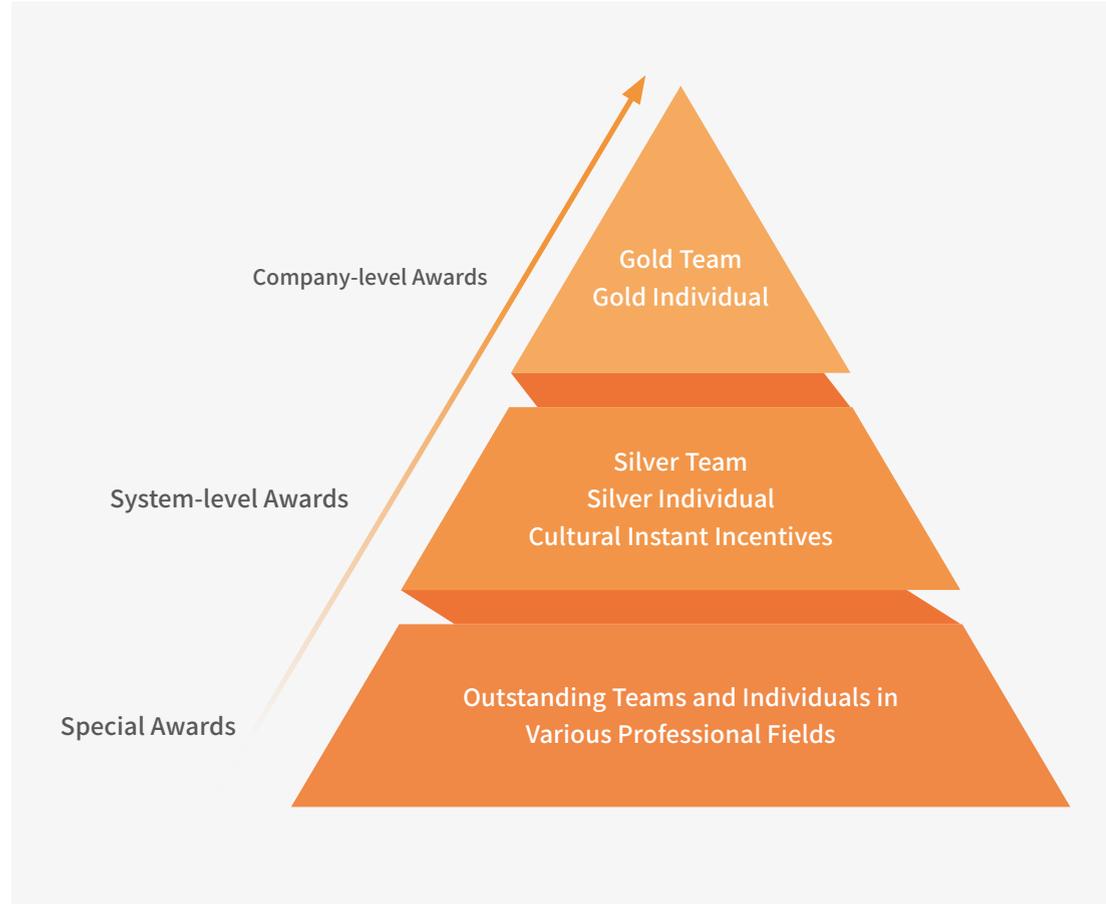
Longcheer upholds the core value of "contributor-centric" in compensation and performance management, implementing a salary system guided by employee contributions, job responsibilities, and position level adjustments. The Company is committed to motivating employees and driving both corporate performance and individual growth through scientific and systematic salary management and incentive mechanisms.

Salary management operates within the Company's established compensation framework, incorporating strategic objectives, external market benchmarks, and job responsibilities while aligning with employees' position levels and competencies. Salary adjustments are determined by role changes, contribution levels, and performance metrics to ensure a fair and transparent system that effectively incentivizes employees. Following a "performance-driven" principle, adjustments are made within predefined salary ranges based on work contributions, individual achievements, and current compensation levels, designed to reward top performers and fuel the Company's sustainable development. In 2024, the Company conducted two performance evaluations, completing assessments for 5,663 office employees to validate performance outcomes.

2024 Individual Performance Evaluation Process

- **Goal Setting**
Employees formulate personal performance commitments based on departmental objectives, job responsibilities, and process requirements, subject to approval by direct or matrix supervisors.
- **Progress Coaching**
Direct supervisors conduct regular (at least monthly) reviews of goal attainment, providing timely guidance, corrective feedback, and support.
- **Performance Assessment**
Employees conduct self-evaluations, followed by assessments from direct/matrix supervisors to determine final performance ratings.
- **Result Disclosure**
Department heads publicly recognize top performers with justification.
- **Feedback Sessions**
Supervisors communicate results, acknowledge achievements, identify gaps, and outline next-step expectations.
- **Improvement Plans**
For underperformers, supervisors collaborate on root-cause analysis of unmet goals and develop improvement plans.
- **Appeals Process**
Employees may appeal ratings post-feedback, with the Talent & Organizational Development Department overseeing the resolution process involving relevant supervisors and administrative teams.

To cultivate a high-performance culture, the Company has established prestigious honor awards including Gold Team, Gold Individual, and Gold Craftsman awards, which are presented by the executive leadership team during the annual conference. In 2024, this recognition system significantly enhanced employees' sense of achievement and belonging, while setting benchmarks to motivate collective progress across the entire workforce.



In addition, the Company has established instant, short-term and long-term incentive systems to enhance its development momentum:



Managers may apply to department heads for same-day incentive gift vouchers/cards to recognize employees who demonstrate outstanding performance in daily work.



The Company provides diverse short-term incentives for different positions, including annual performance bonuses, project bonuses, sales achievement awards, monthly performance awards, and quarterly performance awards, to promptly reward outstanding employees.



To encourage employees to grow and develop with the Company, an employee stock ownership plan (ESOP) has been implemented through an employee shareholding platform, applicable to middle and senior management and key high-performing employees.

» Delivering Corporate Warmth and Care

Employee Benefits

Longcheer consistently upholds the "contributor-centric" philosophy as its core development concept, committed to building a comprehensive, multi-tiered benefits system that covers all employees.

Statutory Benefits

The Company provides all legally required social welfare benefits in accordance with national laws and regulations. These include: insurance coverage encompassing pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund; leave entitlements such as marriage/bereavement/maternity leave, sick leave, and annual leave. For parenting support, the Company strictly complies with national regulations by offering eligible employees parenting leave, nursing breaks, maternity leave, and continuously improves management systems to better support parenting employees.

Allowance Benefits

Based on operational needs, the Company provides cash subsidies including transportation allowance, meal allowance, business travel allowance, and relocation allowance, along with talent apartment benefits for qualified employees.

Health & Security Benefits

These include pre-employment medical checkups, annual physical examinations, supplementary medical insurance, accident insurance, and overseas travel insurance (for business trips or assignments). Staff members receive supplementary commercial medical insurance, while workers and interns are covered by employer's liability insurance. The Company also organizes health lectures and traditional Chinese medicine consultations to support employees' physical and mental wellbeing.

Recognition Benefits

Employees enjoy festival gifts, birthday vouchers, departmental activity funds, as well as special benefits for outstanding technicians and model workers.

Harmonious Work Environment:

All office floors feature pantries and vending machines offering coffee, tea bags, healthy snacks, beverages and other refreshments for employees and visitors. Manufacturing bases provide dedicated dormitories, supermarkets, cafeterias, barbershops and other daily necessities, along with recreational facilities including basketball courts, badminton courts, billiard rooms and table tennis rooms.

Basketball Court

Badminton Court

Table Tennis Room

Parking Lot

Pantry

Library Room

62

» Optimizing Office Experience

In 2024, the Company focused on enhancing employees' office experience by implementing multiple administrative optimization measures across all major workplaces to improve the work environment and management efficiency, including:

- Automated travel management: Achieved automation of travel booking, expense management, and reimbursement processes through systems to improve efficiency and reduce manual errors.
- Corporate DiDi service: Launched corporate DiDi to simplify employee reimbursement processes for advance payments, ensuring convenient travel and transparent costs.
- Visa and immigration support: Assisted employees with visa applications, Taiwan entry permits, and other immigration procedures, while providing itineraries, overseas insurance, and related documents to ensure smooth travel.
- Courier management: Established a vendor selection mechanism and partnered with leading domestic and international courier companies like SF Express and DHL to ensure secure delivery of important documents and goods. Additionally, promptly addressed issues such as delivery delays, losses, or damages, and negotiated solutions with courier companies to enhance service stability and reliability.
- Office environment maintenance: Conducted regular inspections and maintenance of office equipment to ensure a clean and safe work environment. Updated reception area backdrops and countertops across all locations to enhance the professional and efficient office atmosphere.
- Pantry and convenience facilities optimization: All office floors in various locations are equipped with pantries featuring standard appliances such as refrigerators, microwaves, and water dispensers. Additional facilities like coffee machines, herbal tea bags, vending machines, and ice makers were installed in select areas to further improve daily convenience and comfort for employees.

Employee Care

In 2024, the Company continued to optimize various employee care and welfare measures, consistently enhancing employee experience and satisfaction. Currently, the Company has established a comprehensive employee activity system comprising three major categories: business operation activities, care and welfare activities, and recreational activities, supporting employee growth, fostering a sense of belonging, and enriching work-life experiences through diversified activities.

Business Operation Activities

Through activities such as CEO Office Meet-and-Greets, Executive Culture Co-creation Sessions, Strategy Roadshows, and Honorary Awards, the Company builds effective communication bridges, strengthens employees' identification with corporate strategy and culture, while inspiring personal growth and enhancing team cohesion, enabling employees to find a sense of belonging and value in the Company's development.



Executive Culture Co-creation (Shanghai)



CEO Office Meet-and-Greet (Shanghai)



CEO Office Meet-and-Greet (Nanchang)



Annual Base Recognition (Nanchang)



Strategy Roadshow (Shanghai)



Corporate-Level Honorary Awards Ceremony (Shanghai)



Care and Welfare Activities

Birthday Celebrations: To strengthen emotional bonds between the Company and employees, enhance their sense of belonging, and emphasize ceremonial significance during important moments, themed birthday parties are held monthly to celebrate employees' birthdays.

Festive Welfare Activities: At Longcheer, we value every special occasion, creating memorable experiences for employees. By integrating cultural activities with festivals, we bring joy and freshness to workplace life, fostering energy while spreading happiness and positive vibes.



Reading Day Themed Birthday Party (Shanghai)



Summer Themed Birthday Party (Shanghai)



Dragon Boat Festival Activities (Huizhou)



New Year Studio Photography (Nanchang)



Summer Themed Birthday Party (Shenzhen)



Christmas Themed Birthday Party (Shanghai)



Women's Day Floral Arrangement (Huizhou)





Care and Welfare Activities



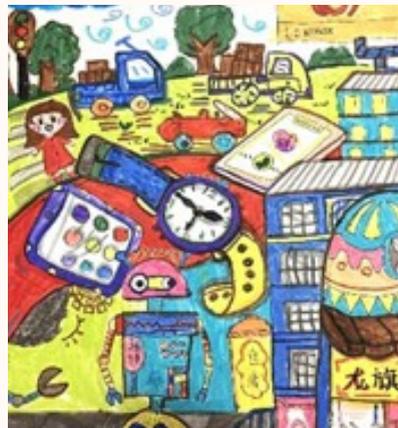
Spring Photography Contest Winning Work



Dragon Boat Festival Garden Party (Nanchang)



Mid-Autumn Festival Garden Party (Nanchang)



Children's Day Drawing Contest Winning Work



Engineers' Day Wellness Activity (Shanghai)



Christmas Candy Distribution (Hefei)



Care and Welfare Activities

Qile Cinema: We established Qile Cinema, curating classic films and regularly organizing screenings as an edutainment activity to help employees relieve work stress.



Qile Cinema (Huizhou)



Recreational Activities

Club Activities & Annual Sports Events: To enrich employees' leisure time, the Company has established 26 interest clubs across five locations covering football, basketball, tennis, badminton, table tennis, marathon running, yoga, dance, photography, etc., with allocated club funds to encourage diverse activities.

Annually, the Company organizes various sports competitions including club tournaments and employee-initiated leagues (football, badminton, marathons), fostering interaction, hobby development, social networking, and team cohesion.

Chairman Candy Distribution Photo



Urban Healthy Run (Nanchang)



Qixin Challenge (Huizhou)



Club Table Tennis Tournament (Shanghai)



Basketball Championship (Shanghai)



Basketball Championship (Nanchang)



Badminton Team Event (Huizhou)



Longcheer Voice (Nanchang)

Additionally, the Company established a Care Fund to assist employees and their immediate families facing financial hardship due to critical illnesses or emergencies. The Huizhou base provides Women's Day subsidies for female employees in pregnancy/nursing periods and secures union subsidies for disadvantaged staff to alleviate living pressures.

For social responsibility and talent development, the Company advances the Longcheer Care Fund, Longcheer Scholarships, and Longcheer Teaching Awards to support long-term growth. It strictly complies with labor rights standards and promptly addresses clients' labor protection requirements.



龙旗奖学金	
颁发单位: 上海龙旗科技股份有限公司	颁发时间: 2024年
累计资助学生:	45人 60人 75人
	博士 硕士 本科
享受奖学金学生数	浙江大学电气工程学院相关专业学生
浙江理工大学 12人	博士奖学金 3人 每人每年 8000元
浙江工业大学 12人	硕士奖学金 4人 每人每年 4000元
	本科生 5人 每人每年 3000元

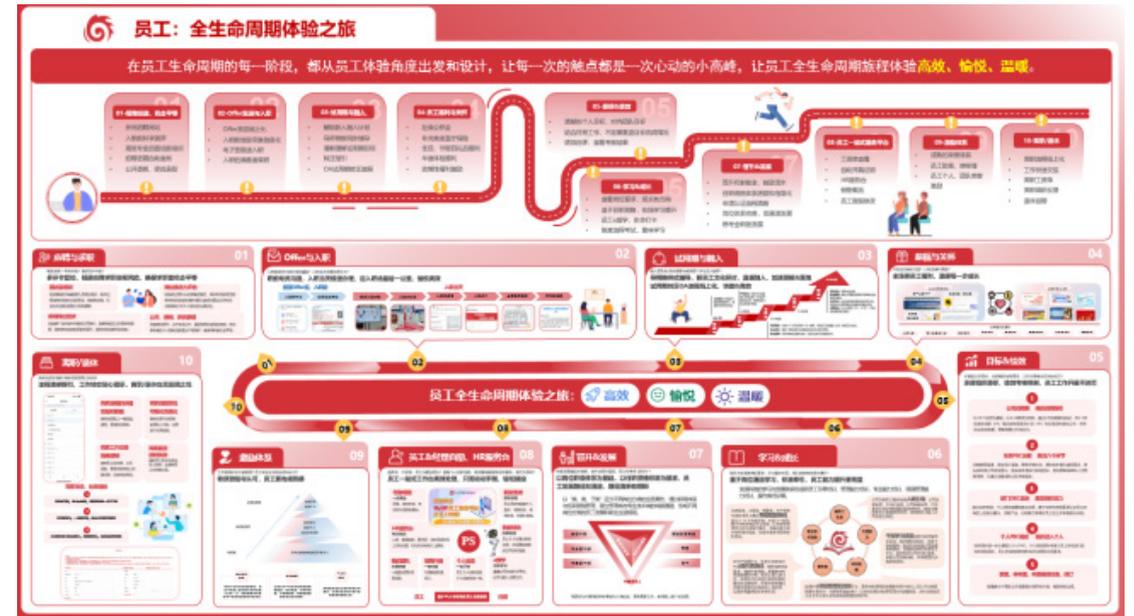
Longcheer Scholarships

Organizational Climate Survey

To thoroughly identify organizational management issues, drive management improvements, and stimulate employee motivation and creativity – thereby enhancing individual, team, and organizational performance – the Company initiated preparations for an internal organizational climate survey in the second half of 2024, with pilot implementation in selected business units the following year. The survey will help management personnel identify management shortcomings, focus on key management initiatives, and targetedly improve management skills and competencies. Survey data will be analyzed across multiple dimensions: team average scores (reflecting employees' overall perception of organizational climate), individual item scores (manifesting different management priorities), various dimensions (basic requirements, value realization, team belonging, mutual growth, etc.), and geographical regions. The survey results will be reported to the administrative teams of the Company's business units for joint discussion of improvement plans and implementation promotion.

Employee Lifecycle Care

The Company places high importance on employee rights and physical/mental health, enhancing information transparency and sense of belonging through diversified communication channels and humanized welfare benefits, while continuously improving the employee work experience. Simultaneously, the Company is committed to optimizing every stage of the employee lifecycle - from onboarding to professional development - by refining key touchpoints to create an efficient, enjoyable, and warm work experience, ensuring employees receive continuous support and care throughout their career growth.



Longcheer Employee Lifecycle Journey

Advancing Responsible Procurement

» Efficient Supply Chain Operations

Longcheer consistently upholds high-standard, systematic supply chain management strategies, establishing a tiered quality management framework to ensure supply chain security and continuity. The Company adopts a refined management approach, dividing supply chain management into two specialized modules responsible for end-to-end quality control of different material categories. Guided by the core principle of "meeting customer standards - ensuring material quality - achieving supply plans," it advances from three dimensions: project management, supplier collaboration, and team capability building to guarantee stable supply chain operations.

To enhance supply chain resilience, the Company established a comprehensive supplier audit mechanism, conducting annual audits of existing partners covering major suppliers of core categories. The "self-assessment + on-site inspection" approach requires suppliers to submit regular ESG self-evaluations, verified by quality teams through field checks. In 2024, 117 new and 92 existing suppliers were audited with >70% pass rates. Audits strictly follow QSA/QPA (Quality System Audit/Process Audit) standards, emphasizing quality management systems and execution capabilities. Evaluations cover quality control, delivery capacity, and cost management, alongside key indicators like labor rights, safety production, environmental protection, and business ethics compliance.

For identified issues, the Company mandates time-bound corrective actions with closed-loop verification to ensure resolution, improving overall compliance and operational stability. A tiered supplier management system leverages quarterly performance evaluations assessing quality, delivery, and cost capabilities, while incorporating environmental and social responsibility metrics. Differential management strategies optimize resource allocation based on evaluation results.

For risk management, the Company implements holistic supplier evaluations analyzing geographic location, industry characteristics, product categories, and financial status to systematically identify risks and develop countermeasures. Critical material suppliers undergo intensified monitoring. The Project Material Risk Assessment Management Standard initiates risk identification for "Five New" materials (new materials, processes, equipment, suppliers, designs) during project launches, ensuring closed-loop risk control.

» Responsible Supply Chain Development

Guided by its "long-termism" philosophy, Longcheer built an SRM (Supplier Relationship Management) system covering the entire supplier lifecycle, embedding sustainability into onboarding, audits, contract management, performance evaluations, and exit processes.

The Company requires all suppliers to strictly comply with national laws and regulations as well as corporate social responsibility standards, and to sign the *Supplier Corporate Social Responsibility Agreement* in procurement contracts, which regulates suppliers' performance in various social responsibility aspects including business ethics, environmental protection, and labor rights, ensuring supply chain compliance while continuously driving the enhancement and improvement of suppliers' social responsibility performance, ultimately establishing a comprehensive and systematic responsible supply chain management system.

For supplier qualification

The Company has established strict certification standards and audit procedures to screen qualified suppliers through the *New Supplier Qualification Certification Process*. All new suppliers must obtain ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications and comply with relevant industry standards. The qualification assessment adopts a multi-dimensional comprehensive evaluation, including supplier credential review, supplier self-assessment, on-site inspections, and cross-departmental joint review. The on-site audit covers multiple aspects such as quality systems, production processes, hazardous substance management, and social responsibility, which are strictly evaluated by the Company's internal professional team, with final admission decisions made by the Procurement Committee.



Longcheer Supplier Qualification Process

In terms of existing supplier management

The Company has established a comprehensive supplier responsibility management system that integrates sustainability concepts throughout the entire supplier lifecycle. Through the QCDS (Quality, Cost, Delivery, Social Responsibility) performance evaluation mechanism, the Company conducts comprehensive assessments of suppliers, incorporating CSR/ESG performance as key evaluation metrics covering labor rights, environmental compliance, business ethics and other aspects, while setting strict red-line standards to implement a one-vote veto system for suppliers violating social responsibility requirements.

The Company continuously optimizes supplier training systems and communication mechanisms, organizing specialized training on environmental compliance and ESG management that has covered over 1,000 suppliers. Training content includes key topics such as environmental regulation compliance requirements, analysis of typical violation cases, greenhouse gas accounting methods, carbon reduction pathway planning and conflict minerals management, helping suppliers enhance compliance management capabilities and responsibility awareness to jointly promote sustainable development of the supply chain.

Additionally, the Company has established a three-level CSR (Corporate Social Responsibility) issue resolution mechanism composed of business interfaces, professional teams and management to ensure timely response and effective resolution of supplier feedback.



"Dragons Soaring Globally, Flags Advancing Miles" - Longcheer Core Supplier Summit Successfully Concluded

In August 2024, Longcheer successfully held its 2024 Global Core Supplier Summit in Shanghai, bringing together key partners across the industrial chain for in-depth exchanges on supply chain management optimization, industry innovation and sustainable development. Through profound communication and collaboration with suppliers, the Company continuously enhances supply chain resilience, optimizes global layout, strengthens quality management, and explores sustainable development pathways. Building on the concept of open cooperation, Longcheer works with partners to jointly enhance industry competitiveness and achieve intelligent manufacturing upgrades and steady global market expansion.



» Conflict Minerals Management

Longcheer is committed to establishing a responsible mineral procurement supply chain, strictly adhering to the requirements of international responsible mineral initiatives, and pledges not to support or use tin, tantalum, tungsten, gold, cobalt and other mineral raw materials from the Democratic Republic of the Congo and surrounding conflict areas or of unknown origin. The Company actively supports the conflict minerals management actions of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI), and is dedicated to promoting sustainable development and human rights protection in the supply chain. Based on this commitment, the Company has formulated the *Supplier Conflict Minerals Management Specification*, clearly requiring suppliers to conduct source tracking and responsible mineral due diligence for their purchased minerals, and promoting all cooperating manufacturers to sign the *Conflict-Free Minerals Commitment Letter*, making it an important condition for supplier qualification and ongoing cooperation.

In 2024, the Company conducted systematic conflict minerals due diligence on nearly 600 direct suppliers, requiring them to submit the Conflict Minerals Reporting Template (CMRT) or the Extended Minerals Reporting Template (EMRT) as reasonable evidence for tracing mineral supply chain procurement information. The Company aggregated and analyzed smelter (SOR) information involved in the mineral supply chain and compared it with the country of origin database provided by the Responsible Minerals Initiative (RMI) to ensure the compliance of mineral sources. The survey results show that the raw materials used by suppliers are not involved in conflict minerals. In addition, Longcheer continues to share due diligence information with customers and suppliers, working together to promote the transparency and sustainable development of the mineral supply chain, and jointly prevent and reduce the human rights, environmental and social risks that mineral procurement may bring.



In 2024, the number of suppliers that underwent conflict minerals audits was

209

Exemplary Corporate Citizenship

» Rural Revitalization

Longcheer adheres to the philosophy of "Create Values Through Technology," deeply embedding social responsibility into corporate strategy to generate sustained social value. While pursuing high-quality development, the Company specifically addresses rural needs by leveraging technology to promote educational equity, transforming corporate innovation into endogenous drivers for rural revitalization. Through its "technology + philanthropy" assistance model, Longcheer not only fulfills corporate citizenship duties but also actively responds to China's rural revitalization strategy, contributing sustainable solutions for urban-rural integrated development.

Educational Empowerment

The Company prioritizes educational equity, actively implementing student aid programs to support rural revitalization and talent development. It established the "Longcheer Scholarship" across six universities nationwide, allocating 290,000 CNY in 2024 funding. Through industry-academia-research collaboration and internship base development, it cultivates high-quality professionals.

For basic education, the Company continuously invests in improving rural school facilities. Through the "Classroom Book Corner" initiative, it supports graded reading systems at schools like Gaocun Town Central Primary School (Yichun, Jiangxi), installing 10 "e-Qi Reading" smart book corners with age-appropriate classics to create immersive reading environments that expand cognitive horizons and enhance educational resources.

"Longcheer Scholarship", covering

6 universities

With annual funding of

290,000 CNY



Rural students utilizing book corner resources

Additionally, the "Green Heart Computers" program collects and refurbishes idle devices for rural schools in Yunnan and Guangdong. In 2024, 210 units were donated via Shanghai and Huizhou campaigns, benefiting teachers/students while advancing both environmental sustainability and rural digital education.



Shanghai computer donation certificate



Huizhou computer donation certificate

Ecological Restoration

For ecological projects, the Company donated 100,000 CNY to the "100 Million Saxaul Trees" initiative, combating desertification in Alxa (Inner Mongolia) by planting 10,000 saxaul trees across 580,000 sq.m., while boosting herders' income through saxaul-based industries, creating a "restoration-industry-rural development" virtuous cycle aligned with dual-carbon goals.



Longcheer's 100 Million Saxaul Trees donation certificate

Community Engagement

In discharging CSR commitments, Longcheer actively participates in community development and public welfare to enhance social wellbeing.

- In the field of community public welfare, the Company has partnered with Shanghai Hongmei Subdistrict to establish the "Hongmei Teaching Award", providing rewards to outstanding teachers to encourage their dedication to education and support the improvement of community education standards. Additionally, the Company actively responds to the "Rainbow Public Welfare" initiative by forming paired assistance relationships with disadvantaged families in the community, offering financial aid and daily necessities to children in need, thereby conveying corporate warmth and care.
- In the area of medical assistance, the Company collaborates with the Jiangxi Red Cross Foundation to provide financial aid, bringing warmth and hope to disadvantaged groups affected by susceptible diseases, childhood illnesses, and major/critical illnesses.

Jiangxi Red Cross Foundation

In 2024, Longcheer partnered with the Foundation to launch the "Jiang Xiaohong Alliance," donating specifically to aid 16 critically ill patients with medical support.



Longcheer's 50,000 yuan donation to Jiangxi Red Cross Foundation

Philanthropy & Rural Revitalization	Unit	2024
Philanthropic investment	10,000 CNY	36.76
Philanthropic projects	个	14
Employee volunteers	Person	279
Charity events organized session	场	20
Rural revitalization investment	10,000 CNY	16.8
Rural beneficiaries	Person	20

ESG Key Performance Indicator

ESG Indicator	Unit	2024
A Environmental		
GHG Emission		
Scope 1: Direct GHG emissions	tCO ₂ e	3,975.83
Scope 2: Energy indirect GHG emissions	tCO ₂ e	103,003.87
Scope 1 + Scope 2 Total Emissions	tCO ₂ e	106,979.7
Energy Consumption		
Consumption of electricity purchased	10,000 kWh	17,807.11
Solar power generation	10,000 kWh	142.32
Gasoline consumption	liter	30,585.71
Diesel consumption	liter	8,243.30
Natural gas	10,000 m ³	2.08
Total power consumption	10,000 kWh	17,949.43
Water Resource Management		
Water withdrawal	tonne	1,642,413
Including: Municipal water supply	tonne	1,642,413
Total water consumption	tonne	328,482
Including: Production water use	tonne	139,084
Domestic water use	tonne	189,398
Total recycled water	tonne	22,105

¹Statistical scope covers production waste.

ESG Indicator	Unit	2024
Wastewater		
Total wastewater discharge	tonne	1,291,826
Emissions		
Total emissions	tonne	1.41
Volatile Organic Compounds (VOCs) emissions	tonne	1.41
Waste Management		
Total waste generated	tonne	15,031.63
General waste ¹	tonne	14,956.63
Hazardous waste	tonne	75
Hazardous waste generated per million revenue	tonne	0.0016
Total waste recycled	tonne	14,430.36
Waste recycling rate	%	96
Environmental Compliance		
Penalty amount for significant environmental violations during reporting period	10,000 CNY	0
Environmental protection investment	10,000 CNY	939.09
Energy-saving retrofit project investment	10,000 CNY	891
Percentage of employees receiving environmental training	%	100
Percentage of worksites conducting environmental risk assessments	%	100

ESG Indicator	Unit	2024
B Social		
Employee Profile		
Global total of direct employees	Person	13,240
Including, by employment type		
Full-time employees	Person	13,196
Part-time employees	Person	44
Including, by gender		
Male employees	Person	9,211
Female employees	Person	4,029
Male employee ratio	%	69.57
Female employee ratio	%	30.43
Ethnic minority employees	Person	891
Including, by age		
30 and under	Person	6,811
31-40	Person	5,250
41-50	Person	1,136
Over 50	Person	43
Including, by education		
Doctoral degree	Person	4
Master's degree	Person	535

ESG Indicator	Unit	2024
Bachelor's degree	Person	3,720
Associate degree and below	Person	8,981
Including, by function		
Production employees	Person	8,493
Sales employees	Person	99
R&D and technical employees	Person	3,985
Finance employees	Person	119
Administrative employees	Person	544
Including, by region		
China (including Hong Kong, Macao, Taiwan)	Person	12,986
Outside China	Person	254
Including, by management level		
Female senior management	Person	4
Male senior management	Person	29
Female executive management	Person	106
Male executive management	Person	454
Total new hires	Person	5,150
Including, by region		
China (including Hong Kong, Macao, Taiwan)	Person	4,965
Outside China	Person	185

ESG Indicator	Unit	2024
Including, by age		
30 and under	Person	3,643
31-40	Person	1,340
41-50	Person	162
Over 50	Person	5
Including, by gender		
Male employees	Person	3,567
Female employees	Person	1,583
Number of hires through employee referrals	Person	692
Number of internal transfers	Person	61
Work Safety Management		
Annual work-related fatalities (global)	Person	0
Annual work-related injuries (global)	Times	17
Number of severe work-related injuries	Person	0
Percentage of severe work-related injuries	%	0
Number of recordable work-related injuries	Person	17
Percentage of recordable work-related injuries	%	0.128
Total lost work hours due to injuries	Hours	2,788
Safety drills conducted	Times	77
Safety training sessions held	Times	827
Employees participating in safety training	Person	13,240

ESG Indicator	Unit	2024
Employee safety training coverage rate	%	100
Proportion of Worksites Having Undergone Employee Health and Safety Risk Assessments	%	100
Percentage of worksites with completed health & safety risk assessments ¹	%	100
Percentage of employees represented by formal joint labor-management health & safety committees	%	100
Employee Training & Development		
Total training participations	Person-time	92,680
Including, by gender		
Male employee training participations	Person-time	61,172
Female employee training participations	Person-time	31,508
Male employee training percentage	Person-time	66
Female employee training percentage	Person-time	34
Including, by level		
Management employee	Person-time	4,151
Non-management employee	Person-time	88,529
Including, by employee category		
Production employees	Person-time	59,451
Sales employees	Person-time	693
R&D and technical employees	Person-time	27,895
Finance employees	Person-time	833
Administrative employees	Person-time	3,808

¹Percentage of employees represented by formal joint labor-management health & safety committees=Total employees at sites with established safety committees/Total company workforce

ESG Indicator	Unit	2024
Employee training coverage rate	%	100
Total training hours for all employees	Hour	336,238
Including, by gender		
Total training hours for male employees	Hour	230,275
Total training hours for female employees	Hour	105,963
Including, by level		
Management employee	Hour	16,723
Non-management employee	Hour	319,515
Including, by employee category		
Production employees	Hour	192,314
Sales employees	Hour	1,077
R&D and technical employees	Hour	139,508
Finance employees	Hour	843
Administrative employees	Hour	2,496
Average training hours per employee	Hour	25.4
Including, by gender		
Average training hours per male employee	Hour	25
Average training hours per female employee	Hour	26.3
Including, by level		
Management employee	Hour	28.2
Non-management employee	Hour	25.3

ESG Indicator	Unit	2024
Total new employees trained	Person	5,150
New employee training sessions	Times	352
Total training hours for new employees	Hour	42,787
Instructional hours for new employees	Hour	513
Employee Compensation		
Total Compensation of the Company's General Manager	10,000 CNY	240.02
Annual individual performance evaluation participation rate	%	95.02
Supplier Management		
Total number of suppliers	Supplier	2,909
Including, by region		
Asia	Supplier	2,858
Europe	Supplier	10
North America	Supplier	30
South America	Supplier	2
Africa	Supplier	0
Oceania	Supplier	2
New suppliers undergoing CSR audits	Supplier	117
Existing suppliers undergoing CSR audits	Supplier	92
Suppliers participating in CSR training	Supplier	432
Annual CSR compliance violation rate	%	0
Supplier safety training participations	Person-time	3,068

ESG Indicator	Unit	2024
Supplier safety training coverage rate ⁴	%	100
Suppliers undergoing conflict minerals audits	Supplier	209
Philanthropy		
Public Welfare and Rural Revitalization Investment	10,000 CNY	53.56
Monetary donations	10,000 CNY	49
In-kind donations (monetary equivalent)	10,000 CNY	4.56
Philanthropic projects	↑	14
Employee volunteers	Person	279
Volunteer service hours	Hour	1,938
Charitable activities organized	Session	20
Rural Revitalization		
Rural revitalization investment	10,000 CNY	16.8
Beneficiaries of rural revitalization	Person	20
Innovation & R&D		
Total global authorized patents	Pcs.	760
Including, by patent type		
Authorized invention patents	Pcs.	167

ESG Indicator	Unit	2024
Authorized utility model patents	Pcs.	485
Authorized design patents	Pcs.	108
Valid patents per million revenue	Pcs.	
Newly authorized patents	Pcs.	77
New patent applications	Pcs.	208
Accumulated software copyrights	Pcs.	446
Accumulated trademarks	Pcs.	44
Annual R&D investment	10,000 CNY	208,017.16
R&D investment as % of revenue	%	4.48
Product & Service Quality		
Annual product recalls due to quality issues	Pcs.	0
Annual customer audits received session	Times	28
Including, by audit type		
Social responsibility audits	Times	10
Other audits	Times	18
Customer audit pass rate	%	96
Annual external quality system audits	Times	35

⁴Coverage mainly includes on-site suppliers.

ESG Indicator	Unit	2024
Passed external quality system audits	Times	34
First-time pass rate for external quality audits	%	97
Total customer complaints	Pcs.	126
Closed customer complaints	Pcs.	126
C Corporate Governance		
Board Composition		
Number of directors	Person	9
Including, Male directors	Person	9
Female directors	Person	0
Directors with risk management expertise (accounting/legal)	Person	1
Independent directors	Person	3
Percentage of independent directors	%	33.33

ESG Indicator	Unit	2024
Anti-Corruption		
Concluded corruption cases against the Company	Pcs.	2
Concluded corruption cases against employees	Pcs.	2
Whistleblowing reports via anti-corruption channels	Pcs.	46
Anti-bribery due diligence & monitoring of business partners	Times	1
Anti-corruption training sessions for directors/executives	Times	1
Audit cycle for all operating entities	month	12
Annual business ethics training coverage ⁵	%	74.24
Information Security		
Percentage of sites with certified ISMS (e.g. ISO 27001)	%	100
Major information security breaches	Pcs.	0
Privacy leakage incidents	Pcs.	0

⁵Training currently excludes overseas and frontline production employees.

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Article 33 (3)	Administrative Penalties and Criminal Liability for Environmental Incidents				
Section 3 Resource Utilization and Circular Economy	Article 34	Intensive and efficient utilization of energy, water, raw materials, and other resources, strengthening resource saving management during the resource use process, and promoting the reduction, reuse, and recycling of production and circulation processes.	Regulating Environmental Operations, Building a Circular Economy		
	Article 35 (1)	Basic Information on Energy Use	Energy Utilization		
		Article 35 (2)		Use of Clean Energy	
		Article 35 (3)		Energy Saving Goals and Specific Measures	

Terms and Disclosure Contents			Issues	Location
Section 3 Resource Utilization and Circular Economy	Article 36 (1)	Water Resource Use	Water Resource Utilization	Regulating Environmental Operations
	Article 36 (2)	Water Resource Saving Goals and Specific Measures		
	Article 37 (1)	Goals and Plans for Circular Economy	Circular Economy	Building a Circular Economy
	Article 37 (2)	Specific Measures for Circular Economy		
	Article 37 (3)	Progress and Achievements of Circular Economy		
Chapter 3 Environmental Information Disclosure				
Section 1 Rural Revitalization and Social Contributions	Article 38	Combine the company's main business with the implementation of rural revitalization and social public welfare, while ensuring the healthy development of the company and sustainable returns to investors, promote the sustainable development of the economy and society.	Rural Revitalization	Exemplary Corporate Citizenship
	Article 39 (1)	Integration of Rural Revitalization and Poverty Alleviation Strategies into the Company's Strategy		
	Article 39 (2)	Rural Revitalization Support Measures		
	Article 39 (3)	Achievements of Rural Revitalization Work		
	Article 40	Public and Social Contributions	Social Contribution	Exemplary Corporate Citizenship
Section 2 Innovation-Driven and Scientific Ethics	Article 41	Actively implement the innovation-driven development strategy, continuously enhance innovation capabilities and competitiveness, comply with scientific ethics norms in innovation decision-making and practice, respect the spirit of science, and give full play to the positive effects of science and technology.		Innovation-Driven Development
	Article 42 (1)	Strategy and Goals for Technology Innovation	Innovation-Driven	Innovation-Driven Development
	Article 42 (2)	Specific Situations of Technology Innovation		
	Article 42 (3)	Research and Development Progress and Achievements of Technology Innovation		
	Article 43 (1)	Scientific Ethics Norms	Technology Ethics	Innovation-Driven Development
	Article 43 (2)	System, Governance Structure, and Operation of Scientific Ethics		

Terms and Disclosure Contents			Issues	Location
	Article 43 (3)	Behaviors Violating Scientific Ethics (if any)	Technology Ethics	Innovation-Driven Development
	Article 43 (4)	Internal and External Training and Science Popularization of Scientific Ethics		
Section 3 Suppliers and Customers	Article 44	While pursuing economic benefits and protecting the interests of shareholders, protect the interests of creditors, treat suppliers, customers, and consumers with integrity.	Supply Chain Security	Advancing Responsible Procurement
	Article 45 (1)	Supply Chain Risk Management		
	Article 45 (2)	Measures to Ensure Supply Chain Security	Fair Treatment of SMEs	Not disclosed due to lower double materiality
	Article 46	Amount of overdue payment and its solution Disclosure requirements and solutions of overdue payment for small and medium-sized enterprises		
	Article 47 (1)	Construction and Implementation of Product and Service Quality Management System	Product and Service Safety and Quality	Ensuring Product Quality
	Article 47 (2)	Quality Management and Product and Service Quality Certification		
	Article 47 (3)	Handling and Impact of Product and Service Quality Incidents During the Reporting Period		
	Article 47 (4)	Implementation of After-Sales Service and Product Recall System, and Customer Complaint Handling		
Article 48 (1)	Data Security Management and Certification (if any)	Data Security and Privacy Protection	Strengthening Information Security	
Article 48 (2)	Handling of Data Security Incidents (if any)			
Article 48 (3)	Customer Privacy Protection System			
Article 48 (4)	Handling of Customer Privacy Leakage Incidents (if any)			
Section 4 Employees	Article 49	Legally protect the legitimate rights and interests of employees, provide employees with healthy and safe working conditions, pay employee salaries and social security on time, strengthen employee training, and establish a reasonable and effective employee grievance system.		Building a Harmonious Team
	Article 50 (1)	Policies and Implementation in Employee Employment, Treatment, and Other Aspects	Employees	Building a Harmonious Team
	Article 50 (2)	Basic Situation of Occupational Health and Safety		
	Article 50 (3)	Basic Situation of Employee Career Development and Training		

Terms and Disclosure Contents			Issues	Location
Chapter 5 Information Disclosure Related to Sustainable Development Governance				
Section 1 Rural Revitalization and Social Contributions	Article 51	Actively integrate the concept of sustainable development into the company's governance systems and processes in combination with the company's actual situation and the requirements of this Guideline, further improve and perfect the company's governance mechanisms, and promote the company's sustainable development.		ESG Strategy and Mechanism, Strengthening Corporate Governance
	Article 52	Due Diligence on Identification and Response to Sustainable Development Risks	Due Diligence	Advancing Responsible Procurement
	Article 53 (1)	Construction and Implementation of Stakeholder Communication System	Stakeholder Communication and Engagement	Stakeholder Communication and Engagement
	Article 53 (2)	Channels and Implementation of Feedback from Stakeholders		
Section 2 Business Conduct	Article 54	In business activities, it shall follow the principles of voluntariness, fairness, equality, and mutual benefit, observe social ethics and business ethics, shall not seek illegal interests through bribery and other illegal activities, shall not infringe upon others' trademarks, patents, and copyrights and other intellectual property rights, and shall not engage in unfair competition.		Advancing Compliance Construction

Terms and Disclosure Contents			Issues	Location
Section 3 Business Conduct	Article 55 (1)	Anti-Bribery and Anti-Corruption Management System	Anti-Bribery and Anti-Corruption	Advancing Compliance Construction
	Article 55 (2)	Anti-Bribery and Anti-Corruption Risk Assessment		
	Article 55 (3)	Number of Employees Trained in Anti-Bribery and Anti-Corruption		
	Article 55 (4)	Handling of Bribery and Corruption Incidents (if any)		
	Article 56 (1)	Anti-Unfair Competition System and Construction	Anti-Unfair Competition	Advancing Compliance Construction
	Article 56 (2)	Litigation (if caused by unfair competition)		
Chapter 6 Supplementary Provisions and Interpretations				
Section 4 Business Conduct	Article 57	Index table		Index Table
	Article 58	Report Attestation or Audit		Third Party Assurance Report

GRI Index

Usage Guidelines	Shanghai Longcheer Technology Co., Ltd. has reported the information referenced in this GRI Content Index in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024.
Standards Reference	2021 GRI 1: Foundation 2021

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 2: General Disclosures 2021	2-1	Organizational details	About Longcheer			
	2-2	Entities included in the organization's sustainability reporting	About this report			
	2-3	Reporting period, frequency and contact point	About this report			
	2-4	Restatements of information	ESG Key Performance Indicator			
	2-5	External assurance	Third Party Assurance Report			
	2-6	Activities, value chain and other business relationships	About Longcheer			
	2-7	Employees	Building a Harmonious Team			
	2-8	Workers who are not employees	Building a Harmonious Team			
	2-9	Governance structure and composition	Strengthening Corporate Governance			
	2-10	Nomination and selection of the highest governance body	Strengthening Corporate Governance			
	2-11	Chair of the highest governance body	Strengthening Corporate Governance			
	2-12	Role of the highest governance body in overseeing the management of impacts	ESG Strategy and Mechanism			
	2-13	Delegation of responsibility for managing impacts	ESG Strategy and Mechanism			
	2-14	Role of the highest governance body in sustainability reporting	ESG Strategy and Mechanism			
	2-15	Conflicts of interest	Strengthening Corporate Governance			
	2-16	Communication of critical concerns	Strengthening Corporate Governance			
	2-17	Collective knowledge of the highest governance body	ESG Strategy and Mechanism			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
	2-18	Evaluation of the performance of the highest governance body	Omitted	2-18-a 2-18-b 2-18-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-19	Remuneration policies	Omitted	2-19-a 2-19-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-20	Process to determine remuneration	Omitted	2-20-a	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-21	Annual total compensation ratio	Omitted	2-21-a 2-21-b 2-21-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-22	Statement on sustainable development strategy	Message from the Chairman, ESG Strategy and Mechanism			
	2-23	Policy commitments	Advancing Compliance Construction, Advancing Responsible Procurement			
	2-24	Embedding policy commitments	Advancing Compliance Construction, Advancing Responsible Procurement			
	2-25	Processes to remediate negative impacts	Advancing Compliance Construction			
	2-26	Mechanisms for seeking advice and raising concerns	Advancing Compliance Construction			
	2-27	Compliance with laws and regulations	Advancing Compliance Construction			
	2-28	Membership associations	External Recognition and Awards			
	2-29	Approach to stakeholder engagement	Stakeholder Communication and Engagement			
	2-30	Collective bargaining agreements	Omitted	2-30-a 2-30-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Double Materiality Analysis			
	3-2	List of material topics	Double Materiality Analysis			
	3-3	Management of material topics	Double Materiality Analysis			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	For details, refer to the 2024 Annual Report			
	201-2	Financial implications and other risks and opportunities due to climate change	Tackling the Climate Change			
	201-3	Defined benefit plan obligations and other retirement plans	Building a Harmonious Team			
	201-4	Financial assistance received from government	Omitted	201-4-a 201-4-b 201-4-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Omitted	202-2-a 202-2-b 202-2-c 202-2-d	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	202-2	Proportion of senior management hired from the local community	Omitted	202-2-a 202-2-b 202-2-c 202-2-d	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Exemplary Corporate Citizenship			
	203-2	Significant indirect economic impacts	ESG Strategy and Mechanism			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Omitted	204-1-a 204-1-b 204-1-c	Confidentiality Restrictions	Confidentiality Restrictions Due to confidentiality requirements, the information is temporarily not disclosed

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Advancing Compliance Construction			
	205-2	Communication and training about anti-corruption policies and procedures	Advancing Compliance Construction			
	205-3	Confirmed incidents of corruption and actions taken	Advancing Compliance Construction			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Advancing Compliance Construction			
	207-1	Approach to tax	Strengthening Corporate Governance			
GRI 207: Tax 2019	207-2	Tax governance, control, and risk management	Strengthening Corporate Governance			
	207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder Communication and Engagement			
	207-4	Country-by-country reporting	Omitted	207-4-a 207-4-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Regulating Environmental Operations, Building a Circular Economy			
	301-2	Recycled input materials used	Regulating Environmental Operations, Building a Circular Economy			
	301-3	Reclaimed products and their packaging materials	Regulating Environmental Operations, Building a Circular Economy			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	ESG Key Performance Indicator			
	302-2	Energy consumption outside of the organization	ESG Key Performance Indicator			
	302-3	Energy intensity	ESG Key Performance Indicator			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
	302-4	Reduction of energy consumption	ESG Key Performance Indicator			
	302-5	Reductions in energy requirements of products and services	Omitted	302-5-a 302-5-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Regulating Environmental Operations			
	303-2	Management of water discharge-related impacts	Regulating Environmental Operations			
	303-3	Water withdrawal	ESG Key Performance Indicator			
	303-4	Water discharge	Omitted	303-4-a 303-4-b 303-4-c 303-4-d	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
	303-5	Water consumption	ESG Key Performance Indicator			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omitted	304-1	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
	304-2	Significant impacts of activities, products and services on biodiversity	Omitted	304-2-a 304-2-b	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
	304-3	Habitats protected or restored	Omitted	304-3-a 304-3-b 304-3-c 304-3-d	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omitted	304-4	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	ESG Key Performance Indicator			
	305-2	305-2 Energy indirect (Scope 2) GHG emissions	ESG Key Performance Indicator			
	305-3	305-3 Other indirect (Scope 3) GHG emissions	ESG Key Performance Indicator			
	305-4	GHG emissions intensity	ESG Key Performance Indicator			
	305-5	Reduction of GHG emissions	ESG Key Performance Indicator			
	305-6	Emissions of ozone-depleting substances (ODS)	Omitted	305-6-a 305-6-b 305-6-c 305-6-d	Not Applicable	During the reporting period, we did not have significant emissions of relevant refrigerants or other ozone-depleting substances (ODS), and therefore did not quantify them
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Key Performance Indicator			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Regulating Environmental Operations			
	306-2	Management of significant waste-related impacts	Regulating Environmental Operations			
	306-3	Waste generated	Regulating Environmental Operations			
	306-4	Waste diverted from disposal	Regulating Environmental Operations			
	306-5	Waste directed to disposal	Regulating Environmental Operations			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Advancing Responsible Procurement			
	308-2	Negative environmental impacts in the supply chain and actions taken	Advancing Responsible Procurement			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	ESG Key Performance Indicator			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Building a Harmonious Team			
	401-3	Parental leave	Building a Harmonious Team			
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Omitted	402-1-a 402-1-b	Not Applicable	No operational changes occurred during the reporting period

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Building a Harmonious Team			
	403-2	Hazard identification, risk assessment, and incident investigation	Building a Harmonious Team			
	403-3	Occupational health services	Building a Harmonious Team			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Building a Harmonious Team			
	403-5	Worker training on occupational health and safety	Building a Harmonious Team			
	403-6	Promotion of worker health	Building a Harmonious Team			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Building a Harmonious Team			
	403-8	Workers covered by an occupational health and safety management system	ESG Key Performance Indicator			
	403-9	Work-related injuries	ESG Key Performance Indicator			
	403-10	Work-related ill health	Building a Harmonious Team			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	ESG Key Performance Indicator			
	404-2	Programs for upgrading employee skills and transition assistance programs	Building a Harmonious Team			
	404-3	Percentage of employees receiving regular performance and career development reviews	Building a Harmonious Team			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Building a Harmonious Team			
	405-2	Ratio of basic salary and remuneration of women to men	Omitted	405-2-a 405-2-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Building a Harmonious Team			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Omitted	407-1-a 407-1-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Advancing Responsible Procurement			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Advancing Responsible Procurement			
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Omitted	410-1-a 410-1-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Omitted	411-1-a 411-1-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Exemplary Corporate Citizenship			
	413-2	Operations with significant actual and potential negative impacts on local communities	Exemplary Corporate Citizenship			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Advancing Responsible Procurement			
	414-2	Negative social impacts in the supply chain and actions taken	Advancing Responsible Procurement			
	415-1	Political contributions	Omitted	415-1-a 415-1-b	Not Applicable	During the reporting period, the company did not engage in any political donations
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Ensuring Product Quality			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ensuring Product Quality			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Ensuring Product Quality			
	417-2	Incidents of non-compliance concerning product and service information and labeling	Ensuring Product Quality			
	417-3	Incidents of non-compliance concerning marketing communications	Ensuring Product Quality			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Strengthening Information Security			

Third Party Assurance Report



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., a member of TÜV Rheinland Group (hereinafter "TÜV Rheinland" or "We"), was entrusted by Shanghai Longcheer Technology Co., Ltd. (hereinafter "Longcheer" or "the Company") to conduct an independent third-party assurance of 2024 Environmental, Social and Corporate Governance Report of Longcheer (hereinafter, "ESG Report"). The report disclosed sustainability information for the fiscal year 2024 (January 1, 2024 to December 31, 2024) of Longcheer.

Responsibilities

Longcheer is not only responsible for the preparation of ESG report and the collection and submission of sustainability information in accordance with applicable reporting standards, but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.

TÜV Rheinland is a global service provider that provides CSR and sustainability services in more than 65 countries, with experienced and technical expertise in the areas of environment, CSR, sustainability and stakeholder engagement. TÜV Rheinland Assurance team follows the TÜV Rheinland Global Business Ethics Compliance Policy and Procedures, covering the principles of integrity compliance and conflict of interest. Therefore, our assurance services are based on the principles of independence and impartiality, and we do not participate in the writing and preparation of the report of Longcheer. It is the duty of TÜV Rheinland to carry out independent assurance in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial judgments on ESG reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for the sustainability information disclosed in ESG report of Longcheer in accordance with the AccountAbility AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 and Moderate level.

Assurance Objectives

The purpose of the assurance was to provide management of Longcheer and stakeholders concerned with the company's sustainability information and performance to provide an independent view of the assurance, including assessment of whether the content of the report adhered to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact), and verification of sustainability information disclosure.

Assurance Criteria

The following assessment criteria were used in undertaking the work:

- Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 – Sustainability Report (Trial)
- Shanghai Stock Exchange, Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Preparation of Sustainability Reports
- Sustainability Reporting Standards (GRI Standards) of Global Sustainability Standards Board (GSSB)
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AP AccountAbility Principles, i.e., Inclusivity, Materiality, Responsiveness, and Impact

Methodology

Our assurance activities and procedures include:

- Inquiring management and those personnel responsible for collecting and aggregating sustainability performance information to understand the management processes, systems, and controls for sustainability performance information.
- Reviewing and assessing the availability, adequacy, and relevance of performance information based on sampling principles.
- Applying analysis program to assess the accuracy of the information available for performance data.
- Collecting and examining the supporting evidence of available performance information to assess the extent to which the relevant evidence and information related to the scope of the assurance in the sustainability report supports and adheres to the AA1000AP AccountAbility Principles.
- Reporting assurance observations or recommendations to give the company's management an opportunity to correct errors before the assurance process is completed.

Limitations

TÜV Rheinland planned and executed the verification in accordance with the scope of the assurance agreed upon in order to obtain all the information, evidence and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3.

The information and performance data relating to the assurance is limited to the disclosure of the contents of this report. Our assurance work did not include financial report and its financial data, as well as other information not related to the topic of sustainability.

Conclusions

Based on the above assurance procedures and methodology performed and the evidence obtained, we conclude that there are no instances or information that would be contrary to the following statements:

- 2024 ESG Report of Longcheer and its contents are in adherence to the AA1000AP AccountAbility Principles, and align with disclosure requirements of the GRI Standards.
- Longcheer has implemented processes to collect and aggregate performance information and data related to materiality issues within the reporting boundary, and the company's management practices have also shown that the company conducted double materiality analysis and evaluation of issues.
- The sustainability-related information and performance disclosed in the report have been assessed and supported by documentary evidence.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Longcheer based on this Assurance Statement.

Adherence to the AA1000AP AccountAbility Principles

Inclusivity: The key stakeholders identified by Longcheer included shareholders, capital markets, customers, employees, suppliers, communities and social organizations (e.g. media, industry associations). Evidence showed that in 2024, the company conducted a questionnaire survey of internal and external stakeholders, covering topics such as energy use, response to climate change, supply chain security, and customer rights protection. We recommend that Longcheer establish a stakeholder engagement mechanism, strategy and plan, and analyse and measure the results of stakeholder participation in the company's sustainable development.

Materiality: Evidence indicated that in 2024, Longcheer has carried out a double materiality issue assessment process. Based on sustainability-related disclosure standards and guidelines, capital market rating requirements, peer benchmarking analysis, and industry trend research, the company has constructed a list of sustainability issues, and combined with stakeholder questionnaire responses, to assess the importance of these issues from two dimensions: impact materiality and financial materiality. The issue matrix chart showed the key issues of the year (e.g., product and service safety and quality, R&D and innovation, response to climate change, employee health and safety, etc.). The ESG and Strategy Committee reviewed and confirmed the results of the materiality assessment.

Responsiveness: Longcheer interacted with key stakeholders in a variety of ways, including industry conferences, customer service, employee training, complaint hotlines, supplier training and on-site audits, whistleblowing mechanisms, public welfare activities, etc. The report disclosed data on key performance indicators (e.g., greenhouse gas emissions (including Scope 1 and 2 emissions), energy consumption, water resources, emissions and waste, employee employment, occupational health and safety, supply chain, etc.) to address stakeholder concerns.

Impact: In 2024, Longcheer established an ESG and Strategy Committee. The company's compliance internal control and risk management mainly focused on the environment, hazardous substances, energy management, anti-corruption, information security, supply chain, etc. In addition, the company implemented due diligence on conflict minerals in the supply chain. The report disclosed an analysis of climate impacts, risks and opportunities, and countermeasures. We recommend that Longcheer carry out impact analysis of key sustainability issues and measure and manage these impacts.

Daniel Pan

Technical Manager of Corporate Sustainability Services

TÜV Rheinland (Shanghai) Co., Ltd

Shanghai, China, April 17, 2025



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